

BROOKS ESTATES

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Corporate & Financial Regulation

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**Pennsylvania
Insurance Department**

DISCLOSURE STATEMENT

UNDER PENNSYLVANIA ACT 82

December 2016

The issuance of a Certificate of Authority by the Insurance Department of the Commonwealth of Pennsylvania does not constitute approval, recommendation or endorsement of the facility by the Insurance Department, nor is it evidence of, nor does it attest to, the accuracy or completeness of the information set out in this Disclosure Statement.

BROOKS ESTATES

DISCLOSURE STATEMENT

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BROOKS ESTATES

SUMMARY STATEMENT

1. The Facility

Brooks Estates
209 Roberts Road
Jenkins Township
Pittston, PA 18640

2. The Provider

UMH PA Corp. (Brooks Estates division)
209 Roberts Road
Jenkins Township
Pittston, PA 18640

3. To Discuss Admissions, Call or Write

Lindsey Maslar, Campus Life Coordinator of Brooks Estates
Brooks Estates
209 Roberts Road
Jenkins Township
Pittston, PA 18640
(570) 655-2891 (Extension 230)

4. Description of the Facility:

Brooks Estates is situated on 35 acres of land located adjacent to its' associated health care facilities on the Wesley Village Retirement Community campus in Jenkins Township, Luzerne County, Pennsylvania. The campus is located almost equidistant between Scranton and Wilkes-Barre, Pennsylvania in the Scranton/Wilkes-Barre Metropolitan Statistical Area. Brooks Estates consists of 103 dwelling units. The buildings (cottage construction design) include freestanding two-unit and three-unit single story structures. A dedicated community and wellness center has been constructed which is conveniently located at Brooks Estates. To meet the continuing needs of our residents, the Wesley Village Retirement Community campus also provides independent apartment accommodations, licensed personal care services and/or skilled nursing services in separate facilities located on the campus.

5. Age Requirements:

Brooks Estates is designed for, and accepts, qualified applicants who have attained the age of 65, with a lesser age permitted for spouses.

6. Religious Affiliation:

Brooks Estates is an operating division of the not-for-profit UMH PA Corp. (the "Methodist Homes"), a Pennsylvania based corporation. The Methodist Homes has affiliations with 8 other not-for-profit corporations that comprise the United Methodist Homes organization (collectively, the "United Methodist Homes"). In prior years, there was one additional affiliate – Grand Care Center; however, this corporation's dissolution was finalized in 2015. The United Methodist Homes originally evolved from the mission and ministry of the Wyoming Annual Conference of the United Methodist Church ("The Wyoming Conference"), whose operations were discontinued during 2010. The Methodist Homes is qualified for exemption from federal taxes under Section 501 (c) (3) of the Internal Revenue Code and now maintains its public charity status under Section 509(a)(3) as a supporting organization of UMH NY Corp., an affiliated not-for-profit corporation.

The United Methodist Homes has entered into a Statement of Relationship ("Statement") with the Susquehanna Conference of the United Methodist Church ("Susquehanna Conference"), which specifies that there are no legal, financial, operational, ownership or control relationships between the United Methodist Homes and the Susquehanna Conference. The Statement of Relationship does provide that the United Methodist Homes will remain intentionally faithful to Christian values and principles, and will maintain policies promoting equal opportunity and non-discrimination. The Statement provides for an invitation to the Bishop, or a designee, to attend all Board of Directors meetings, with voice but without membership and vote, provides for on-going communication between the United Methodist Homes, and permits the use of the name "United Methodist Homes" as well as the use of the United Methodist Church cross and flame symbol. The United Methodist Homes bylaws further provide that at least sixty percent (60%) of the Board of Directors be members of the United Methodist Church.

7. Current Resident Population:

As of April 2017, the 103 units available for occupancy were either occupied, or committed for immanent occupancy under signed occupancy commitments.

8. Brief Summary Of Entrance and Monthly Fees:

Monthly Fees and Advance Fees for new admissions to the community, effective January 1, 2017 are as follows:

<u>Plan</u>	<u>Monthly Fees (Range)</u>		<u>Advance Fee</u>
	<u>Single Occupancy</u>	<u>Double Occupancy</u>	
<i>Monthly Lease/Rental Plan,</i>			
Cottage unit	\$1,710 to \$1,810	\$ 1,770 to \$1,870	N/A
<i>Advance Fee Plan,</i>			
Cottage unit	\$1,160 to \$1,260	\$1,220 to \$1,320	\$ 125,000

A complete detail of Monthly Fees and Advance Fees is attached in Exhibit A.

RESPONSES TO SECTION 7 of PA ACT 82

Note: Item numbers correspond to paragraphs of the Continuing Care Provider Registration and Disclosure Act (PA Act 82, Section 7) which sets the requirements for this disclosure statement.

1. The Facility:

Brooks Estates is an operating division of the Methodist Homes. Brooks Estates is located on the Wesley Village Retirement Community campus, 209 Roberts Road in Pittston, Jenkins Township, and Luzerne County, Pennsylvania. The Methodist Homes is a not-for-profit Pennsylvania corporation organized in 1951. The Methodist Homes is qualified for exemption from federal taxes under Section 501 (c) (3) of the Internal Revenue Code. Brooks Estates provides senior living services in a cottage unit setting at this location. Other services available on the Wesley Village Retirement Community campus include independent apartment accommodations, licensed personal care services and licensed skilled nursing services.

2. Board of Directors, Management and Key Personnel:

Board of Directors (the "Board"):

A common Board of Directors (the "Board") governs the Methodist Homes and its related brother-sister not-for-profit corporations comprising the United Methodist Homes, except for the United Methodist Homes Foundation (the "Methodist Homes Foundation") which is governed by a minimum of nine trustees comprised of the voting members of the Executive/Finance/Audit Committee of the Board.

The common Board, when all Board positions are filled, is comprised of 27 elected members divided into classes of nine; nine members are elected annually, each to three-year terms. Elected Board members may serve no more than two consecutive full terms.

Honorary members of the Board are elected annually based upon the nomination of the Board's Director's Committee. Honorary members are chosen from former members of the Board who are unable to serve as Board members and have all rights and privileges of a Board member except for the right to make or second a motion or to vote. The common Board is responsible for all actions of the United Methodist Homes, including the Methodist Homes and its Brooks Estates division.

The Local Development Committee (the "LDC"):

By resolution of the Board, the Wesley Village Local Development Committee (the "LDC") was established in 1976. The Board established, approved and empowered the LDC as a standing committee of the Board. The LDC serves to approve and recommend The Wesley Village annual budget to the Board, offer guidance and support to the management team and to the Board and acts as a community liaison for The Wesley Village Retirement Community.

The members of the Board who are residents of Pennsylvania are automatically appointed as ex-officio members of the LDC with full membership and voting rights.

The members of the Board, their profession or business affiliation and the expiration of their term are as follows:

**METHODIST HOMES FOR THE AGING OF THE WYOMING CONFERENCE
AND ALL OF ITS AFFILIATED CORPORATIONS**

BOARD OF DIRECTORS

Officers:

Sharon (Calli) Berg, Chairperson
William Lewis, Treasurer
Edwin Rogers, Asst. Treasurer

John R. Crouse, Vice Chairperson (Honorary)
James Corselius (H), Secretary
Maryann Johnson, Assistant Secretary

Name	Profession	Address	Term Expiration
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Elected Members:

Melissa Drabo	Audiologist	21 Terrace Drive Binghamton, NY 13905	May 2017
Sarah Hopkins	Lecturer, Binghamton University	902 Anna Drive Endicott, NY 13760	May 2017
Maryann K. Johnson	Retired	2088 E. Hamton Road Binghamton, NY 13903	May 2017
William D. Lewis	Retired	133 Kingswood Drive Dallas, PA 18612	May 2017
Rosanne Mulligan	Instructor, Ridley- Lowell Business & Technical Institute	18 Dorothy Road Apalachin, NY 13731	May 2017
A. Wayne Trivelpiece	Retired	1251 Gravel Pond Road Clarks Summit, PA 18411	May 2017
Vacant			May 2017
Vacant			May 2017
Vacant			May 2017

Name	Profession	Address	Term Expiration
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Elected Members:

John G. Carling	Retired	201 Beechwood Drive Roaring Brooks Twp., PA 18444	May 2018
Joseph Coons	Retired	7 Columbia Ave. Binghamton, NY 13903	May 2018
Sharron Lewis	Retired RN	133 Kingswood Drive Dallas, PA 18612	May 2018
Elaine Miller	Director, Housing & Community Development	13 Spring Street Binghamton, NY 13903	May 2018
Dianne Posegate	Asst. Dean/Director Panuska College of Professional Studies	1325 So. Webster Avenue Scranton, PA 18505	May 2018
Blenda Smith	Nurse Practitioner, PhD	133 Helen Street Binghamton, NY 13905	May 2018
Betty Stanton	Retired	40 East Street Binghamton, NY 13904	May 2018
Kenneth Summers, Jr.	Retired	418 Firth Street Endicott, NY 13760	May 2018
Vacant			May 2018

Name	Profession	Address	Term Expiration
Elected Members:			
Sharon Berg	Retired	106 Pollock Drive Pittston, PA 18640	May 2019
Christina Boyd	VP, Community Relations, United Health Services	328 Bunn Hill Road Vestal, NY 13850	May 2019
Carol Coleman (Rev.)	Pastor, United Methodist Church	56 Conyngham Street Ashley, PA 18706	May 2019
John Crouse	Retired	714 Griffin Pond Road S. Abington Twp., PA 18411	May 2019
Jeffrey Culver	Owner, Parlor City Paper Box Company	PO Box 885 Binghamton, NY 13902	May 2019
Lisa Lee	Partner, North Point Technology, LLC	816 Buffalo Street Endicott, NY 13760	May 2019
Philip Reid	CPA/Accountant	145 Honey Bee Lane Monroe Twp., PA 18618	May 2019
Edwin Rogers	Editor, Scranton Times	2282 Maplewood Road Jefferson Twp., PA 18436	May 2019
Vacant			May 2019

Management and Key Personnel:

The day-to-day management of operations at Brooks Estates is performed by management and key personnel located at Brooks Estates in conjunction with the Executive Director of the Wesley Village Retirement Community, and with the key personnel of the UMH Management Services Corp. ("Management Services"). The management team at Brooks Estates is responsible for carrying out the policies established by the LDC and the Board of the Methodist Homes.

The following individuals are responsible for the management of Brooks Estates on a daily basis:

Brooks Estates:

Lindsey Maslar - Brooks Estates. Mrs. Maslar joined the Wesley Village Retirement Community in 2009. Subsequent to serving in various administrative positions, Lindsey assumed the position of Campus Life Coordinator of Brooks Estates in 2014.

Wesley Village Retirement Community:

Danielle Janeski, B.S., N.H.A. – Executive Director of PA Campuses. Ms. Janeski joined the Wesley Village Retirement Community in 2000. She holds a Bachelor of Science Degree in Human Development and Family Studies with a minor in Gerontology and is a licensed nursing home administrator in the Commonwealth of Pennsylvania. As Executive Director of PA Campuses, Ms. Janeski is responsible for the management of all day-to-day clinical and non-clinical operating activities at the Wesley Village Retirement Community and provides oversight to the personnel of Brooks Estates.

Management Services:

The Methodist Homes has centralized the major portion of its corporate level administration, accounting, employee benefits, insurance, clinical quality assurance, public relations and marketing, construction management and information technology services in Management Services. Program administration and operations and initial record keeping functions are performed at the individual facility level.

The major functions of Management Services are as follows:

- Corporate administration and coordination
- Public relations
- Construction management
- Clinical management and quality assurance
- Insurance
- Employee benefits
- Major contract negotiations, including therapies, pharmacy and dietary
- Management information services, including financial accounting, hardware and software and personal computer support for facility personal computers and networks
- Financial accounting and record keeping, including billing, accounts receivable, payroll, accounts payable, cash receipts, general ledger, financial reporting, fixed asset accounting and investment management and accounting

An administrative and consulting services agreement has been established between Management Services and the Methodist Homes. Fees associated with the agreement are established to approximate cost without any significant profit or mark-up. A separate administrative and consulting services agreement has been established between Management Services and each of the other United Methodist Homes corporations so that fees in aggregate to all the United Methodist Homes corporations approximate the operating and capital costs of Management Services operations without any significant mark-up.

Key Management Services personnel directly involved with the operation of Brooks Estates, the Wesley Village Retirement Community and the Methodist Homes are:

Brian J. Picchini, BS, C.P.A – President and Chief Executive Officer. Mr. Picchini joined the United Methodist homes in 2009 as a member of the finance department, was promoted to Chief Financial Officer in 2010 and subsequently appointed President/CEO in 2012. He holds a bachelor's degree in business administration/accounting and is licensed and certified as a public accountant in Pennsylvania. Mr. Picchini is responsible to the Board for administration and management of all operations of the United Methodist Homes. Mr. Picchini also assumed the role of Chief Operating Officer effective March 1, 2016. In this role Mr. Picchini is responsible for the management of all day-to-day clinical and non-clinical operating activities of the United Methodist Homes and provides oversight to the personnel of the entire organization.

3. Description of Affiliations:

(A.) Information with regard to each Board member's current profession has been provided in item two above. While many members have experience in operating either their own business or

managing business affairs of others, certain members are members of the ministry and others have had very limited business experience. Individuals employed as managers of Brooks Estates have had significant experience in the business world, and in long-term care and continuing care operations in particular.

(B.) No Board members or members of the management staff have a 10 percent or greater interest in the facility.

(C.) No directors, officers or management employees of the United Methodist Homes or Brooks Estates have ever been convicted of a felony or have been involved in any manner in charges of fraud, embezzlement, fraudulent conversion or misappropriation of property. None of the above are subject to currently effective injunctive or restrictive orders nor have any of them had licenses suspended or revoked relating to any business activity or affecting the operation of any foster care facility, nursing home, retirement home, home for the aged, or any facility registered with the Commonwealth of Pennsylvania or any other state.

4. Facility Affiliations:

Brooks Estates is an operating division of the UMH PA Corp. (the "Methodist Homes"). The Methodist Homes has affiliations with 8 other not-for profit corporations that comprise the United Methodist Homes organization (collectively, the "United Methodist Homes"). In prior years, there was one additional affiliate – Grand Care Center; however, this corporation's dissolution was finalized in 2015. The United Methodist Homes originally evolved from the mission and ministry of the Wyoming Annual Conference of the United Methodist Church ("The Wyoming Conference"), whose operations were discontinued during 2010. The Methodist Homes is qualified for exemption from federal taxes under Section 501 (c) (3) of the Internal Revenue Code and now maintains its public charity status under Section 509(a)(3) as a supporting organization of UMH NY Corp., an affiliated not-for-profit corporation.

The United Methodist Homes have entered into a Statement of Relationship ("Statement") with the Susquehanna Conference of the United Methodist Church ("Susquehanna Conference"), which specifies that there are no legal, financial, operational, ownership or control relationships between the United Methodist Homes and the Susquehanna Conference. The Statement of Relationship does provide that the United Methodist Homes will remain intentionally faithful to Christian values and principles, and will maintain policies promoting equal opportunity and non-discrimination. The Statement provides for an invitation to the Bishop, or a designee, to attend all Board of Directors meetings, with voice but without membership and vote, provides for on-going communication between the United Methodist Homes, and permits the use of the name "United Methodist Homes" as well as the use of the United Methodist Church cross and flame symbol. The United Methodist Homes bylaws further provide that at least sixty percent (60%) of the Board of Directors be members of the United Methodist Church.

A separate schedule is included as Appendix B to disclose the United Methodist Home's affiliates, all of which are not-for-profit corporations under Section 501 (c) (3) of the Internal Revenue Code.

5. Facility Description:

Brooks Estates occupies approximately 35 acres of land and is located adjacent to its' associated health care facilities on the Wesley Village Retirement Community campus (approximately 58 acres of land in total) in Jenkins Township, Luzerne County, Pennsylvania. Brooks Estates is located almost equidistant between Scranton and Wilkes-Barre, Pennsylvania in the Scranton/Wilkes-Barre Metropolitan Statistical Area. The buildings (cottage construction design) include freestanding two-unit and three-unit single story structures. A dedicated community and wellness center has been constructed which is conveniently located at Brooks Estates. To meet the continuing needs of our residents, the Wesley Village Retirement Community campus also provides independent apartment accommodations, licensed personal care services and licensed skilled nursing services.

6. Services Included in Basic Contract:

Individuals entering Brooks Estates have the option of either a Monthly Lease/Rental Plan or an Advance Fee Plan.

Services included in the basic contract:

- Use of living unit
- Complete kitchens including stove, refrigerator, microwave, dishwasher and garbage disposal
- Other appliances including washer/dryer, garage door opener
- Wall-to wall carpeting and draperies
- Smoke detectors
- Housekeeping service, monthly and annual cleaning, when chosen by the resident
- All utilities (excluding telephone and cable television services) including water, electricity, heat and air conditioning with private heat and air control
- Recreational and social activities
- Refuse collection
- Case management consultation
- Routine maintenance and repairs, including grounds
- Use of exclusive community and wellness center including entertainment area, fully equipped fitness room and cinema room
- Religious services, chaplaincy and pastoral care
- 24 hour emergency response call service
- Parking

Services available at additional cost:

- Beauty and barber shop services
- Physical, occupational or speech therapy
- Physician services
- Dentistry
- Podiatry
- Optometry
- X-ray services
- Laboratory services

- Medical supplies
- Overnight accommodations for guests
- Resident meals
- Guest meals
- Housekeeping, additional services
- Nursing care
- Personal care or assisted living

Brooks Estates will make every effort to accommodate services not included in the basic contract for an additional charge. Brooks Estates does not undertake to provide health care of any nature under this Agreement and therefore will not be liable to any health care provider for services rendered to a Resident. If a resident of Brooks Estates becomes unable to properly maintain their living accommodations either because of mental or physical disability, incapacity, incompetence, or medical reasons of whatever nature, and the resident is in need of occupancy in either the personal care or skilled nursing units of the Wesley Village Retirement Community, the Community does give priority admission status to the resident in assigning the next available personal care or skilled nursing bed to the resident.

7. Description of Fees and Charges:

Brooks Estates has established a lease/rental plan and an Advance fee plan as options to proposed residents with regards to services provided in the Brooks Estates independent senior living cottage units.

The lease/rental plan requires a one-year renewable lease arrangement with a monthly rent and no Advance Fee.

Individuals selecting the Advance fee plan require a one-time Advance Fee, including a health care reserve, a 75% refundable entrance fee and payment of a monthly fee. The Advance Fee plan requires a down payment of 10% at the time of signing a resident contract and 90% upon occupancy of the unit. Both the 10% amount at signing and the 90% amount prior to occupancy are placed in an escrow account with a bank escrow agent until the resident occupies the unit, at which time the Advance Fee will be withdrawn and transferred to Brooks Estates. In order to provide operating reserves, Brooks Estates will place both the health care reserve and the entire entrance fee in Board restricted accounts. Withdrawals will be made from the health care reserve account for qualified inpatient, institutional health care expenditures when made by residents. The entrance fee portion of the Advance Fee is 25% non-refundable on a pro-rata basis over a 5-year period according to the number of days an individual has resided in the facility. Withdrawals from the Board restricted entrance fee account for the 25% non-refundable portion may be made when earned by Brooks Estates under the terms of the resident contract. The 75% refundable portion of the Advance Fee will be retained in the Board restricted account until a refund is required. Monthly fees and fees for services not included in the basic agreement may be adjusted from time to time as the cost of providing these services change due to increases in the cost of labor, energy costs, payment in lieu-of taxes, other operating costs and/or lower earnings on investments resulting in decreased operating income.

Brooks Estates will provide 30 days written notice of any increases in rents or fees. Changes in rates may also occur due to single versus double occupancy. Under ordinary circumstances, these adjustments are announced on December 1 and become effective January 1.

8. Description of Reserve Funding and Security:

Health care reserves and entrance fees established by residents under the Advance Fee contract are held in trust for the benefit of the applicable resident. Withdrawals from health care reserves will be made for health care expenditures when incurred. Withdrawals from the 25% non-refundable portion of the entrance fee may be made when earned under terms of the contract. The 75% refundable portion of the entrance fee is held in reserve at all times to provide for refunds when required.

Health care reserves and entrance fee reserves will be used to comply with the reserve requirements of the Commonwealth of Pennsylvania's Continuing Care Provider Registration and Disclosure Act and as disclosed in the annual audited financial statements prepared and attached as an exhibit to this disclosure statement. No other specific provisions have been made to provide reserve funding other than through the operations of Brooks Estates.

Health care reserves and entrance fee reserves will be invested based upon investment policies adopted by the Board to protect and conserve principal. Investment income earned on the accounts may be transferred to the general cash account for support of operations.

9. Certified Financial Statements of the Provider:

The audited financial statements for the year ended December 31, 2016 are attached as Appendix C. The audit of the United Methodist Homes Consolidated Financial Statements for the year ended December 31, 2016 was performed by the certified public accounting firm of Baker Tilly Virchow Krause, LLP, and the financial statements are presented in conformity with generally accepted accounting principles. Information specific to Brooks Estates may be found in the supplemental information section of the audit report on pages 42 through 49. The material contained in these audited financial statements may be technical in nature. Anyone having questions regarding these statements may contact the Campus Life Coordinator of Brooks Estates or their personal financial advisor.

10. Resident Agreement – The applicable statement(s) below should be checked:

A Brooks Estates Resident Agreement is attached.

No Resident Agreement is attached because:

A copy of the Resident Agreement was omitted as no changes were made since the prior filing.

11. Pro-Forma Financial Statements of the Provider:

Complete pro-forma statements of operations for the years ended December 31, 2017 and 2016 are attached as Appendix D to this disclosure statement.

12. Narrative on Material Differences (Pro-Forma Statement of Operations for the Year Ended December 31, 2016 versus December 31, 2016 Audited Financial Statements):

Reference should be made to the Pro-forma Statement of Operations, Departmental Summary for the Years Ended December 31, 2016 and 2015 contained in Appendix D while reviewing this section of the disclosure statement.

Operating income (loss) before change in fair value of derivative financial instrument:

The Brooks Estates project considers the most appropriate measure of financial performance to be the project's operating income (loss) before change in fair value of derivative financial instrument. An explanation of the change in the fair value of the project's derivative financial instrument (which is not budgeted by the project), is presented in a following section.

The project's operating income before the change in fair value of derivative financial instrument equaled \$1,017,624 which differed from the pro-forma budgeted operating income before change in fair value of derivative financial instrument of \$400,413, a positive variance of \$617,211. The difference is comprised of unrestricted revenues, gains and other support being \$566,305 more than the 2016 budget and operating expenses being \$50,906 less than the 2016 budget.

Unrestricted revenues, gains and other support:

Total unrestricted revenues, gains and other support were over the 2016 budget by \$566,305. The significant factor causing the increase was unrealized gains (an increase in the underlying market value of securities held as reserves by Brooks Estates) of \$487,972. Brooks Estates does not budget for changes in the market value of securities held in reserve by the project (consistent with prior years). A portion of reserves held by Brooks Estates are invested in equity mutual funds and corporate bonds, the values of which are subject to market fluctuation. Net resident service revenues added to the good performance of unrealized gain (loss) compared to the 2016 budget by \$45,973. This increase is mainly due to the amortization of entrance fees. This amortization relates to the 25%

non-refundable portion of the Advance Fee plan which is included in revenue on a pro-rata basis over a 5-year period according to the number of days an individual has resided in the facility.

Operating expenses:

Both positive and negative variances from budget expectations were displayed by the various departments comprising the project. When aggregated, the project's net operating expenses were less than budget by \$50,906. Explanations for some of the more significant variances from budget expectations are as follows:

Plant operations costs were less than the original budget by \$82,674. Most of the negative variance stems from the department experiencing less costs than anticipated in its salaries and benefits costs. The favorable cost differential is primarily attributed to lower than expected hours (and thus salaries and benefits) for plant operations. Brooks Estates budgeted 5.40 full-time equivalents for plant operations but actually used 3.08 full-time equivalents – a favorable variance of 2.32. This can be attributed to open positions that the plant operations department was not able to fill for the majority of the year. Brooks Estates has since filled these positions. Additionally, utilities expense (mainly gas) had a favorable variance of \$16,650. This stems from the need for less gas heating due to the higher than normal temperatures throughout the year.

General and administrative costs were more than the original budget by \$20,423. Most of the negative variance stems from the project experiencing higher costs than budgeted for payroll taxes and employee benefits. The United Methodist Homes, including Brooks Estates, is self-insured for employee health insurance. Therefore, Brooks Estates records the actual medical expenses and not a predictable insurance premium. As a result, any large, unexpected medical expense can cause a significant variance in the payroll taxes and employee benefits line item – which was the case in 2016. Additionally, insurance expense contributed to general and administrative costs being over budget. The negative variance stems from the 2016 budget being finalized prior to receiving the final

insurance premium numbers, and the actual premiums ended up being higher than expected. An adjustment has been made to increase the budget for insurance expense in 2017.

Change in Fair Value of Derivative Financial Instrument:

A "Change in Fair Value of Derivative Financial Instrument" is the terminology used to describe changes in the market value associated with interest rate swap agreements ("SWAPs") negotiated between the United Methodist Homes (including Brooks Estates) and a bank counterparty. For a full description of interest rate swap agreements, see footnote 6, Long-Term Debt, in the United Methodist Homes Consolidated Financial Statements for the year ended December 31, 2016 - included as Attachment C. Since changes in the fair value of derivative financial instruments are not considered part of operating revenues or expenses, and are of a non-cash nature, management does not consider it appropriate to budget these transactions. Based on information supplied by the counterparty to SWAP arrangements, Brooks Estates would have paid \$183,476 and \$183,904 on December 31, 2016 and 2015, respectively, to terminate SWAP agreements. Based on the foregoing valuations and terminating payment, the change in the fair value of derivative financial instruments included in the Brooks Estate's statement of operations was (\$428) in 2016, which as previously stated, represents an unbudgeted (non-cash) expense item.

BROOKS ESTATES

Appendix A

Monthly Fees and Advance Fees Effective January 1, 2016 and 2017

BROOKS ESTATES
Monthly Fees and Advance Fees
Effective January 1, 2016 and 2017

The resident Advance Fee structure under the entrance fee plan is presented below:

	<u>2016</u>	<u>2017</u>
<u>Advance Fee:</u>		
Advance Fee	\$ 125,000	\$ 125,000
Health Care Reserve	4,000	4,000
Total Entrance Fee	<u>\$ 121,000</u>	<u>\$ 121,000</u>
<u>Entrance Fee Portion:</u>		
Non-refundable portion (25%)	\$ 30,250	\$ 30,250
Refundable portion (75%)	90,750	90,750
Total Entrance Fee	<u>\$ 121,000</u>	<u>\$ 121,000</u>

The Monthly Rental Charges for the various Phases of the project under both the entrance fee plan and the lease/rental plan are as follows for the years ended December 31, 2015 and 2016:

Phase I

	<u>2016</u>	<u>2017</u>
<u>Entrance Fee Plan:</u>		
Single or Double Occupancy: End Unit	\$ 1,025	\$ 1,050
<u>Lease/Rental Fee Plan:</u>		
Single Occupancy: End Unit	1,575	1,600
Middle Unit	1,475	1,500
Double Occupancy: End Unit	1,575	1,600

Phase II

<u>Entrance Fee Plan:</u>		
Single Occupancy: End Unit	1,125	1,150
Double Occupancy: End Unit	1,185	1,210
<u>Lease/Rental Fee Plan:</u>		
Single Occupancy: End Unit	1,675	1,700
Middle Unit	1,575	1,600

	<u>2016</u>	<u>2017</u>
<u>Phases III and IV</u>		
<u>Entrance Fee Plan:</u>		
Single Occupancy:		
End Unit	\$ 1,185	\$ 1,210
Middle Unit	1,085	1,110
Double Occupancy:		
End Unit	1,245	1,270
Middle Unit	1,145	1,170
<u>Lease/Rental Fee Plan:</u>		
Single Occupancy:		
End Unit	1,735	1,760
Middle Unit	1,635	1,660
Double Occupancy:		
End Unit	1,795	1,820
<u>Phase V and All Subsequent Turnover Units (Effective 1/1/2014)</u>		
<u>Entrance Fee Plan:</u>		
Single Occupancy:		
End Unit	\$ 1,235	\$ 1,260
Middle Unit	1,135	1,160
Double Occupancy:		
End Unit	1,295	1,320
Middle Unit	1,195	1,220
<u>Lease/Rental Fee Plan:</u>		
Single Occupancy:		
End Unit	1,785	1,810
Middle Unit	1,685	1,710
Double Occupancy:		
End Unit	1,845	1,870
Middle Unit	1,745	1,770

BROOKS ESTATES

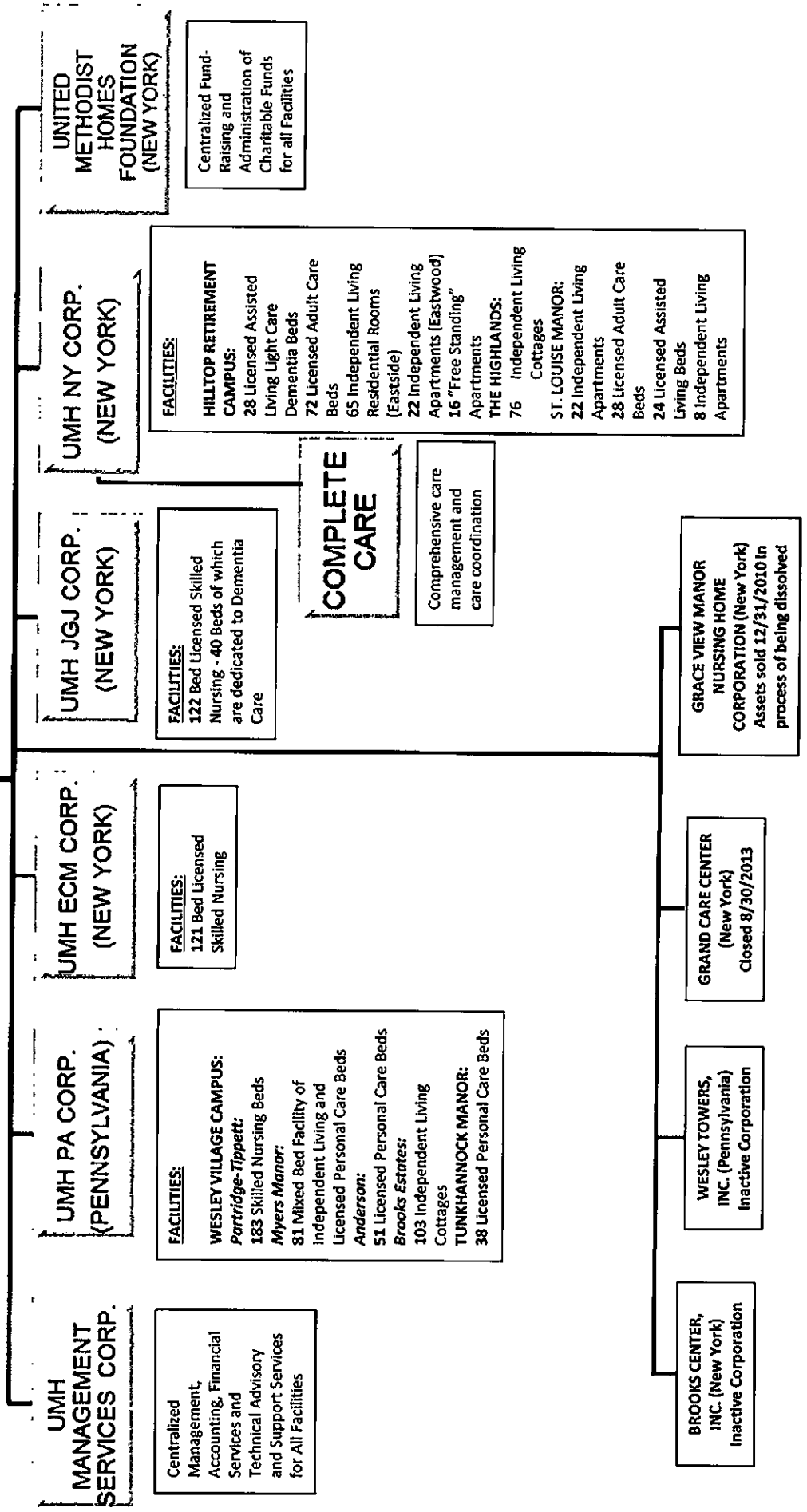
Appendix B

United Methodist Homes and its Affiliates



Corporate Entities

UNITED METHODIST HOMES (AN ASSUMED/FICTITIOUS NAME)



UMH MANAGEMENT SERVICES CORP.
(NEW YORK)

Centralized Management, Accounting, Financial Services and Technical Advisory and Support Services for All Facilities

UMH PA CORP.
(PENNSYLVANIA)

FACILITIES:
WESLEY VILLAGE CAMPUS:
Partridge-Tippett:
183 Skilled Nursing Beds
Myers Manor:
81 Mixed Bed Facility of Independent Living and Licensed Personal Care Beds
Anderson:
51 Licensed Personal Care Beds
Brooks Estates:
103 Independent Living Cottages
TUNKHANNOCK MANOR:
38 Licensed Personal Care Beds

UMH ECM CORP.
(NEW YORK)

FACILITIES:
121 Bed Licensed Skilled Nursing

UMH JGJ CORP.
(NEW YORK)

FACILITIES:
122 Bed Licensed Skilled Nursing - 40 Beds of which are dedicated to Dementia Care

COMPLETE CARE

Comprehensive care management and care coordination

UMH NY CORP.
(NEW YORK)

FACILITIES:
HILLTOP RETIREMENT CAMPUS:
28 Licensed Assisted Living Light Care Dementia Beds
72 Licensed Adult Care Beds
65 Independent Living Residential Rooms (Eastside)
22 Independent Living Apartments (Eastwood)
16 "Free Standing" Apartments
THE HIGHLANDS:
76 Independent Living Cottages
ST. LOUISE MANOR:
22 Independent Living Apartments
28 Licensed Adult Care Beds
24 Licensed Assisted Living Beds
8 Independent Living Apartments

UNITED METHODIST HOMES FOUNDATION
(NEW YORK)

Centralized Fund-Raising and Administration of Charitable Funds for all Facilities

BROOKS CENTER, INC. (New York)
Inactive Corporation

WESLEY TOWERS, INC. (Pennsylvania)
Inactive Corporation

GRAND CARE CENTER (New York)
Closed 8/30/2013

GRACE VIEW MANOR NURSING HOME CORPORATION (New York)
Assets sold 12/31/2010 in process of being dissolved

BROOKS ESTATES

Appendix C

United Methodist Homes

Consolidated Financial Statements for the year ended December 31, 2016

RECEIVED
Corporate & Financial Regulation

MAY 1 2017

Pennsylvania
Insurance Department

United Methodist Homes

Consolidated Financial Statements and
Supplementary Information

December 31, 2016 and 2015



BAKER TILLY

Candor. Insight. Results.

United Methodist Homes

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December 31, 2016 and 2015

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Independent Auditors' Report

Board of Directors
United Methodist Homes

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of United Methodist Homes, which comprise the consolidated balance sheet as of December 31, 2016 and 2015, and the related consolidated statements of operations, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Methodist Homes as of December 31, 2016 and 2015, and the results of their operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating and combining information on pages 27 to 53 is presented for purposes of additional analysis rather than to present the financial position, results of operations, changes in net assets, and cash flows of the individual entities or divisions and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and related directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Wilkes-Barre, Pennsylvania
April 28, 2017

United Methodist Homes

Consolidated Balance Sheet
December 31, 2016 and 2015

	2016	2015		2016	2015
Assets					
Current Assets					
Cash and cash equivalents	\$ 2,808,407	\$ 3,803,300	Current Liabilities	\$ 2,262,000	\$ 1,203,000
Resident trust funds	469,974	540,655	Current maturities of long-term debt		
Accounts receivable, net of estimated allowance for doubtful collections of \$455,000 in 2016 and \$464,000 in 2015	5,305,026	3,876,145	Accounts payable:	2,016,356	1,667,805
Estimated third-party payor settlements, Medical Assistance	11,837	80,678	Trade		732,565
Other receivables	36,165	492,599	Construction		
Prepaid expenses	278,319	265,902	Estimated third-party payor settlements, Medical Assistance	156,097	327,900
Total current assets	<u>8,909,728</u>	<u>9,059,279</u>	Accrued expenses:		
			Salaries and wages	784,620	535,507
			Vacation wages	1,224,104	1,211,242
			Interest	148,583	120,056
			Other	1,431,565	1,559,243
			Resident trust funds	<u>462,490</u>	<u>536,959</u>
Assets Whose Use is Limited			Total current liabilities	8,485,815	7,894,277
Board-designated	46,352,202	40,750,662			
Statutory minimum liquid reserve	521,000	507,000	Long-Term Debt	52,748,158	48,260,465
Donor-restricted	<u>6,655,748</u>	<u>6,731,015</u>			
			Refundable Fees	3,827,250	3,996,750
Total assets whose use is limited	<u>53,528,950</u>	<u>47,988,677</u>			
			Deferred Revenues from Entrance Fees	694,828	751,563
Property and Equipment, Net	<u>63,134,127</u>	<u>63,075,280</u>			
			Fair Value of Derivative Financial Instruments	1,625,306	1,558,426
Other Assets, Net	<u>2,548,610</u>	<u>2,576,181</u>			
			Other Liabilities	<u>802,342</u>	<u>1,487,779</u>
Beneficial Interests in Perpetual Trusts	<u>20,431,325</u>	<u>20,312,056</u>	Total liabilities	<u>68,183,699</u>	<u>63,949,250</u>
			Net Assets		
			Unrestricted	53,763,518	52,571,143
			Temporarily restricted	5,673,933	5,698,759
			Permanently restricted	<u>20,911,590</u>	<u>20,792,321</u>
			Total net assets	<u>80,369,041</u>	<u>79,062,223</u>
Total assets	<u>\$ 148,552,740</u>	<u>\$ 143,011,473</u>	Total liabilities and net assets	<u>\$ 148,552,740</u>	<u>\$ 143,011,473</u>

United Methodist Homes

Consolidated Statement of Operations
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Unrestricted Revenues, Gains, and Other Support		
Net resident service revenues	\$ 59,462,275	\$ 57,096,669
Other operating revenues	462,955	355,259
Unrestricted contributions	48,123	287,547
Net assets released from restrictions	1,020,074	1,004,838
Investment income	3,334,857	208,488
	<u>64,328,284</u>	<u>58,952,801</u>
Expenses		
Nursing	27,933,899	26,911,639
Dietary	7,813,480	7,846,776
Housekeeping	2,058,102	2,035,822
Laundry	751,147	749,802
Social services, activities, and instruction	2,059,314	2,306,687
Plant operations	5,231,618	5,073,777
General and administrative	10,299,068	9,809,345
Provision for doubtful collections	124,108	18,249
	<u>56,270,736</u>	<u>54,752,097</u>
Total expenses excluding depreciation, amortization, interest, and change in fair value of derivative financial instruments	<u>56,270,736</u>	<u>54,752,097</u>
Operating income before depreciation, amortization, interest, and change in fair value of derivative financial instruments	<u>8,057,548</u>	<u>4,200,704</u>
Depreciation	5,622,268	4,458,166
Amortization	29,799	59,439
Interest	1,461,081	984,525
Change in Fair Value of Derivative Financial Instruments	66,880	336,832
	<u>7,180,028</u>	<u>5,838,962</u>
Total	<u>7,180,028</u>	<u>5,838,962</u>
Operating income (loss) from continuing operations	877,520	(1,638,258)
Net Assets Released from Restrictions for Purchase of Property and Equipment	<u>223,616</u>	<u>225,809</u>
Increase (decrease) in unrestricted net assets from continuing operations	1,101,136	(1,412,449)
Net Income from Discontinued Operations	<u>111,239</u>	<u>-</u>
Increase (decrease) in unrestricted net assets	<u>\$ 1,212,375</u>	<u>\$ (1,412,449)</u>

See notes to consolidated financial statements

United Methodist Homes

Consolidated Statement of Changes in Net Assets
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Unrestricted Net Assets		
Operating income (loss) from continuing operations	\$ 877,520	\$ (1,638,258)
Net assets released from restrictions used for purchase of property and equipment	<u>223,616</u>	<u>225,809</u>
(Decrease) increase in unrestricted net assets from continuing operations	1,101,136	(1,412,449)
Net income from discontinued operations	<u>111,239</u>	<u>-</u>
Increase (decrease) in unrestricted net assets	<u>1,212,375</u>	<u>(1,412,449)</u>
Temporarily Restricted Net Assets		
Contributions	258,552	292,043
Income distributions from perpetual trusts	957,548	955,215
Net assets released from restrictions:		
Operations	(52,554)	(37,858)
Resident support	(967,520)	(966,980)
Purchase of property and equipment	(223,616)	(225,809)
Investment income	2,764	831
Net unrealized loss on investments	<u>-</u>	<u>(1,185)</u>
(Decrease) increase in temporarily restricted net assets	<u>(24,826)</u>	<u>16,257</u>
Increase (Decrease) in Permanently Restricted Net Assets		
Valuation gain (loss), beneficial interest in perpetual trusts	<u>119,269</u>	<u>(973,880)</u>
Increase (decrease) in net assets	1,306,818	(2,370,072)
Net Assets, Beginning	<u>79,062,223</u>	<u>81,432,295</u>
Net Assets, Ending	<u>\$ 80,369,041</u>	<u>\$ 79,062,223</u>

See notes to consolidated financial statements

United Methodist Homes

Consolidated Statement of Cash Flows

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 1,306,818	\$ (2,370,072)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Provision for doubtful collections	124,108	18,249
Proceeds from nonrefundable portion of entrance fees	181,500	138,750
Loss on disposal of property and equipment	20,102	53,609
Amortization of entrance fees	(117,225)	(103,984)
Depreciation and amortization	5,652,067	4,517,605
Amortization of deferred financing costs	68,239	67,558
Change in fair value of derivative financial instruments	66,880	336,832
Net realized and unrealized (gain) loss on investments	(2,389,015)	605,541
Valuation loss (gain), beneficial interest in perpetual trusts	(119,269)	973,880
Contributions and income distributions from perpetual trusts restricted for long-term purposes	24,826	(16,257)
Changes in assets and liabilities:		
Accounts and other receivables	(1,096,555)	(504,204)
Prepaid expenses	(12,417)	325,982
Other assets	(2,228)	(52,734)
Accounts payable, trade	348,551	(118,537)
Estimated third-party payor settlements	(102,962)	53,876
Accrued expenses	162,824	347,598
Resident trust funds	(3,788)	(252)
Other liabilities	(637,720)	(39,116)
Total adjustments	<u>2,167,918</u>	<u>6,604,396</u>
Net cash provided by operating activities	<u>3,474,736</u>	<u>4,234,324</u>
Cash Flows from Investing Activities		
Net purchases of assets whose use is limited	(3,151,258)	(2,578,693)
Purchase of property and equipment	(6,437,641)	(14,644,376)
Proceeds from sale of property and equipment	<u>3,859</u>	<u>5,247</u>
Net cash used in investing activities	<u>(9,585,040)</u>	<u>(17,217,822)</u>

See notes to consolidated financial statements

United Methodist Homes

Consolidated Statement of Cash Flows
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Financing Activities		
Repayment of long-term debt	\$ (1,203,000)	\$ (1,023,001)
Issuance of debt	6,681,454	12,758,302
Decrease in split-interest obligations payable	(47,717)	(63,493)
Proceeds from refundable portion of entrance fees	60,500	416,250
Refunds of refundable entrance fees	(351,000)	(330,000)
Contributions and income distributions from perpetual trusts restricted for long-term purposes	<u>(24,826)</u>	<u>16,257</u>
Net cash provided by financing activities	<u>5,115,411</u>	<u>11,774,315</u>
Net decrease in cash and cash equivalents	(994,893)	(1,209,183)
Cash and Cash Equivalents, Beginning	<u>3,803,300</u>	<u>5,012,483</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,808,407</u>	<u>\$ 3,803,300</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	<u>\$ 1,364,315</u>	<u>\$ 872,196</u>
Noncash Investing and Financing Activities		
Accounts payable, construction	<u>\$ -</u>	<u>\$ 732,565</u>

See notes to consolidated financial statements

United Methodist Homes

Notes to Consolidated Financial Statements
December 31, 2016 and 2015

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Principles of Consolidation

UMH NY Corp., formerly The Methodist Homes for the Aging of the Wyoming Conference in the State of New York, is a not-for-profit corporation that provides residential housing and health services to the elderly. The consolidated financial statements include the accounts of UMH NY Corp. and controlled entities. The following is a brief description of each of the controlled entities:

- UMH PA Corp. is a not-for-profit corporation that provides residential housing and health and nursing services to the elderly.
- UMH Management Services Corp. is a not-for-profit corporation that renders management, negotiation, technical, advisory, and support services to all related entities.
- United Methodist Homes Foundation (the "Foundation") is a trust that administers and raises charitable funds to support all related entities.
- UMH JGJ Corp. is a not-for-profit corporation that provides nursing services to the elderly.
- UMH ECM Corp. is a not-for-profit corporation that provides nursing services to the elderly.
- The Grace View Manor Nursing Home Corporation ("Grace View Nursing") is a not-for-profit corporation that provided nursing services to the elderly through December 31, 2010. On December 31, 2010, Grace View Nursing's nursing facility and related assets were sold to an unrelated third party (Note 14).

The board members of UMH NY Corp. are required to be the same board members of UMH PA Corp., UMH Management Services Corp., UMH JGJ Corp., UMH ECM Corp., and Grace View Nursing. The Executive/Finance/Audit Committee members of UMH NY Corp. are the trustees of the Foundation.

Collectively, the consolidated entities do business as, and represent the accounts of, United Methodist Homes (the "Homes"). All significant intercorporate transactions and balances have been eliminated.

The Homes' primary operations are located in Binghamton and Johnson City, New York and Pittston, Pennsylvania. Its primary service areas include Binghamton and Johnson City, New York and Scranton/Wilkes-Barre, Pennsylvania and their surrounding communities.

United Methodist Homes

Notes to Consolidated Financial Statements
December 31, 2016 and 2015

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments purchased with original maturities of three months or less, excluding assets whose use is limited.

Accounts Receivable

Accounts receivable are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful collections is estimated based upon a periodic review of individual accounts and application of expected collection percentages established by management.

Assets Whose Use is Limited

Assets whose use is limited include assets set aside by the board of directors for future capital improvements and future operating costs, over which the board retains control and may, at its discretion, subsequently use for other purposes; assets designated by the board of directors to meet the statutory minimum liquid reserve requirement in Section 9 of the Commonwealth of Pennsylvania's Continuing Care Provider Registration and Disclosure Act ("Act 82"); assets held by a bond trustee under trust indentures; and assets whose use by the Homes has been limited by donors to specific purposes or time periods. Amounts available to meet current liabilities have been classified as current assets in the consolidated balance sheet.

Investments and Investment Risk

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheet. The fair value of substantially all securities is determined by quoted market prices. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends), excluding investment income or loss related to discontinued operations, is included in operating income (loss) from continuing operations unless the income or loss is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

The Homes' investments are comprised of a variety of financial instruments. The fair values reported in the consolidated balance sheet are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the consolidated balance sheet could change materially in the near term.

United Methodist Homes

Notes to Consolidated Financial Statements
December 31, 2016 and 2015

Beneficial Interest in Perpetual Trusts

The Foundation is the beneficiary of various perpetual trusts held with banks serving as trustees. Under these arrangements, the Foundation receives a portion of the income earned on the trust assets in perpetuity. The Foundation recorded the asset and recognized permanently restricted contributions at the fair value of the Foundation's beneficial interest in the trust assets. Substantially all income earned on the trust assets and distributed to the Foundation is recorded as income distributions from perpetual trusts in the temporarily restricted net asset class in the consolidated statement of changes in net assets. Changes in fair value of the trusts are recorded as valuation gains and losses in the permanently restricted net asset class.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Intangible Assets

The Homes recorded various intangible assets which include deferred financing costs, deferred development costs, and costs of acquiring initial continuing-care contracts. Intangible assets are classified with other assets in the consolidated balance sheet.

Computer software costs of \$249,392 are recorded at December 31, 2016 and 2015. These costs are being amortized over a three-year period using the straight-line method. Amortization expense was \$24,934 in 2016 and \$53,601 in 2015. Accumulated amortization was \$249,356 and \$224,422 at December 31, 2016 and 2015, respectively.

Deferred development costs of \$116,779 are recorded at cost. These costs are being amortized over a twenty-year period using the straight-line method. Amortization expense was \$4,865 in 2016 and \$5,838 in 2015, respectively. Accumulated amortization was \$116,768 and \$111,903 at December 31, 2016 and 2015, respectively.

Deferred Financing Costs

Deferred financing costs are being amortized over the term of the related debt using the straight-line method. Amortization is included in interest expense.

Resident Trust Funds

Resident funds are accounted for as trust funds and are maintained separate from other funds.

United Methodist Homes

Notes to Consolidated Financial Statements
December 31, 2016 and 2015

Entrance Fees

Under entrance fee plans for Brooks' independent living units, the Homes receive payments in advance. Residents are entitled to a guaranteed refund equal to 75% of the entrance fee paid, with the balance, if any, refundable on a decreasing basis for five years. Refunds to residents are not contingent on the resale of the unit and are paid within 60 days of termination of the resident agreement. The total amount of contractual refund obligations under existing resident agreements approximated \$4,064,000 and \$4,291,000 at December 31, 2016 and 2015, respectively.

The guaranteed refund component of entrance fees received is not amortized to income and is classified as refundable fees in the consolidated balance sheet. The balance of entrance fees received are amortized to income using the straight-line method over the annually adjusted estimated remaining life expectancies of the residents and are classified as deferred revenues from entrance fees in the consolidated balance sheet.

The majority of services provided to Brooks' independent living residents are paid for on a "fee-for-service" basis and are not included under the entrance fee plans.

Derivative Financial Instruments

The Homes entered into interest rate swap agreements (Note 6), which are considered derivative financial instruments, to manage the variable rate interest payments due on long-term debt. The interest rate swap agreements are reported at fair value in the consolidated balance sheet and related changes in fair value are reported in the consolidated statement of operations.

Charitable Gift Annuities

The Homes received charitable gift annuities as contributions. Under these arrangements, the Homes recorded the assets at fair value and the liabilities to the donor or their beneficiaries at the present value of the estimated future payments to be distributed by the Homes to such individuals. The amount of the contribution is the difference between the asset and the liability and is recorded as temporarily restricted contributions.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Homes has been limited by donors to specific purposes or time periods. Permanently restricted net assets have been restricted by donors and are to be maintained for the Homes in perpetuity.

Net Resident Service Revenues

Net resident service revenues are reported at the estimated net realizable amounts from residents, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and are adjusted in future periods, as final settlements are determined. It is reasonably possible that the estimates used could change materially in the near term.

United Methodist Homes

Notes to Consolidated Financial Statements
December 31, 2016 and 2015

Charity Care

The Homes maintains records to identify and monitor the level of charity care it provides. For purposes of this disclosure, the Homes considers care provided to residents that are part of its resident support program to be charity care. The Homes does not consider care provided to Medical Assistance beneficiaries or residents that are eligible for Supplemental Security Income (SSI) to be charity care. The costs associated with the charity care services provided are estimated by applying a cost-to-charge ratio to the amount of gross uncompensated charges for the residents receiving charity care. The Homes' estimated costs of providing charity care services were approximately \$868,000 in 2016 and \$881,000 in 2015. The Homes received \$167,708 and \$144,010 in contributions restricted for charity care during 2016 and 2015, respectively. In addition, the Homes received \$623,021 and \$612,153 of income distributions from perpetual trusts restricted for charity care during 2016 and 2015, respectively.

Donor-Restricted Gifts

The Homes reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of operations as net assets released from restrictions.

Income Taxes

UMH NY Corp. is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on its exempt income under Section 501(a) of the Internal Revenue Code.

All other entities are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on their exempt income under Section 501(a) of the Internal Revenue Code under a group exemption with UMH NY Corp.

The Homes accounts for uncertainty in income taxes by prescribing a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management determined that there were no tax uncertainties that met the recognition threshold in 2016 or 2015.

The Homes' federal Returns of Organization Exempt from Income Tax for the years prior to December 31, 2013 are no longer subject to examination by the Internal Revenue Service.

Operating Income from Continuing Operations

The consolidated statement of operations includes the determination of operating income from continuing operations. Changes in unrestricted net assets which are excluded from operating income from continuing operations, consistent with industry practice, include net gain from discontinued operations 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).

United Methodist Homes

Notes to Consolidated Financial Statements
December 31, 2016 and 2015

Use of Estimates

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

Subsequent Events

The Homes evaluated subsequent events for recognition or disclosure through April 28, 2017, the date the consolidated financial statements were issued.

Recent Accounting Pronouncements

Not-for-Profit Financial Statement Presentation

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The new guidance is intended to improve and simplify the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU No. 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU No. 2016-14 is to be applied retroactively with transition provisions. The Homes is assessing the impact of ASU No. 2016-14 will have on its financial statements.

Revenue Recognition

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which provides a principles-based framework for revenue recognition that supersedes virtually all previously issued revenue recognition guidance under U.S. GAAP. Additionally, the ASU requires improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The core principle of the five-step revenue recognition framework 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. In August 2015, the FASB issued ASU 2015-14, which deferred the effective date of the revenue recognition standard by a year, making it applicable for the Homes in 2019. The ASU should be applied either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying the ASU recognized at the date of initial application. The Homes is in the process of evaluating the potential impact of adopting this ASU, including determining which transition method to apply.

United Methodist Homes

Notes to Consolidated Financial Statements
December 31, 2016 and 2015

New Accounting Standards

In April 2015, the FASB issued ASU 2015-03, *Interest - Imputation of Interest (Topic 835-0): Simplifying the Presentation of Debt Issuance Costs*. The ASU requires that debt issuance costs related to a recognized debt liability be presented as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected. The Homes adopted this guidance in 2016 by retroactively reporting deferred debt issuance costs of \$829,081 (previously reported in 2015 in other assets, net) as a deduction from long-term debt (see Note 6) at December 31, 2015 in the consolidated balance sheet and amortization of debt issuance costs of \$67,558 as a component of interest expense in the consolidated statement of operations. The adoption had no impact on the Company's financial position or results of operations.

Reclassifications

Certain amounts relating to 2015 have been reclassified to conform to the 2016 reporting format.

2. Net Resident Service Revenues

The Homes' nursing facilities have agreements with third-party payors that provide for payments to the Homes at amounts different from its established rates. A significant portion of the Homes' net resident service revenues is derived from these third-party payor programs. A summary of the principal payment arrangements with third-party payors follows:

- **Medicare:** Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident-specific classification system that is based on clinical diagnosis and is subject to various limitations and adjustments. Approximately 11% of the Homes' net resident service revenues in 2016 and 2015 were derived from the Medicare Part A program.
- **Medical Assistance - New York:** Nursing services provided to Medical Assistance program beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident classification system that is based on clinical diagnosis and other factors and is subject to various limitations and adjustments. Approximately 16% and 14% of the Homes' net resident service revenues in 2016 and 2015, respectively, were derived from the Medical Assistance - New York program.

Effective January 1, 2013, the New York State Department of Health implemented a new prospective pricing reimbursement system. The implementation of this new system has not had a material impact on the Homes' operations.

- **Medical Assistance - Pennsylvania:** Nursing services provided to Medical Assistance program beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident classification system that is based on clinical diagnosis and other factors and is subject to various limitations and adjustments. Approximately 14% and 15% of the Homes' net resident service revenues in 2016 and 2015, respectively, were derived from the Medical Assistance - Pennsylvania Program.

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As described above, the Medicare Part A and Medical Assistance rates are based on clinical diagnosis and other factors. The Homes is required to clinically assess its residents at predetermined time periods throughout the year. The documented assessments are subject to review and adjustment by the Medical Assistance and Medicare programs.

Net resident service revenues include prior years third-party payor settlements of approximately \$675,000 in 2016 and \$397,000 in 2015.

The Home accrued an estimated third-party payor settlement receivable of \$11,837 and \$80,678 related to the activities of certain facilities at December 31, 2016 and 2015, respectively. It is reasonably possible that the estimate could change in the near term.

The Homes also accrued an estimated third-party payor settlement payable of \$156,097 and \$327,900 related to the activities of certain facilities at December 31, 2016 and 2015, respectively. It is reasonably possible that the estimates could change in the near term.

The Homes' nursing facilities have also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Homes under these agreements includes prospectively determined rates per day or discounts from established charges.

3. Assets Whose Use is Limited / Fair Value Measurements and Financial Instruments

Fair Value Measurements

The Homes measures its cash and cash equivalents, assets whose use is limited, beneficial interest in perpetual trusts, long-term debt and derivative financial instruments at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America.

For financial instruments required to be measured at fair value on a recurring basis, fair value is defined as the price that would be received to sell an asset or paid to dispose of a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using a hierarchy prioritizing the inputs used in determining valuations into three levels. The level within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible to the Homes for identical assets.

Level 2 - Significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset or liability through corroboration with observable market data.

Level 3 - Significant unobservable inputs.

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The fair values of the Homes' cash and cash equivalents, assets whose use is limited, beneficial interest in perpetual trusts, derivative financial instruments, and long-term debt were measured with the following inputs at December 31, 2016 and 2015:

	December 31, 2016			
Total	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Instruments measured and reported at fair value:				
Assets:				
Assets whose use is limited:				
Cash and cash equivalents	\$ 6,805,211	\$ 6,805,211	\$ -	\$ -
Corporate bonds	23,940,425	-	23,940,425	-
U.S. government agency obligations	898,929	-	898,929	-
Mutual funds:				
Equity	21,286,956	21,286,956	-	-
Fixed income	176	176	-	-
Marketable equity securities	590,188	590,188	-	-
Other	7,065	-	7,065	-
Total assets whose use is limited	53,528,950	28,682,531	24,846,419	-
Beneficial interest in perpetual trusts	20,431,325	-	-	20,431,325
Total	\$ 73,960,275	\$ 28,682,531	\$ 24,846,419	\$ 20,431,325
Liabilities:				
Derivative financial instruments	\$ 1,625,306	\$ -	\$ 1,625,306	\$ -
Instruments disclosed at fair value:				
Cash and cash equivalents	\$ 2,808,407	\$ 2,808,407	\$ -	\$ -
Long-term debt	\$ 55,771,000	\$ -	\$ 55,771,000	\$ -

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Notes to Consolidated Financial Statements
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	December 31, 2015			
Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Instruments measured and reported at fair value:				
Assets:				
Assets whose use is limited:				
Cash and cash equivalents	\$ 5,615,772	\$ 5,615,772	\$ -	\$ -
Marketable certificates of deposit	1,154,337	1,154,337	-	-
Corporate bonds	23,422,957	-	23,422,957	-
Mutual funds:				
Equity	17,218,769	17,218,769	-	-
Fixed income	46,328	46,328	-	-
Marketable equity securities	519,908	519,908	-	-
Other	10,606	-	10,606	-
Total assets whose use is limited	47,988,677	24,555,114	23,433,563	-
Beneficial interest in perpetual trusts	20,312,056	-	-	20,312,056
Total	\$ 68,300,733	\$ 24,555,114	\$ 23,433,563	\$ 20,312,056
Liabilities:				
Derivative financial instruments	\$ 1,558,426	\$ -	\$ 1,558,426	\$ -
Instruments disclosed at fair value:				
Cash and cash equivalents	\$ 3,803,300	\$ 3,803,300	\$ -	\$ -
Long-term debt	\$ 50,292,546	\$ -	\$ 50,292,546	\$ -

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The Homes measures its beneficial interest in perpetual trusts at fair value based on the fund's underlying investments using unobservable inputs (Level 3) in accordance with accounting principles generally accepted in the United States of America. Changes to the beneficial interest in perpetual trusts in 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Beginning balance	\$ 20,312,056	\$ 21,285,936
Investment income from beneficial interest in perpetual trusts	245,797	283,032
Distributions from beneficial interest in perpetual trusts	(967,548)	(945,214)
Valuation gain (loss), net	<u>841,020</u>	<u>(311,698)</u>
Ending balance	<u>\$ 20,431,325</u>	<u>\$ 20,312,056</u>

The net change in beneficial interest in perpetual trusts was a gain of \$119,269 in 2016 and a loss of \$973,880 in 2015 and is reported as valuation loss in the permanently restricted net asset class in the consolidated statement of changes in net assets. Substantially all distributions from beneficial interest in perpetual trusts are reported as income distributions from perpetual trusts in the temporarily restricted net asset class in the consolidated statement of changes in net assets in accordance with trust documents.

Financial Instruments

The carrying amount of cash and cash equivalents approximates fair value due the short-term nature of these instruments.

Assets whose use is limited are valued at fair value based on quoted market prices in active markets for cash and cash equivalents, marketable certificates of deposit, mutual funds, and marketable equity securities or estimated using quoted prices for similar securities for corporate bonds, U.S. government agency obligations, and mortgage note receivable.

The fair values of the beneficial interest in perpetual trusts were determined using the fair value of the investments in the trusts, which approximate the present value of the future distributions expected to be received.

The carrying amount before unamortized deferred financing costs of long-term debt approximated fair value at December 31, 2016 and 2015. The fair values are based on quoted market prices for the same or similar issues.

The Homes measures its derivative financial instruments (Notes 1 and 6) at fair value based on proprietary models of an independent third party valuation specialist. The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the derivative financial instrument, and considers the credit risk of the Homes and the counterparty. The method used to determine the fair value calculates the estimated future payments required by the derivative financial instruments and discounts these payments using an appropriate discount rate. The value represents the estimated exit price the Homes would pay to terminate the agreements.

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Notes to Consolidated Financial Statements
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Unrestricted investment income from continuing operations is comprised of the following:

	<u>2016</u>	<u>2015</u>
Net unrealized gain (loss) on trading securities	\$ 2,303,753	\$ (665,835)
Interest and dividend income	945,842	812,844
Net realized gain on sales of securities	<u>85,262</u>	<u>61,479</u>
Total	<u>\$ 3,334,857</u>	<u>\$ 208,488</u>

In compliance with Act 82, the Board of Directors designated that a portion of Brooks' assets whose use is limited be "reserved" to meet the requirements of Act 82. Brooks maintains the "reserved" funds in a separate account. The statutory minimum liquid reserve requirement was approximately \$521,000 at December 31, 2016 and was calculated as follows:

Brooks' budgeted operating expenses for the year ending December 31, 2017	\$ 1,548,000
Less: budgeted depreciation and amortization expense	<u>490,000</u>
Expenses subject to minimum liquid reserve requirement	1,058,000
Statutory requirement	<u>10%</u>
Statutory minimum liquid reserve requirement	<u>\$ 105,800 (a)</u>
Brooks' debt service requirements for the year ending December 31, 2017	
Principal payments due on 2013 Bonds	\$ 380,000
Budgeted interest payments on 2013 Bonds	<u>141,000</u>
Statutory minimum liquid reserve requirement	<u>\$ 521,000 (b)</u>
Greater of (a) or (b) above	<u>\$ 521,000</u>

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Notes to Consolidated Financial Statements
December 31, 2016 and 2015

4. Property and Equipment

Property and equipment is as follows:

	<u>2016</u>	<u>2015</u>
Land	\$ 1,566,580	\$ 1,566,580
Real estate improvements	33,028,068	22,913,210
Buildings and facilities	46,241,933	46,478,915
Fixed equipment	34,907,375	24,046,557
Furniture and equipment	13,674,540	13,134,270
Linen, china, and glassware	1,128,002	996,765
Automotive equipment	681,143	667,252
	<u>131,227,641</u>	<u>109,803,549</u>
Total	131,227,641	109,803,549
Less accumulated depreciation	<u>68,222,318</u>	<u>64,619,808</u>
Total	63,005,323	45,183,741
Construction in progress	<u>128,804</u>	<u>17,891,539</u>
Property and equipment, net	<u>\$ 63,134,127</u>	<u>\$ 63,075,280</u>

5. Other Assets, Net

Other assets, net are as follows:

	<u>2016</u>	<u>2015</u>
Land held for future development	\$ 2,158,598	\$ 2,158,598
Escrow deposits	381,043	378,813
Software, net	36	24,970
Deferred development costs, net	11	4,876
Other	8,922	8,924
	<u>2,548,610</u>	<u>2,576,181</u>
Total	<u>\$ 2,548,610</u>	<u>\$ 2,576,181</u>

United Methodist Homes

Notes to Consolidated Financial Statements
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6. Long-Term Debt

Long-term debt is as follows:

	<u>2016</u>	<u>2015</u>
In June 2013, the Northeastern Pennsylvania Hospital and Educational Authority (the "Authority") issued \$49,973,000 of tax exempt variable rate revenue bonds ("2013 Bonds"). The bond issue is comprised of three series: Series A (\$5,851,000), Series B (\$32,943,000) and Series C (\$11,179,000). 2013 Bond proceeds were used to refund and to retire all prior bond related indebtedness of the Homes ("2003 Bonds"), to pay certain costs of issuing the 2013 bonds and a portion of the costs, including capitalized interest, associated with renovations and improvements being made to various facilities of the Homes. Proceeds of the 2013 Bonds associated with renovations and improvements will be drawn-down over the period of construction.		
Variable rate tax-exempt Revenue Bonds, 2013 Series: The 2013 Bonds are due in varying monthly installments through August 2043, plus interest payable at a variable rate determined monthly by prevailing market conditions (1.65% at December 31, 2016)	\$ 46,521,000	\$ 47,669,000
Loan Agreement, Citizens Bank, N.A.: Principal on the loan is payable in monthly installments of \$78,083, plus interest payable at a variable rate determined monthly by prevailing market conditions (1.57% at December 31, 2016)	9,250,000	2,568,546
Note payable paid off in 2016	-	55,000
Total	55,771,000	50,292,546
Less deferred financing costs	760,842	829,081
Less current maturities	2,262,000	1,203,000
Long-term debt	<u>\$ 52,748,158</u>	<u>\$ 48,260,465</u>

The 2013 Bonds have been issued by the Authority pursuant to a Bond Purchase and Loan Agreement ("Purchase Agreement") by and among the Authority, Citizens Bank, N.A., a national banking association organized and existing under the laws of the United States of America (the "Bank") and UMH NY Corp., UMH PA Corp., the Foundation and UMH Management Services Corp. (collectively, the "Obligated Group"). Under the terms of the Purchase Agreement, the Bank purchased the 2013 Bonds from the Authority. Issuance proceeds received by the Authority, from the Bank, have been loaned (the "Loan") to the Obligated Group. The Purchase Agreement provides for the Obligated Group to repay the Loan to the Authority in installments equal to payments of debt service on the 2013 Bonds. As security for payment, and performance, of all obligations under the 2013 Bonds, the Authority has assigned to the Bank all of its right, title and interest under the Purchase Agreement, including the right to receive Loan payments payable by the Obligated Group.

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Concurrent with the execution of the Purchase Agreement, the Obligated Group entered into a Reimbursement Agreement (the "Reimbursement Agreement") with the Bank which further delineates the various terms and conditions associated with the 2013 Bonds. The Bond Purchase Agreement and Reimbursement Agreement are secured by a first mortgage lien on, and security interest in, the Obligated Group's assets, including all property and equipment and substantially all revenues, as defined in the applicable agreements. The 2013 Bonds are subject to demand for purchase at the election of the Bank ("Tender Option") on June 1, 2023 and thereafter every ten (10) years on June 1, upon not less than 180 days written notice of demand to the Obligated Group. The Obligated Group may request in writing that the Bank not exercise the Tender Option on or before June 1, 2022 (and on, or before, June 1 of every tenth (10th) year thereafter). Any agreement not to exercise a Tender Option is in the Bank's sole discretion.

The Obligated Group is required to meet certain financial and operating covenants under the terms of the 2013 Bond documents.

The Homes has entered into a Non-replenishing Line of Credit Loan Agreement, Pledge Agreement and Promissory Note Agreement (collectively, the "Loan Agreement") with the Bank. The Loan Agreement is secured by cash and marketable securities held in a custodial account maintained at the Bank.

Scheduled principal payments on long-term debt are as follows:

Years ending December 31:	
2017	\$ 2,262,000
2018	2,288,000
2019	2,313,000
2020	2,341,000
2021	2,369,000
Thereafter	<u>44,198,000</u>
Total	<u>\$ 55,771,000</u>

Interest Rate Swap Agreements

UMH NY Corp., UMH PA Corp. and UMH Management Services Corp. (collectively, "Fixed Rate Payer") entered into interest rate swap agreements ("Swap Agreement") in connection with a portion of Series A, Series B and Series C of the 2013 Bonds. The Swap Agreement is considered derivative financial instruments. The counterparty to the Swap Agreement is the Bank ("Floating Rate Payer"), with which the Fixed Rate Payer has other financial relationships. The objective of the Swap Agreement is to minimize the risks associated with financing activities by reducing the impact of changes in interest rates. The Swap Agreements are not designated as hedging instruments. The Swap Agreements are a contract to exchange variable rate for fixed rate interest payments over the life of the 2013 Bonds without the exchange of the underlying notional amount. The notional amount of the Swap Agreements change monthly and approximate 75% of the 2013 Bond principal outstanding. The notional amount is used to measure the interest to be paid or received, and does not represent the amount of exposure to credit loss. Exposure to credit loss is limited to the receivable amount, if any, which may be generated as a result of the Swap Agreements. The Homes believes that losses related to credit risk are remote. The net cash paid or received under the Swap Agreements is recognized as an adjustment to interest expense.

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Notes to Consolidated Financial Statements
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The Homes do not utilize interest rate swaps or other financial instruments for trading or other speculative purposes.

At December 31, 2016, the following interest rate and related Swap Agreement terms were in effect:

<u>2013 Bond Series</u>	<u>Series A</u>	<u>Series B</u>	<u>Series C</u>
Effective notional amount	\$ 3,541,500	\$ 24,586,500	\$ 6,762,750
Interest rate:			
Fixed Rate Payer	1.9500%	2.7400%	1.9500%
Floating Rate based on USD-LIBOR-BBA times 72%	0.61672%	0.61672%	0.61672%

The fair value of the interest rate swap agreements is the amount that the Fixed Rate Payer would receive or pay to terminate the swap agreements at the reporting date and is based on information supplied by the Bank and an independent third party valuation specialist. The Homes estimates that it would have paid \$1,625,306 and paid \$1,558,426 on December 31, 2016 and 2015, respectively, to terminate swap agreements.

As a result of swap agreements, interest expense was increased \$535,000 in 2016 and \$343,000 in 2015.

7. Other Liabilities

Other liabilities are as follows:

	<u>2016</u>	<u>2015</u>
Escrow deposits	\$ 381,043	\$ 378,813
Split-interest obligations	284,899	332,616
Construction retainage	136,400	776,350
Total	<u>\$ 802,342</u>	<u>\$ 1,487,779</u>

8. Retirement Plan

The Homes sponsors a defined contribution pension plan. The Homes contributions to the plan were \$812,601 in 2016 and \$660,273 in 2015.

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Notes to Consolidated Financial Statements
December 31, 2016 and 2015

9. Temporarily and Permanently Restricted Net Assets

Temporarily and permanently restricted net assets are designated by donors for the following purposes:

	<u>2016</u>	<u>2015</u>
Temporarily restricted net assets:		
Resident support	\$ 3,002,015	\$ 3,177,518
Payment of operating expenses and/or purchase of property and equipment	2,408,025	2,227,473
Chaplaincy program	237,964	244,064
Payment of operating expenses	<u>25,929</u>	<u>49,704</u>
Total	<u>\$ 5,673,933</u>	<u>\$ 5,698,759</u>
Permanently restricted net assets:		
Resident support	\$ 14,807,330	\$ 14,649,726
Purchase of property and equipment	5,903,620	5,941,955
Payment of operating expenses and/or purchase of property and equipment	154,640	154,640
Payment of operating expenses	<u>46,000</u>	<u>46,000</u>
Total	<u>\$ 20,911,590</u>	<u>\$ 20,792,321</u>

Principal of permanently restricted net assets is held in perpetuity. Income distributions from permanently restricted net assets are used for the donor designations specified.

10. Medical Malpractice Claims Coverage

The Homes maintains malpractice insurance on a claims-made basis. Other than for premiums paid under this policy, no provision has been made for estimated losses. Management believes no incidents have occurred or will be asserted that will exceed the Homes' insurance coverages or will have a material adverse effect on the financial statements.

11. Commitments and Contingencies

Construction Agreements

The Homes has entered into a construction agreement totaling approximately \$20,183,557 relating to renovations and improvements being made to various facilities located in Pennsylvania. Costs incurred on the construction agreements through December 31, 2016 were approximately \$19,968,113.

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Notes to Consolidated Financial Statements
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Self-Insured Medical Plan

UMH maintains a self-insured medical plan for the benefit of its employees. A stop loss policy is in effect, which limits UMH's loss per individual employee to \$150,000. The medical plan is administered through a contractual relationship with two unrelated companies. However, UMH is solely responsible for all claims incurred up to the amount of the stop loss provisions. UMH's expense under the self-insured medical plan amounted to \$3,675,509 for the year ended December 31, 2016.

Self-Insured Workers' Compensation

During the years ended December 31, 1996, 1997 and 1998, the Homes participated in a joint self-insured workers compensation insurance Trust (the "pool") sponsored by the New York Association of Homes and Services for the Aging for its members. The pool provided for joint and severable liability for members participating in the pool in addition to retroactive claim settlement responsibility by each member for their claims until all claims are finally and completely settled. The Homes withdrew from the pool effective January 1, 1999 and provided a reserve for all estimated future claims at that time. The Homes has continued to receive and pay claims annually since withdrawal from the pool and continues to have joint and severable liability for the unsettled claims of other members during the years that the Homes participated in the pool. The Homes accrued approximately \$157,000 at December 31, 2016 and 2015 in connection with the pool; these amounts are included in other accrued expenses in the consolidated balance sheet. The Homes believes costs associated with this self-insured workers compensation pool have been properly accounted for and accrued at December 31, 2016 and 2015.

Litigation

The Homes periodically is subject to claims and litigation that arise in the ordinary course of operations. It is the opinion of management that the disposition or ultimate resolution of such claims and litigation will not have a material adverse effect on the financial position of the Homes. Management believes their insurance coverage will be sufficient to pay liabilities, if any.

12. Concentrations of Credit Risk

The Homes grants credit without collateral to its residents, some of whom are insured under third-party payor agreements, primarily with Medicare and Medical Assistance.

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

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Notes to Consolidated Financial Statements
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13. Functional Expenses

The Homes provides elder care services to residents within its geographic locations. Expenses related to providing these services are as follows (including discontinued operations):

	<u>2016</u>	<u>2015</u>
Resident services	\$ 52,960,708	\$ 50,426,633
General and administrative	10,423,176	9,827,594
Total	<u>\$ 63,383,884</u>	<u>\$ 60,254,227</u>

14. Discontinued Operations

On December 31, 2010, Grace View Nursing sold its nursing facility and related assets. As a result, the operating results for Grace View Nursing are reported as discontinued operations in the consolidated financial statements in 2016. A summary of the net gain on discontinued operations for 2016 is as follows:

	<u>Grace View Nursing</u>
Unrestricted revenues, gain and other support	\$ 111,257
Operating expenses	18
Net loss from discontinued operations	<u>\$ 111,239</u>

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Consolidating Financial Statement Information, Balance Sheet Schedule

December 31, 2016

	UMH NY Corp.	UMH PA Corp.	Management Services	Grace View Nursing	Foundation	UMH JGJ Corp.	UMH ECM Corp.	Eliminations	Total
Assets									
Current Assets									
Cash and cash equivalents	\$ 837,146	\$ 641,888	\$ 1,104,634	\$ 238	\$ -	\$ 14,779	\$ 209,724	\$ -	\$ 2,808,407
Resident trust funds	32,859	296,359	-	-	-	28,157	111,599	-	469,974
Accounts receivable, net of estimated allowance for doubtful collections of \$455,000	172,782	2,945,937	-	-	-	1,074,796	1,111,511	-	5,305,026
Estimated third-party payor settlements, Medical Assistance	-	11,837	-	-	-	-	-	-	11,837
Other receivables	5,233	1,699	17,608	-	1,750	8,571	1,306	-	36,165
Prepaid expenses	23,289	67,561	160,106	-	12,000	6,571	8,792	-	278,319
Due from affiliates	12,097	5,327	11,327,370	-	-	-	-	(11,344,794)	-
Total current assets	1,083,406	3,970,606	12,609,716	238	13,750	1,133,874	1,442,932	(11,344,794)	8,909,728
Assets Whose Use is Limited									
Board-designated	11,054,021	19,514,157	2,497,048	-	8,442,149	1,513,393	3,331,434	-	46,352,202
Statutory minimum liquid reserve	-	521,000	-	-	-	-	-	-	521,000
Donor-restricted	-	-	-	-	6,655,748	-	-	-	6,655,748
Total assets whose use is limited	11,054,021	20,035,157	2,497,048	-	15,097,897	1,513,393	3,331,434	-	53,528,950
Property and Equipment, Net									
	12,541,717	36,197,324	461,010	-	545,302	7,741,239	5,647,535	-	63,134,127
Other Assets, Net									
	221,829	2,066,011	-	-	260,770	-	-	-	2,548,610
Beneficial Interests in Perpetual Trusts									
	-	-	-	-	20,431,325	-	-	-	20,431,325
Total assets	\$ 24,900,973	\$ 62,269,098	\$ 15,567,774	\$ 238	\$ 36,349,044	\$ 10,388,506	\$ 10,421,901	\$ (11,344,794)	\$ 148,552,740

United Methodist Homes

Consolidating Financial Statement Information, Balance Sheet Schedule
December 31, 2016

	UMH NY Corp.	UMH PA Corp.	Management Services	Grace View Nursing	Foundation	UMH JGJ Corp.	UMH ECM Corp.	Eliminations	Total
Liabilities and Net Assets									
Current Liabilities									
Current maturities of long-term debt	\$ 86,733	\$ 1,668,266	\$ 507,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,262,000
Accounts payable:									
Trade	48,768	59,609	1,886,774	-	-	13,976	7,229	-	2,016,356
Estimated third-party payor settlements.	-	123,927	-	6,860	-	8,060	17,250	-	156,097
Medical Assistance	153,822	277,248	70,906	-	1,560	151,973	129,111	-	784,620
Accrued expenses:	247,163	415,045	203,882	-	(477)	192,452	166,039	-	1,224,104
Salaries and wages	28,497	92,095	27,991	-	-	-	-	-	148,583
Vacation wages	23,015	262,838	961,929	-	4,050	71,006	108,627	-	1,431,565
Interest	32,859	288,875	-	-	-	29,157	111,599	-	462,490
Other	248,769	87,599	-	-	4,127	7,038,075	3,966,224	(11,344,794)	-
Resident trust funds	869,626	3,275,802	3,658,483	6,860	9,260	7,504,699	4,506,079	(11,344,794)	8,485,815
Due to affiliates	9,203,807	34,721,720	8,944,672	-	-	(62,331)	(59,710)	-	52,748,158
Total current liabilities	-	3,827,250	-	-	-	-	-	-	3,827,250
Long-Term Debt	-	694,828	-	-	-	-	-	-	694,828
Refundable Fees	-	969,378	330,212	-	-	-	-	-	1,625,306
Deferred Revenues from Entrance Fees	-	285,612	-	-	284,999	-	-	-	802,342
Fair Value of Derivative Financial Instruments	-	43,784,390	12,933,367	6,860	294,159	7,442,368	4,446,369	(11,344,794)	68,183,699
Other Liabilities	14,279,993	18,484,708	2,634,407	(6,622)	9,469,362	2,946,138	5,975,532	-	53,783,518
Total liabilities	14,279,993	18,484,708	2,634,407	(6,622)	9,469,362	2,946,138	5,975,532	-	53,783,518
Net Assets (Deficit)									
Unrestricted	-	-	-	-	5,673,933	-	-	-	5,673,933
Temporarily restricted	-	-	-	-	20,911,590	-	-	-	20,911,590
Permanently restricted	14,279,993	18,484,708	2,634,407	(6,622)	36,054,885	2,946,138	5,975,532	-	80,369,041
Total net assets (deficit)	\$ 24,900,973	\$ 62,269,098	\$ 15,567,774	\$ 238	\$ 36,349,044	\$ 10,388,506	\$ 10,421,901	\$ (11,344,794)	\$ 148,552,740
Total liabilities and net assets									

United Methodist Homes

Consolidating Financial Statement Information, Schedule of Operating Income from Continuing Operations

Year Ended December 31, 2016

Unrestricted Revenues, Gains, and Other Support

Resident service revenues:

	UMH NY Corp.	UMH PA Corp.	Management Services	Grace View Nursing	Foundation	UMH JGJ Corp.	UMH ECM Corp.	Eliminations	Total
Nursing	\$ -	\$ 21,097,954	\$ -	\$ -	\$ -	\$ 14,969,951	\$ 14,968,902	\$ -	\$ 51,036,807
Residential and domiciliary care	14,281,394	7,538,589	-	-	-	-	-	-	21,819,983
Ancillary service revenues	180,676	3,322,162	-	-	-	1,738,609	1,245,293	-	6,486,740

Total 14,462,070 31,968,705 - - - - 16,708,560 16,214,195 - - 79,343,530

Less Health Facility Assessment

- 448,192 - - - - 581,776 604,039 - - 1,634,007

Total resident service revenues 14,462,070 31,510,513 - - - - 16,126,784 15,610,156 - - 77,709,523

Less contractual adjustments and policy discounts.

Contractual adjustments	1,793,815	5,835,048	-	-	-	4,630,851	4,520,345	-	16,780,059
Policy discounts	679,931	785,133	-	-	-	1,625	500	-	1,467,189

Total 2,473,746 6,620,181 - - - - 4,632,476 4,520,845 - - 18,247,248

Net resident service revenues

11,988,324 24,890,332 - - - - 11,494,308 11,089,311 - - 59,462,275

Other operating revenues

1,220,656 243,676 5,496,511 - - - - 10,546 107,400 462,955

Investment (loss) income

702,645 1,151,989 430,267 - - - - 129,109 203,668 (6,671,538)

Unrestricted contributions

- - - - - - - - 48,123 - - 48,123

Net assets released from restrictions

331,331 684,289 - - - - 394 4,060 - - 1,020,074

Total unrestricted revenues, gains, and other support

14,242,956 26,970,286 5,926,778 - - 821,006 11,634,357 11,404,439 (6,671,538) 64,328,284

Expenses

Nursing:

Salaries	2,527,938	7,214,845	-	-	-	4,622,956	3,817,659	-	18,183,398
Payroll taxes and employee benefits	638,629	1,591,358	-	-	-	1,286,840	942,256	-	4,459,083
Other direct expenses	15,622	72,691	-	-	-	19,819	16,217	-	124,349
Professional fees	2,672	1,598,776	-	-	-	857,738	611,088	-	3,070,274
Purchased and contracted services	32,837	182,813	-	-	-	128,924	324,665	-	669,229
Supplies and materials	66,253	649,030	-	-	-	383,132	329,151	-	1,427,566

Total

3,283,951 11,309,513 - - - - 7,299,409 6,041,026 - - 27,933,899

Dietary:

Salaries	1,543,667	1,536,835	-	-	-	502,252	390,113	-	3,972,867
Payroll taxes and employee benefits	347,317	421,686	-	-	-	227,463	72,022	-	1,068,488
Food	1,150,687	953,163	-	-	-	140,592	73,689	-	2,318,131
Other direct expenses	30,077	19,383	-	-	-	2,440	4,216	-	56,116
Purchased and contracted services	39,953	17,020	-	-	-	361,279	736,475	(1,086,219)	68,508
Supplies and materials	159,211	135,009	-	-	-	33,443	1,707	-	329,370

Total

3,270,912 3,083,096 - - - - 1,287,469 1,278,222 (1,086,219) 7,813,480

United Methodist Homes

Consolidating Financial Statement Information, Schedule of Operating Income from Continuing Operations

Year Ended December 31, 2016

	UMH NY Corp.	UMH PA Corp.	Management Services	Grace View Nursing	Foundation	UMH JGJ Corp.	UMH ECM Corp.	Eliminations	Total
Housekeeping:									
Salaries	\$ 289,860	\$ 609,434	\$ -	\$ -	\$ -	\$ 191,677	\$ 197,608	\$ -	\$ 1,298,579
Payroll taxes and employee benefits	172,314	121,896	-	-	-	177,543	46,993	-	518,746
Other direct expenses	760	8,596	-	-	-	192	2,195	-	11,743
Purchased and contracted services	3,407	40,568	-	-	-	613	7,750	-	52,338
Supplies and materials	45,958	67,560	-	-	-	28,642	34,536	-	176,696
Total	522,299	848,054	-	-	-	398,667	289,082	-	2,058,102
Laundry:									
Salaries	62,076	91,132	-	-	-	45,157	46,972	-	245,337
Payroll taxes and employee benefits	12,343	14,547	-	-	-	29,206	9,837	-	65,933
Other direct expenses	-	51	-	-	-	-	52	-	103
Purchased and contracted services	39,594	96,970	-	-	-	63,314	71,745	-	271,623
Supplies and materials	5,789	16,941	-	-	-	82,443	62,978	-	168,151
Total	119,802	219,641	-	-	-	220,120	191,584	-	751,147
Social services, activities, and instruction:									
Salaries	385,735	444,252	-	-	-	250,518	266,217	-	1,346,722
Payroll taxes and employee benefits	136,922	218,099	-	-	-	75,684	88,916	-	519,621
Other direct expenses	4,206	5,608	-	-	-	1,468	3,289	-	14,571
Purchased and contracted services	27,962	30,593	-	-	-	5,618	16,410	-	80,583
Supplies and materials	25,460	57,459	-	-	-	6,378	8,520	-	97,817
Total	580,285	756,011	-	-	-	339,666	383,352	-	2,059,314
Plant operations:									
Salaries	483,735	558,279	67	-	-	217,896	144,049	-	1,404,026
Payroll taxes and employee benefits	165,341	123,958	10	-	-	43,292	38,092	-	370,693
Other direct expenses	6,271	44,715	-	-	-	714	2,508	-	54,208
Purchased and contracted services	344,773	513,737	-	-	-	95,597	80,930	-	1,035,037
Supplies and materials	119,585	105,040	-	-	-	56,031	33,564	-	314,230
Utilities	658,103	976,550	-	-	-	240,985	177,786	-	2,053,424
Total	1,777,818	2,322,279	77	-	-	654,515	476,929	-	5,231,618

United Methodist Homes

Consolidating Financial Statement Information, Schedule of Operating Income from Continuing Operations

Year Ended December 31, 2016

	UMH NY Corp.	UMH PA Corp.	Management Services	Grace View Nursing	Foundation	UMH JGJ Corp.	UMH ECM Corp.	Eliminations	Total
General and administrative:									
Salaries	\$ 734,283	\$ 1,043,316	\$ 2,947,165	\$ -	\$ 65,692	\$ 424,258	\$ 517,476	\$ -	\$ 5,732,090
Payroll taxes and employee benefits	172,285	338,491	593,953	-	18,288	161,048	87,804	-	1,371,869
Insurance	155,900	207,946	69,007	-	-	50,434	55,962	-	539,249
Other direct expenses	48,750	103,596	778,166	-	70,011	31,275	20,829	(55,704)	998,923
Professional fees	45,748	87,494	272,788	-	14,860	53,396	33,606	-	507,892
Purchased and contracted services	23,870	18,717	609,371	-	25,892	21,054	19,427	-	718,331
Supplies and materials	38,556	63,644	74,805	-	7,560	19,915	20,530	(11,593)	213,419
Telephone	32,153	59,260	56,195	-	753	29,886	41,048	-	219,295
Total	1,251,547	1,922,464	5,401,450	-	202,956	791,266	796,682	(67,297)	10,299,068
Provision for doubtful collections	6,653	35,221	-	-	-	8,874	73,360	-	124,108
Management services	1,148,859	2,229,560	-	-	-	1,042,613	944,952	(5,365,984)	-
Total expenses excluding depreciation, amortization, interest, and change in fair value of derivative financial instruments	11,962,126	22,725,839	5,401,527	-	202,956	12,022,599	10,475,189	(6,519,500)	56,270,736
Operating income (loss) before depreciation, amortization, interest, and change in fair value of derivative financial instruments	2,280,830	4,244,447	525,251	-	618,050	(388,242)	929,250	(152,038)	8,057,548
Depreciation	1,601,152	2,587,642	134,114	-	42,143	749,109	508,108	-	5,622,268
Amortization	5,687	20,268	-	-	-	-	3,844	-	29,799
Interest	283,999	754,243	279,138	-	-	179,083	116,656	(152,038)	1,461,081
Change in fair value of derivative financial instruments	18,573	37,917	10,390	-	-	-	-	-	66,860
Total	1,909,411	3,400,070	423,642	-	42,143	928,192	628,608	(152,038)	7,180,028
Operating income (loss) from continuing operations	\$ 371,419	\$ 844,377	\$ 101,609	\$ -	\$ 575,907	\$ (1,316,434)	\$ 300,642	\$ -	\$ 877,520

United Methodist Homes

Consolidating Financial Statement Information, Schedule of Changes in Net Assets (Deficit)

Year Ended December 31, 2016

	UMH NY Corp.	UMH PA Corp.	Management Services	Grace View Nursing	Foundation	UMH JGU Corp.	UMH ECM Corp.	Eliminations	Total
Unrestricted Net Assets									
Operating income (loss) from continuing operations	\$ 371,419	\$ 844,377	\$ 101,609	\$ -	\$ 575,907	\$ (1,316,434)	\$ 300,642	\$ -	\$ 877,520
Transfers from (to) affiliates	220,507	74,742	-	(111,000)	(184,249)	-	-	-	-
Net assets released from restrictions used for purchase of property and equipment	10,404	122,956	-	-	-	34,887	55,369	-	223,616
Change in unrestricted net (deficit) assets from continuing operations	602,330	1,042,075	101,609	(111,000)	391,658	(1,281,547)	356,011	-	1,101,136
Gain from discontinued operations	-	-	-	111,239	-	-	-	-	111,239
Change in unrestricted net assets (deficit)	602,330	1,042,075	101,609	239	391,658	(1,281,547)	356,011	-	1,212,375
Temporarily Restricted Net Assets									
Contributions	-	-	-	-	258,552	-	-	-	258,552
Income distributions from perpetual trusts	-	-	-	-	957,548	-	-	-	957,548
Net assets released from restrictions.	-	-	-	-	(52,554)	-	-	-	(52,554)
Operations	-	-	-	-	(967,520)	-	-	-	(967,520)
Resident support	-	-	-	-	(223,616)	-	-	-	(223,616)
Purchase of property and equipment	-	-	-	-	2,764	-	-	-	2,764
Investment income	-	-	-	-	-	-	-	-	-
Decrease in temporarily restricted net assets	-	-	-	-	(24,826)	-	-	-	(24,826)
Increase in Permanently Restricted Net Assets,									
Valuation gain, beneficial interest in perpetual trusts	-	-	-	-	119,269	-	-	-	119,269
Change in net (deficit) assets	602,330	1,042,075	101,609	239	486,101	(1,281,547)	356,011	-	1,306,818
Net Assets, Beginning	13,677,663	17,442,633	2,532,798	(6,861)	35,568,784	4,227,885	5,619,521	-	79,082,223
Net Assets (Deficit), Ending	\$ 14,279,993	\$ 18,484,708	\$ 2,634,407	\$ (6,622)	\$ 36,054,885	\$ 2,946,138	\$ 5,975,532	\$ -	\$ 80,389,041

United Methodist Homes

Consolidating Financial Statement Information, Schedule of Cash Flows
Year Ended December 31, 2016

	UMH NY Corp.	UMH PA Corp.	Management Services	Grace View Nursing	Foundation	UMH JGJ Corp.	UMH ECM Corp.	Eliminations	Total
Cash Flows from Operating Activities									
Change in net (deficit) assets	\$ 602,330	\$ 1,042,075	\$ 101,609	\$ 239	\$ 488,101	\$ (1,281,547)	\$ 356,011	\$ -	\$ 1,306,816
Adjustments to reconcile change in net (deficit) assets to net cash provided by (used in) operating activities:									
Provision for doubtful collections	6,653	35,221	-	-	-	8,874	73,360	-	124,108
Proceeds from nonrefundable portion of entrance fees	-	181,500	-	-	-	-	-	-	181,500
Loss (gain) on disposal of property and equipment	8,315	10,643	644	-	-	2,500	(2,000)	-	20,102
Amortization of entrance fees	-	(117,225)	-	-	-	-	-	-	(117,225)
Depreciation and amortization	1,608,839	2,607,910	134,114	-	42,143	749,109	511,952	-	5,652,087
Amortization of deferred financing costs	6,233	45,631	-	-	-	7,497	8,878	-	68,239
Change in fair value of derivative financial instruments	18,573	37,917	10,390	-	-	-	-	-	66,880
Net realized and unrealized gain on investments	(530,832)	(858,453)	(111,429)	-	(639,728)	(97,163)	(151,410)	-	(2,369,015)
Valuation gain, beneficial interest in perpetual trusts	-	-	-	-	(119,269)	-	-	-	(119,269)
Contributions and income distributions from perpetual trusts restricted for long-term purposes	-	-	-	-	24,826	-	-	-	24,826
Transfers (from) to affiliates	(220,507)	(74,742)	-	111,000	184,249	-	-	-	-
Changes in assets and liabilities:									
Accounts and other receivables	(75,959)	(856,202)	443,453	(1)	974	(306,865)	(301,955)	-	(1,096,555)
Estimated third-party payor settlements	-	(180,865)	-	-	-	42,541	45,462	-	(102,962)
Prepaid expenses	(4,990)	(3,789)	(12,190)	-	3,765	3,630	1,157	-	(12,417)
Due from/to affiliates	29,800	(743,027)	486,751	-	10,564	403,954	(197,042)	-	-
Other assets	(4,247)	2,015	1	-	-	3	-	-	(2,228)
Accounts payable, trade	967	(17,172)	377,794	-	-	(16,527)	3,549	-	348,551
Accrued expenses	49,388	97,006	(79,514)	-	(1,358)	23,781	73,521	-	162,824
Resident trust funds	-	(3,788)	-	-	-	-	-	-	(3,788)
Other liabilities	3,146	(640,866)	-	-	-	-	-	-	(637,720)
Total adjustments	893,379	(486,386)	1,258,954	110,999	(493,834)	821,334	65,472	-	2,167,918
Net cash provided by (used in) operating activities	1,495,709	553,689	1,360,563	111,238	(7,733)	(460,213)	421,483	-	3,474,736
Cash Flows from Investing Activities									
Net (purchases) sales of assets whose use is limited	(1,036,097)	(3,096,711)	6,936	-	264,626	692,347	17,742	-	(3,151,268)
Proceeds from sale of property and equipment	3,659	-	-	-	-	-	-	-	3,659
(Purchase) disposal of property and equipment	(640,224)	(4,861,795)	(397,834)	-	-	(243,253)	(294,535)	-	(6,437,641)
Net cash (used in) provided by investing activities	(1,672,662)	(7,958,506)	(390,898)	-	264,626	449,094	(276,793)	-	(9,585,040)
Cash Flows from Financing Activities									
Repayment of long-term debt	(127,000)	(745,000)	(331,000)	-	-	-	-	-	(1,203,000)
Issuance of debt	2,998	6,678,456	-	-	-	-	-	-	6,681,454
Decrease in split-interest obligations payable	-	-	-	-	(47,717)	-	-	-	(47,717)
Proceeds from refundable portion of entrance fees	-	60,500	-	-	-	-	-	-	60,500
Refunds of refundable entrance fees	-	(351,000)	-	-	-	-	-	-	(351,000)
Contributions and income purchases from perpetual trusts restricted for long-term purposes	-	-	-	-	(24,826)	-	-	-	(24,826)
Transfers from (to) affiliates	220,507	74,742	-	(111,000)	(184,249)	-	-	-	-
Net cash provided by (used in) financing activities	96,505	5,717,698	(331,000)	(111,000)	(256,792)	-	-	-	5,115,411
Net (decrease) increase in cash and cash equivalents	(80,246)	(1,687,119)	638,665	238	-	(11,119)	144,690	-	(994,893)
Cash and Cash Equivalents, Beginning	917,394	2,329,005	465,969	-	-	25,898	65,034	-	3,803,300
Cash and Cash Equivalents, Ending	\$ 837,146	\$ 641,886	\$ 1,104,634	\$ 238	\$ -	\$ 14,779	\$ 209,724	\$ -	\$ 2,808,407
Supplemental Disclosure of Cash Flow Information									
Interest paid	\$ 273,224	\$ 688,264	\$ 275,501	\$ -	\$ -	\$ 171,586	\$ 107,778	\$ (152,038)	\$ 1,364,315

United Methodist Homes

Combining Divisional Information, Balance Sheet Schedule
 UMH NY Corp.
 December 31, 2016

	Hilltop Retirement Center	The Highlands	Saint Louise Manor	Complete Care	Eliminations	Total
Assets						
Current Assets						
Cash and cash equivalents	\$ 16,300	\$ 793,732	\$ 11,442	\$ 15,672	\$ -	\$ 837,146
Resident trust funds	25,975	2,540	4,344	-	-	32,859
Accounts receivable, net of estimated allowance for doubtful collections of \$9,000	77,581	2,198	71,954	21,049	-	172,782
Other receivables	4,022	-	1,211	-	-	5,233
Prepaid expenses	11,121	3,080	9,088	-	-	23,289
Due from affiliates	-	-	12,097	-	-	12,097
Total current assets	134,999	801,550	110,136	36,721	-	1,083,406
Assets Whose Use is Limited						
Board-designated	4,450,724	5,598,893	1,004,404	-	-	11,054,021
Property and Equipment, Net	6,664,807	3,092,879	2,784,031	-	-	12,541,717
Other Assets, Net	65,116	139,865	16,848	-	-	221,829
Total assets	\$ 11,315,646	\$ 9,633,187	\$ 3,915,419	\$ 36,721	\$ -	\$ 24,900,973

United Methodist Homes

Combining Divisional Information, Balance Sheet Schedule
 UMH NY Corp.
 December 31, 2016

	Hilltop Retirement Center	The Highlands	Saint Louise Manor	Complete Care	Eliminations	Total
Liabilities and Net Assets						
Current Liabilities						
Current maturities of long-term debt	\$ 16,526	\$ 66,211	\$ 3,996	\$ -	\$ -	\$ 86,733
Accounts payable:						
Trade	26,437	16,943	5,388	-	-	48,768
Accrued expenses:						
Salaries and wages	105,537	4,063	43,134	1,088.00	-	153,822
Vacation wages	166,838	9,369	70,640	316.00	-	247,163
Interest	18,300	2,356	7,841	-	-	28,497
Other	16,309	-	6,706	-	-	23,015
Resident trust funds	25,975	2,540	4,344	-	-	32,859
Due to affiliates	212,109	35,578	-	1,082.00	-	248,769
Total current liabilities	588,031	137,060	142,049	2,486	-	869,626
Long-Term Debt	5,890,875	821,732	2,491,200	-	-	9,203,807
Fair Value of Derivative Financial Instruments	204,951	31,758	89,007	-	-	325,716
Other Liabilities	65,116	139,865	16,850	-	-	221,831
Total liabilities	6,748,973	1,130,415	2,739,106	2,486	-	10,620,980
Net Assets, Unrestricted	4,566,673	8,502,772	1,176,313	34,235	-	14,279,993
Total liabilities and net assets	\$ 11,315,646	\$ 9,633,187	\$ 3,915,419	\$ 36,721	\$ -	\$ 24,900,973

United Methodist Homes

Combining Divisional Information, Schedule of Operating Income

UMH NY Corp.

Year Ended December 31, 2016

	Hilltop Retirement Center	The Highlands	Saint Louise Manor	Complete Care	Eliminations	Total
Unrestricted Revenues, Gains, and Other Support						
Resident service revenues:						
Residential and domiciliary care	\$ 8,483,167	\$ 1,804,481	\$ 3,993,746	\$ -	\$ -	\$ 14,281,394
Ancillary service revenues	109,669	-	26,092	44,915	-	180,676
Total	8,592,836	1,804,481	4,019,838	44,915	-	14,462,070
Less contractual adjustments and policy discounts:						
Contractual adjustments	1,022,829	-	770,986	-	-	1,793,815
Policy discounts	385,743	2,016	289,479	2,693	-	679,931
Total	1,408,572	2,016	1,060,465	2,693	-	2,473,746
Net resident service revenues	7,184,264	1,802,465	2,959,373	42,222	-	11,988,324
Other operating revenues	510,590	12,759	763,467	-	(66,160)	1,220,656
Investment income	303,688	342,143	56,814	-	-	702,645
Net assets released from restrictions	303,670	-	27,661	-	-	331,331
Total unrestricted revenues, gains, and other support	8,302,212	2,157,367	3,807,315	42,222	(66,160)	14,242,956
Expenses						
Nursing						
Salaries	1,774,443	536	737,715	15,244	-	2,527,938
Payroll taxes and employee benefits	458,543	71	178,800	1,215	-	638,629
Other direct expenses	11,845	-	2,563	1,214	-	15,622
Professional fees	2,672	-	-	-	-	2,672
Purchased and contracted services	26,446	-	6,084	307	-	32,837
Supplies and materials	48,517	-	16,296	1,440	-	66,253
Total	2,322,466	607	941,458	19,420	-	3,283,951

United Methodist Homes

Combining Divisional Information, Schedule of Operating Income

UMH NY Corp.

Year Ended December 31, 2016

	Hilltop Retirement Center	The Highlands	Saint Louise Manor	Complete Care	Eliminations	Total
Dietary:						
Salaries	\$ 943,372	\$ -	\$ 600,295	\$ -	\$ -	\$ 1,543,667
Payroll taxes and employee benefits	206,442	-	140,875	-	-	347,317
Food	637,181	-	513,506	-	-	1,150,687
Other direct expenses	14,398	-	15,679	-	-	30,077
Purchased and contracted services	23,240	5,111	11,602	-	-	39,953
Supplies and materials	143,144	624	63,060	-	(47,617)	159,211
Total	1,967,777	5,735	1,345,017	-	(47,617)	3,270,912
Housekeeping						
Salaries	181,625	36,439	81,796	-	-	289,860
Payroll taxes and employee benefits	104,263	48,768	19,283	-	-	172,314
Other direct expenses	250	113	397	-	-	760
Purchased and contracted services	1,030	831	1,546	-	-	3,407
Supplies and materials	31,981	1,468	12,509	-	-	45,958
Total	319,149	87,619	115,531	-	-	522,299
Laundry						
Salaries	25,822	-	36,254	-	-	62,076
Payroll taxes and employee benefits	6,323	-	6,020	-	-	12,343
Purchased and contracted services	27,460	-	12,134	-	-	39,594
Supplies and materials	3,115	-	2,674	-	-	5,789
Total	62,720	-	57,082	-	-	119,802
Social services, activities, and instruction						
Salaries	280,431	-	105,304	-	-	385,735
Payroll taxes and employee benefits	115,259	-	21,130	533	-	136,922
Other direct expenses	3,580	-	626	-	-	4,206
Purchased and contracted services	12,108	-	15,854	-	-	27,962
Supplies and materials	15,351	446	9,663	-	-	25,460
Total	426,729	446	152,577	533	-	580,285

United Methodist Homes

Combining Divisional Information, Schedule of Operating Income

UMH NY Corp.

Year Ended December 31, 2016

	Hilltop Retirement Center	The Highlands	Saint Louis Manor	Complete Care	Eliminations	Total
Plant operations:						
Salaries	\$ 371,786	\$ 66,985	\$ 44,964	\$ -	\$ -	\$ 483,735
Payroll taxes and employee benefits	137,453	19,418	8,470	-	-	165,341
Other direct expenses	5,617	343	311	-	-	6,271
Purchased and contracted services	121,317	147,155	76,301	-	-	344,773
Supplies and materials	69,755	31,931	17,909	-	-	119,595
Utilities	350,001	149,081	159,021	-	-	658,103
Total	1,055,929	414,913	306,976	-	-	1,777,818
General and administrative:						
Salaries	475,502	84,030	168,521	6,230	-	734,283
Payroll taxes and employee benefits	109,293	12,467	49,538	987	-	172,285
Insurance	89,456	32,224	34,220	-	-	155,900
Other direct expenses	32,299	7,640	7,894	917	-	48,750
Professional fees	34,587	165	10,996	-	-	45,748
Purchased and contracted services	13,659	4,454	5,757	-	-	23,870
Supplies and materials	26,945	5,443	24,713	-	(18,543)	38,558
Telephone	27,824	804	3,525	-	-	32,153
Total	809,565	147,227	305,164	8,134	(18,543)	1,261,547
Provision for doubtful collections	3,494	-	3,159	-	-	6,653
Management services	707,767	86,397	354,695	-	-	1,148,859
Total expenses excluding depreciation, amortization, interest, and change in fair value of derivative financial instruments	7,675,596	742,944	3,581,659	28,087	(66,160)	11,962,126
Operating income before depreciation, amortization, interest, and change in fair value of derivative financial instruments	626,616	1,414,423	225,656	14,135	-	2,280,830
Depreciation	831,425	344,984	424,743	-	-	1,601,152
Amortization	-	-	5,687	-	-	5,687
Interest	177,340	27,735	78,924	-	-	283,999
Change in fair value of derivative financial instruments	13,109	(124)	5,588	-	-	18,573
Total	1,021,874	372,595	514,942	-	-	1,909,411
Operating income (loss)	\$ (395,258)	\$ 1,041,828	\$ (289,286)	\$ 14,135	\$ -	\$ 371,419

United Methodist Homes

Combining Divisional Information, Schedule of Changes in Net Assets

UMH NY Corp.

Year Ended December 31, 2016

	Hilltop Retirement Center	The Highlands	Saint Louise Manor	Complete Care	Eliminations	Total
Unrestricted Net Assets						
Operating income (loss)	\$ (395,258)	\$ 1,041,828	\$ (289,286)	\$ 14,135.00	\$ -	\$ 371,419
Transfers from Affiliates	110,900	-	89,507	20,100	-	220,507
Net assets released from restrictions used for purchase of property and equipment	10,404	-	-	-	-	10,404
Increase (decrease) in net assets	(273,954)	1,041,828	(199,779)	34,235	-	602,330
Net Assets, Beginning	4,840,627	7,460,944	1,376,092	-	-	13,677,663
Net Assets, Ending	\$ 4,566,673	\$ 8,502,772	\$ 1,176,313	\$ 34,235	\$ -	\$ 14,279,993

United Methodist Homes

Combining Divisional Information, Schedule of Cash Flows
 UMH NY Corp.
 Year Ended December 31, 2016

	Hilltop Retirement Center	The Highlands	Saint Louise Manor	Complete Care	Eliminations	Total
Cash Flows from Operating Activities						
Increase (decrease) in net assets	\$ (273,954)	\$ 1,041,828	\$ (199,779)	\$ 34,235	\$ -	\$ 602,330
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:						
Provision for doubtful collections	3,494	-	3,159	-	-	6,653
Loss on disposal of property and equipment	3,999	3,919	397	-	-	8,315
Depreciation and amortization	831,425	344,984	430,430	-	-	1,606,839
Amortization of deferred financing costs	548	3,102	2,583	-	-	6,233
Change in fair value of derivative financial instruments	13,109	(124)	5,588	-	-	18,573
Net realized and unrealized gain on investments	(230,153)	(258,054)	(42,625)	-	-	(530,832)
Transfers from affiliates	(110,900)	-	(89,507)	(20,100)	-	(220,507)
Changes in assets and liabilities:						
Accounts and other receivables	(16,122)	3,999	(42,787)	(21,049)	-	(75,959)
Prepaid expenses	605	(2,117)	(3,478)	-	-	(4,990)
Due from/to affiliates	(122,589)	14,733	136,574	1,082	-	29,800
Other assets	(2,389)	(1,617)	(241)	-	-	(4,247)
Accounts payable, trade	(785)	5,103	(3,351)	-	-	967
Accounts payable, construction	-	-	-	-	-	-
Accrued expenses	49,924	1,554	(3,494)	1,404	-	49,388
Other liabilities	1,288	1,617	241	-	-	3,146
Total adjustments	421,454	117,099	393,489	(38,663)	-	893,379
Net cash provided by operating activities	147,500	1,158,927	193,710	(4,428)	-	1,495,709
Cash Flows from Investing Activities						
Net sales (purchases) of assets whose use is limited	57,181	(854,089)	(239,189)	-	-	(1,036,097)
Proceeds from sale of property and equipment	3,859	-	-	-	-	3,859
Purchase of property and equipment	(317,559)	(206,119)	(116,546)	-	-	(640,224)
Net cash used in investing activities	(256,519)	(1,060,208)	(355,735)	-	-	(1,672,462)

United Methodist Homes

Combining Divisional Information, Schedule of Cash Flows
 UMH NY Corp.
 Year Ended December 31, 2016

	Hilltop Retirement Center	The Highlands	Saint Louise Manor	Complete Care	Eliminations	Total
Cash Flows from Financing Activities						
Repayment of long-term debt	\$ (1,793)	\$ (66,211)	\$ (58,996)	\$ -	\$ -	\$ (127,000)
Debt issuance	2,998	-	-	-	-	2,998
Transfers from affiliates	110,900	-	89,507	20,100	-	220,507
Net cash provided by (used in) financing activities	112,105	(66,211)	30,511	20,100	-	96,505
Net (decrease) increase in cash and cash equivalents	3,086	32,508	(131,514)	15,672	-	(80,248)
Cash and Cash Equivalents, Beginning	13,214	761,224	142,956	-	-	917,394
Cash and Cash Equivalents, Ending	\$ 16,300	\$ 793,732	\$ 11,442	\$ 15,672	\$ -	\$ 837,146
Supplemental Disclosure of Cash Flow Information						
Interest paid	\$ 173,678	\$ 24,507	\$ 75,039	\$ -	\$ -	\$ 273,224

United Methodist Homes

Combining Divisional Information, Balance Sheet Schedule
 UMH PA Corp.
 December 31, 2016

	Tunkhannock Manor	Brooks Estates	Wesley Village	Anderson Personal Care	Eliminations	Total
Assets						
Current Assets						
Cash and cash equivalents	\$ 73,399	\$ 158,287	\$ 266,518	\$ 143,682	\$ -	\$ 641,886
Resident trust funds	2,934	238,503	40,076	14,846	-	296,359
Accounts receivable, net of estimated allowance for doubtful collections of \$110,000	11,815	8,611	2,858,063	67,448	-	2,945,937
Estimated third-party payor settlements, Medical Assistance	-	-	11,837	-	-	11,837
Other receivables	166	(20)	-	1,553	-	1,699
Prepaid expenses	4,693	8,338	43,513	11,017	-	67,561
Due from Affiliates	5,327	-	-	-	-	5,327
Total current assets	98,334	413,719	3,220,007	238,546	-	3,970,606
Assets Whose Use is Limited						
Board-designated Statutory minimum liquid reserve	93,529	9,306,742	7,587,461	2,526,425	-	19,514,157
	-	521,000	-	-	-	521,000
Total assets whose use is limited	93,529	9,827,742	7,587,461	2,526,425	-	20,035,157
Property and Equipment, Net	2,348,702	6,698,771	17,039,157	10,110,694	-	36,197,324
Other Assets, Net	38	2,009,154	-	56,819	-	2,066,011
Total assets	\$ 2,540,603	\$ 18,949,386	\$ 27,846,625	\$ 12,932,484	\$ -	\$ 62,269,098

United Methodist Homes

Combining Divisional Information, Balance Sheet Schedule
 UMH PA Corp.
 December 31, 2016

	Tunkhannock Manor	Brooks Estates	Wesley Village	Anderson Personal Care	Eliminations	Total
Liabilities and Net Assets						
Current Liabilities						
Current maturities of long-term debt	\$ 4,288	\$ 380,137	\$ 874,611	\$ 409,230	\$ -	\$ 1,668,266
Accounts payable:						
Trade	2,616	16,102	28,388	12,503	-	59,609
Estimated third-party payor settlements,			123,927	-	-	123,927
Medical Assistance						
Accrued expenses:						
Salaries and wages	22,968	3,303	209,334	41,643	-	277,248
Vacation wages	30,287	5,625	310,644	68,489	-	415,045
Interest	6,295	13,385	44,880	27,535	-	92,095
Other	-	3,440	251,980	7,518	-	262,938
Resident trust funds	2,934	231,019	40,076	14,846	-	288,875
Due to affiliates	-	40,957	9,974	36,668	-	87,599
Total current liabilities	69,388	693,968	1,893,814	618,432	-	3,275,602
Long-Term Debt	2,016,661	4,801,259	17,691,792	10,212,008	-	34,721,720
Refundable Fees	-	3,827,250	-	-	-	3,827,250
Deferred Revenue from Entrance Fees	-	694,828	-	-	-	694,828
Fair Value of Derivative Financial Instruments	71,136	183,476	428,871	285,895	-	969,378
Other Liabilities	-	102,393	136,400	56,819	-	295,612
Total liabilities	2,157,185	10,303,174	20,150,877	11,173,154	-	43,784,390
Net Assets, Unrestricted	383,418	8,646,212	7,695,748	1,759,330	-	18,484,708
Total liabilities and net assets	\$ 2,540,603	\$ 18,949,386	\$ 27,846,625	\$ 12,932,484	\$ -	\$ 62,269,098

United Methodist Homes

Combining Divisional Information, Schedule of Operating Income
 UMH PA Corp.
 Year Ended December 31, 2016

	Tunkhannock Manor	Brooks Estates	Wesley Village	Anderson Personal Care	Eliminations	Total
Unrestricted Revenues, Gains, and Other Support						
Resident service revenues:						
Nursing	\$ -	\$ -	\$ 21,097,954	\$ -	\$ -	\$ 21,097,954
Residential and domiciliary care	1,704,670	1,798,240	-	4,035,679	-	7,538,589
Ancillary service revenues	9,294	117,785	3,171,055	24,028	-	3,322,162
Total	1,713,964	1,916,025	24,269,009	4,059,707	-	31,958,705
Less Health Facility Assessment	-	-	448,192	-	-	448,192
Total resident service revenues	1,713,964	1,916,025	23,820,817	4,059,707	-	31,510,513
Less contractual adjustments and policy discounts:						
Contractual adjustments	-	-	5,835,048	-	-	5,835,048
Policy discounts	138,350	45,590	-	601,193	-	785,133
Total	138,350	45,590	5,835,048	601,193	-	6,620,181
Net resident service revenues	1,575,614	1,870,435	17,985,769	3,458,514	-	24,890,332
Other operating revenues	2,855	8,765	271,914	218,996	(258,854)	243,676
Investment income	4,480	645,117	353,895	148,497	-	1,151,989
Net assets released from restrictions	54,891	-	33,950	595,448	-	684,289
Total unrestricted revenues, gains, and other support	1,637,840	2,524,317	18,645,528	4,421,455	(258,854)	26,970,286
Expenses						
Nursing:						
Salaries	371,538	-	6,087,114	756,193	-	7,214,845
Payroll taxes and employee benefits	210,649	-	1,182,577	198,132	-	1,591,358
Other direct expenses	2,689	-	67,919	2,083	-	72,691
Professional fees	-	-	1,598,776	-	-	1,598,776
Purchased and contracted services	3,601	-	167,823	11,389	-	182,813
Supplies and materials	5,385	-	614,916	28,729	-	649,030
Total	593,862	-	9,719,125	996,526	-	11,309,513

United Methodist Homes

Combining Divisional Information, Schedule of Operating Income

UMH PA Corp.

Year Ended December 31, 2016

	Tunkhannock Manor	Brooks Estates	Wesley Village	Anderson Personal Care	Eliminations	Total
Dietary						
Salaries	\$ 173,798	\$ -	\$ 920,273	\$ 442,764	\$ -	\$ 1,536,835
Payroll taxes and employee benefits	44,896	-	151,763	225,027	-	421,686
Food	83,187	-	795,889	277,659	(203,572)	953,163
Other direct expenses	1,542	-	8,248	9,593	-	19,383
Purchased and contracted services	205	-	9,166	61,965	(54,316)	17,020
Supplies and materials	12,055	3,566	90,594	28,794	-	135,009
Total	315,683	3,566	1,975,933	1,045,802	(257,888)	3,083,096
Housekeeping:						
Salaries	80,330	-	394,481	134,623	-	609,434
Payroll taxes and employee benefits	28,824	-	71,167	21,905	-	121,896
Other direct expenses	2,529	-	3,238	2,829	-	8,596
Purchased and contracted services	1,259	29,870	7,971	1,468	-	40,568
Supplies and materials	6,710	284	48,204	12,362	-	67,560
Total	119,652	30,154	525,061	173,187	-	848,054
Laundry:						
Salaries	20,354	-	70,769	9	-	91,132
Payroll taxes and employee benefits	2,270	-	12,277	-	-	14,547
Other direct expenses	-	-	51	-	-	51
Purchased and contracted services	-	-	82,254	14,716	-	96,970
Supplies and materials	2,723	-	11,905	2,313	-	16,941
Total	25,347	-	177,256	17,038	-	219,641
Social services, activities, and instruction:						
Salaries	58,767	-	333,009	52,476	-	444,252
Payroll taxes and employee benefits	20,103	-	185,218	12,778	-	218,099
Other direct expenses	910	-	4,528	170	-	5,608
Purchased and contracted services	4,090	2,541	16,879	7,083	-	30,593
Supplies and materials	8,613	10,606	15,540	22,700	-	57,459
Total	92,483	13,147	555,174	95,207	-	756,011

United Methodist Homes

Combining Divisional Information, Schedule of Operating Income

UMH PA Corp.

Year Ended December 31, 2016

	Tunkhannock Manor	Brooks Estates	Wesley Village	Anderson Personal Care	Eliminations	Total
Plant operations:						
Salaries	\$ 50,830	\$ 95,058	\$ 267,013	\$ 145,378	\$ -	\$ 558,279
Payroll taxes and employee benefits	8,587	26,757	73,532	15,082	-	123,958
Other direct expenses	1,039	1,091	42,338	247	-	44,715
Purchased and contracted services	19,391	130,818	213,881	149,647	-	513,737
Supplies and materials	11,173	23,561	46,356	23,950	-	105,040
Utilities	71,816	276,950	346,859	280,925	-	976,550
Total	162,836	554,235	989,979	615,229	-	2,322,279
General and administrative:						
Salaries	106,101	35,170	711,759	190,286	-	1,043,316
Payroll taxes and employee benefits	26,352	40,873	198,343	73,123	-	338,491
Insurance	18,890	50,756	79,915	58,385	-	207,946
Other direct expenses	12,928	11,551	68,919	10,198	-	103,596
Professional fees	7,396	2,328	74,972	2,797	-	87,494
Purchased and contracted services	3,104	4,460	8,539	2,614	-	18,717
Supplies and materials	8,031	3,077	51,311	2,191	(966)	63,644
Telephone	7,692	1,398	33,734	16,436	-	59,260
Total	190,494	149,414	1,227,492	356,030	(966)	1,922,464
Provision for doubtful collections	-	-	24,114	11,107	-	35,221
Management services	150,244	125,030	1,534,666	419,620	-	2,229,560
Total expenses excluding depreciation, amortization, interest, and change in fair value of derivative financial instruments	1,650,601	875,546	16,728,800	3,729,746	(258,854)	22,725,839
Operating income before depreciation, amortization, interest, and change in fair value of derivative financial instruments	(12,761)	1,648,771	1,916,728	691,709	-	4,244,447
Depreciation	210,809	479,295	1,022,220	875,318	-	2,587,642
Amortization	456	1,250	15,202	3,360	-	20,268
Interest	62,149	150,602	279,025	262,467	-	754,243
Change in fair value of derivative financial instruments	4,569	(428)	20,309	13,467	-	37,917
Total	277,983	630,719	1,336,756	1,154,612	-	3,400,070
Operating income (loss)	\$ (290,744)	\$ 1,018,052	\$ 579,972	\$ (462,903)	\$ -	\$ 844,377

United Methodist Homes

Combining Divisional Information, Schedule of Changes in Net Assets
 UMH PA Corp.
 Year Ended December 31, 2016

	Tunkhannock Manor	Brooks Estates	Wesley Village	Anderson Personal Care	Eliminations	Total
Unrestricted Net Assets						
Operating Income (loss)	\$ (290,744)	\$ 1,018,052	\$ 579,972	\$ (462,903)	\$ -	\$ 844,377
Transfers from affiliates	73,167	-	-	1,575	-	74,742
Net assets released from restrictions used for purchase of property and equipment	2,523	42,413	72,045	5,975	-	122,956
Increase (decrease) in net assets	(215,054)	1,060,465	652,017	(455,353)	-	1,042,075
Net Assets, Beginning	598,472	7,585,747	7,043,731	2,214,683	-	17,442,633
Net Assets, Ending	\$ 383,418	\$ 8,646,212	\$ 7,695,748	\$ 1,759,330	\$ -	\$ 18,484,708

United Methodist Homes

Combining Divisional Information, Schedule of Cash Flows
 UMH PA Corp.
 Year Ended December 31, 2016

	Tunkhannock Manor	Brooks Estates	Wesley Village	Anderson Personal Care	Eliminations	Total
Cash Flows from Operating Activities						
Increase (decrease) in net assets	\$ (215,054)	\$ 1,060,465	\$ 652,017	\$ (455,353)	\$ -	\$ 1,042,075
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:						
Provision for doubtful collections	-	-	24,114	11,107	-	35,221
Proceeds from nonrefundable portion of entrance fees	-	181,500	-	-	-	181,500
Loss on disposal of property and equipment	1,568	837	6,972	1,266	-	10,643
Amortization of entrance fees	-	(117,225)	-	-	-	(117,225)
Depreciation and amortization	211,265	480,545	1,037,422	878,678	-	2,607,910
Amortization of deferred financing costs	945	10,400	23,866	10,420	-	45,631
Change in fair value of derivative financial instruments	4,569	(428)	20,309	13,467	-	37,917
Net realized and unrealized gain on investments	(3,484)	(485,815)	(259,625)	(109,529)	-	(858,453)
Transfers from affiliates	(73,167)	-	-	(1,575)	-	(74,742)
Changes in assets and liabilities:						
Accounts and other receivables	(9,843)	(351)	(818,068)	(27,940)	-	(856,202)
Prepaid expenses	1,193	(2,769)	(1,920)	(293)	-	(3,789)
Due from/to affiliates	25,518	(19,940)	(661,922)	(86,683)	-	(743,027)
Other assets	-	4,443	(1)	(2,427)	-	2,015
Accounts payable, trade	(918)	(3,007)	(17,715)	4,468	-	(17,172)
Estimated third-party payor settlements	-	-	(190,965)	-	-	(190,965)
Accrued expenses	1,113	3,360	96,373	(3,840)	-	97,006
Resident trust funds	-	(3,788)	-	-	-	(3,788)
Other liabilities	-	(3,342)	(339,333)	(298,191)	-	(640,866)
Total adjustments	158,759	44,420	(1,080,493)	388,928	-	(488,386)
Net cash provided by (used in) operating activities	(56,295)	1,104,885	(428,476)	(66,425)	-	553,689
Cash Flows from Investing Activities						
Net purchases of assets whose use is limited	(35,997)	(231,513)	(2,540,233)	(288,968)	-	(3,096,711)
Purchase of property and equipment	(58,577)	(159,756)	(3,540,612)	(1,102,850)	-	(4,861,795)
Net cash used in investing activities	(94,574)	(391,269)	(6,080,845)	(1,391,818)	-	(7,958,506)

United Methodist Homes

Combining Divisional Information, Schedule of Cash Flows
 UMH PA Corp.
 Year Ended December 31, 2016

	Tunkhannock Manor	Brooks Estates	Wesley Village	Anderson Personal Care	Eliminations	Total
Cash Flows from Financing Activities						
Repayment of long-term debt	\$ -	\$ (373,618)	\$ (221,488)	\$ (149,894)	\$ -	\$ (745,000)
Issuance of long-term debt	-	-	5,198,609	1,479,847	-	6,678,456
Proceeds from refundable portion of entrance fees	-	60,500	-	-	-	60,500
Refunds of refundable entrance fees	-	(351,000)	-	-	-	(351,000)
Transfers from affiliates	73,167	-	-	1,575	-	74,742
	<u>73,167</u>	<u>(664,118)</u>	<u>4,977,121</u>	<u>1,331,528</u>	<u>-</u>	<u>5,717,698</u>
Net cash provided by (used in) financing activities						
	(77,702)	49,498	(1,532,200)	(126,715)	-	(1,687,119)
Cash and Cash Equivalents, Beginning	<u>151,101</u>	<u>108,789</u>	<u>1,798,718</u>	<u>270,397</u>	<u>-</u>	<u>2,329,005</u>
Cash and Cash Equivalents, Ending	<u>\$ 73,399</u>	<u>\$ 158,287</u>	<u>\$ 266,518</u>	<u>\$ 143,682</u>	<u>\$ -</u>	<u>\$ 641,886</u>
Supplemental Disclosure of Cash Flow Information						
Interest paid	\$ 60,144	\$ 139,551	\$ 242,452	\$ 246,117	\$ -	\$ 688,264

United Methodist Homes

Combining Property and Equipment and Accumulated Depreciation Information

Year Ended December 31, 2016

	Property and Equipment		Accumulated Depreciation		Net Book Value December 31, 2016
	Balance January 1, 2016	Additions (Deletions) Transfers	Balance December 31, 2016	January 1, 2016 Additions (Deletions) Transfers	
Hilltop Retirement Center					
Land	\$ 99,317	\$ -	\$ 99,317	\$ -	\$ 99,317
Real estate improvements	5,263,769	23,030	5,286,799	280,921	2,350,711
Building and facility	5,224,493	-	5,224,493	30,341	142,132
Fixed equipment	5,327,338	74,795	5,402,133	309,273	3,398,045
Furniture and equipment	1,676,739	44,218	1,720,957	34,976	631,740
Linen, china, and glassware	141,385	(5,716)	135,669	2,446	42,417
Automotive equipment	131,209	-	131,209	93	444
Total	17,864,250	136,327	18,000,577	658,050	6,664,806
The Highlands					
Land	572,000	-	572,000	-	572,000
Real estate improvements	1,242,934	91,534	1,334,468	60,436	453,537
Building and facility	6,539,918	-	6,539,918	218,213	1,736,272
Fixed equipment	369,228	40,032	409,260	23,073	240,091
Furniture and equipment	244,597	13,883	258,480	7,212	67,581
Linen, china, and glassware	7,681	-	7,681	191	506
Automotive equipment	24,807	-	24,807	-	-
Construction-in-progress	-	20,891	20,891	-	20,891
Total	9,001,165	166,340	9,167,505	309,125	3,092,878
Saint Louise Manor					
Land	178,469	-	178,469	-	178,469
Real estate improvements	4,402,810	(188,394)	4,214,416	63,712	1,216,570
Building and facility	1,810,769	-	1,810,769	439	7,911
Fixed equipment	1,589,329	56,513	1,645,842	98,271	1,128,418
Furniture and equipment	707,604	9,983	717,587	29,747	236,995
Linen, china, and glassware	59,692	374	60,066	(5,100)	13,669
Total	8,748,673	(121,524)	8,627,149	187,069	2,784,032
Tunkhamnock Manor					
Land	105,944	-	105,944	-	105,944
Real estate improvements	916,836	(387)	916,449	52,108	551,076
Building and facility	601,392	-	601,392	66	172
Fixed equipment	2,054,674	31,555	2,086,229	126,951	1,545,861
Furniture and equipment	309,330	2,747	312,077	11,728	131,590
Linen, china, and glassware	18,279	1,495	19,774	2,897	8,989
Automotive equipment	69,089	-	69,089	-	-
Construction-in-progress	530	4,540	5,070	-	5,070
Total	4,076,074	39,950	4,116,024	193,750	2,348,702

United Methodist Homes

Combining Property and Equipment and Accumulated Depreciation Information

Year Ended December 31, 2016

	Property and Equipment			Accumulated Depreciation			Net Book Value December 31, 2016
	Balance January 1, 2016	Additions (Deletions)	Transfers	Balance December 31, 2016	Additions (Deletions)	Transfers	
Brooks Estates							
Land	\$ 301,382	\$ -	\$ -	\$ 301,382	\$ -	\$ -	\$ 301,382
Real estate improvements	2,469,879	57,135	-	2,527,014	111,902	-	1,289,456
Building	9,042,391	-	-	9,042,391	301,443	-	4,731,827
Fixed equipment	552,967	18,343	-	571,310	5,182	-	159,781
Furniture and equipment	508,401	27,475	-	535,876	19,934	-	161,157
Linen, china, and glassware	210,936	-	-	210,936	4,295	-	14,171
Automotive equipment	42,746	15,671	-	58,417	(4,656)	-	40,997
Construction-in-progress	900	(900)	-	-	-	-	-
Total	13,129,602	117,724	-	13,247,326	438,100	-	6,698,771
Wesley Village							
Land	38,195	-	-	38,195	-	-	38,195
Real estate improvements	1,304,661	6,384,618	-	7,689,279	267,138	-	6,473,580
Building and facility	7,622,621	(236,982)	-	7,385,639	(65,390)	-	1,725,272
Fixed equipment	3,833,237	6,676,074	-	10,509,311	197,736	-	7,087,143
Furniture and equipment	3,286,891	345,102	-	3,631,993	(25,477)	-	1,478,974
Linen, china, and glassware	258,280	102,223	-	360,503	29,512	-	158,554
Automotive equipment	169,023	9,846	-	178,869	(14,644)	-	53,666
Construction-in-progress	10,636,061	(10,612,288)	-	23,773	-	-	23,773
Total	27,148,769	2,668,693	-	29,817,362	398,875	-	17,039,157
Anderson Personal Care							
Land	150,534	-	-	150,534	-	-	150,534
Real estate improvements	1,730,881	3,676,310	-	5,407,191	131,596	-	4,012,454
Building and facility	3,647,075	-	-	3,647,075	90,510	-	663,196
Fixed equipment	3,615,231	3,827,987	-	7,443,218	223,915	-	4,707,681
Furniture and equipment	842,007	93,871	-	935,878	(88,467)	-	468,074
Linen, china, and glassware	122,536	39,105	-	161,641	(6,153)	-	103,503
Automotive equipment	25,068	-	-	25,068	6,267	-	11,490
Construction-in-progress	7,250,616	(7,246,854)	-	3,762	-	-	3,762
Total	17,383,948	390,419	-	17,774,367	357,668	-	10,110,694

United Methodist Homes

Combining Property and Equipment and Accumulated Depreciation information
Year Ended December 31, 2016

	Property and Equipment			Accumulated Depreciation			Net Book Value December 31, 2016
	Balance January 1, 2016	Additions (Deletions)	Transfers	Balance December 31, 2016	January 1, 2016	Additions (Deletions)	
Management Services							
Leasehold improvements	\$ 134,434	\$ 3,322	\$ -	\$ 137,756	\$ 81,272	\$ 6,588	\$ 87,860
Fixed equipment	177,129	6,635	-	183,764	62,912	13,623	76,535
Furniture and equipment	1,601,694	(28,294)	-	1,573,400	1,313,545	47,548	1,361,093
Linen, china, and glassware	10,189	-	-	10,189	8,477	347	8,824
Automotive equipment	85,550	(22,995)	-	62,555	47,508	(11,357)	36,151
Construction-in-progress	-	63,808	-	63,808	-	-	-
Total	2,008,996	22,476	-	2,031,472	1,513,714	56,749	1,570,463
United Methodist Homes Foundation							
Land	75,000	-	-	75,000	-	-	-
Real estate improvements	100,102	-	-	100,102	80,441	4,034	84,475
Building	838,426	-	-	838,426	361,346	36,078	396,424
Fixed equipment	34,206	-	-	34,206	19,542	1,991	21,533
Furniture and equipment	13,489	1	-	13,500	12,458	1,042	13,500
Total	1,061,233	1	-	1,061,234	473,787	42,145	515,932
James G. Johnston Nursing							
Land	9,750	-	-	9,750	-	-	-
Real estate improvements	4,209,969	36,538	-	4,246,507	825,450	281,061	1,106,511
Building and facility	3,896,248	-	-	3,896,248	2,524,154	96,671	2,620,825
Fixed equipment	4,578,341	45,468	-	4,623,809	1,853,891	204,035	2,057,926
Furniture and equipment	2,230,216	(29,730)	-	2,200,486	1,533,654	(25,291)	1,508,363
Linen, china, and glassware	86,511	956	-	87,467	24,291	16,612	40,903
Automotive equipment	27,683	-	-	27,683	27,683	-	27,683
Construction-in-progress	-	11,500	-	11,500	-	-	-
Total	15,038,718	64,732	-	15,103,450	6,789,123	573,088	7,362,211
Elizabeth Church Manor Nursing							
Land	35,989	-	-	35,989	-	-	-
Real estate improvements	1,136,935	31,152	-	1,168,087	452,499	87,307	539,808
Building and facility	7,255,582	-	-	7,255,582	3,869,378	181,449	4,050,827
Fixed equipment	1,914,877	83,416	-	1,998,293	609,654	120,962	730,616
Furniture and equipment	1,713,492	61,014	-	1,774,506	1,288,267	41,913	1,330,160
Linen china, and glassware	81,276	(7,200)	-	74,076	62,676	(5,508)	57,168
Automotive equipment	92,077	11,369	-	103,446	92,077	(38,232)	53,845
Construction-in-progress	(3,432)	(3,432)	-	-	-	-	-
Total	12,233,660	176,319	-	12,409,979	6,374,551	387,891	6,762,442
Total	\$ 127,695,088	\$ 3,661,357	\$ -	\$ 131,356,445	\$ 64,619,808	\$ 3,602,510	\$ 68,222,318
							\$ 63,194,127

United Methodist Homes

Combining Property and Equipment and Accumulated Depreciation Information
Year Ended December 31, 2016

	Property and Equipment			Accumulated Depreciation			Net Book Value December 31, 2016
	Balance January 1, 2016	Additions (Deletions)	Transfers	Balance December 31, 2016	January 1, 2016	Additions (Deletions)	
Totals	\$ 1,566,580	\$ -	\$ -	\$ 1,566,580	\$ -	\$ -	\$ -
Land	22,778,776	10,111,536	-	32,890,312	11,418,809	1,340,215	-
Real estate improvements	134,434	3,322	-	137,756	81,272	6,588	-
Leasehold improvements	46,478,915	(236,982)	-	46,241,933	31,412,151	898,820	87,860
Building and facility	24,046,557	10,860,818	-	34,907,375	11,361,881	1,325,012	32,310,971
Fixed equipment	13,134,270	540,270	-	13,674,540	9,102,808	54,865	12,686,893
Furniture and equipment	996,765	131,237	-	1,128,002	681,817	39,539	9,157,673
Linen, china, and glassware	667,252	13,890	-	681,143	561,070	(62,529)	721,356
Automotive equipment	17,891,539	(17,762,734)	-	128,804	-	-	498,541
Construction-in-progress							
Total	\$ 127,695,088	\$ 3,661,357	\$ -	\$ 131,356,445	\$ 64,619,808	\$ 3,602,510	\$ 66,222,318
							\$ 63,134,127

BROOKS ESTATES

Appendix D

Brooks Estates (A Division of UMH PA Corp.)

Pro-forma Statements of Operations for the Years Ended December 31, 2017 and 2016 and

Actual Audited Statement of Operations for the Year Ended December 31, 2016

BROOKS ESTATES
(A DIVISION OF UMH PA Corp.)

PRO-FORMA STATEMENT OF OPERATIONS
DEPARTMENTAL SUMMARY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017 Budget	2016 Audited Actual	2016 Budget	Actual Over (Under) Budget
UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT:				
Net resident service revenues	1,859,785	1,870,435	1,824,462	45,973
Other operating revenues	11,550	8,765	11,550	(2,785)
Investment income, primarily interest and dividends	138,800	157,145	122,000	35,145
Net assets released from restriction	-	-	-	-
Unrealized gains (losses) on investments	-	<u>487,972</u>	-	<u>487,972</u>
Total unrestricted revenues, gains and other support	<u>2,010,135</u>	<u>2,524,317</u>	<u>1,958,012</u>	<u>566,305</u>
EXPENSES:				
Nursing	-	-	-	-
Dietary	5,350	3,566	5,410	(1,844)
Housekeeping	32,425	30,154	32,198	(2,044)
Social Services and activities	14,500	13,147	14,500	(1,353)
Plant operations	596,367	554,235	636,909	(82,674)
General and administrative	147,572	149,414	128,991	20,423
Management services	120,816	125,030	129,480	(4,450)
Depreciation and amortization	490,097	480,545	476,785	3,760
Loss on advance refunding of long-term debt	-	-	-	-
Interest	<u>140,811</u>	<u>150,602</u>	<u>133,326</u>	<u>17,276</u>
Total expenses excluding change in fair value of derivative financial instrument	<u>1,547,938</u>	<u>1,506,693</u>	<u>1,557,599</u>	<u>(50,906)</u>
Operating income (loss) before change in fair value of derivative financial instrument	<u>462,197</u>	<u>1,017,624</u>	<u>400,413</u>	<u>617,211</u>
Change in fair value of derivative financial instrument	<u>-</u>	<u>(428)</u>	<u>-</u>	<u>(428)</u>
OPERATING INCOME (LOSS)	<u>462,197</u>	<u>1,018,052</u>	<u>400,413</u>	<u>617,639</u>

BROOKS ESTATES
(A DIVISION OF UMH PA Corp.)

PRO-FORMA STATEMENT OF OPERATIONS
FUNCTIONAL SUMMARY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017 Budget	2016 Audited Actual	2016 Budget	Actual Over (Under) Budget
UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT.				
Net resident service revenues	1,859,785	1,870,435	1,824,462	45,973
Other operating revenues	11,550	8,765	11,550	(2,785)
Investment income, primarily interest and dividends	138,800	157,145	122,000	35,145
Net assets released from restriction	-	-	-	-
Unrealized gains (losses) on investments	-	487,972	-	487,972
	<u>2,010,135</u>	<u>2,524,317</u>	<u>1,958,012</u>	<u>566,305</u>
EXPENSES:				
Salaries and wages	178,472	130,228	204,469	(74,241)
Payroll taxes and employee benefits	43,635	67,430	47,100	20,330
Insurance	46,000	50,756	37,000	13,756
Other direct expenses	14,849	13,929	16,347	(2,418)
Professional fees	4,750	2,329	4,750	(2,421)
Purchased and contracted services	174,933	167,689	172,953	(5,264)
Supplies and materials	43,625	41,205	41,789	(584)
Utilities	289,950	276,950	293,600	(16,650)
Management fees, allocated	120,816	125,030	129,480	(4,450)
Depreciation and amortization	490,097	480,545	476,785	3,760
Loss on advance refunding of long-term debt	-	-	-	-
Interest	140,811	150,602	133,326	17,276
	<u>1,547,938</u>	<u>1,506,693</u>	<u>1,557,599</u>	<u>(50,906)</u>
Total expenses excluding change in fair value of derivative financial instrument				
Operating income (loss) before change in fair value of derivative financial instrument	<u>462,197</u>	<u>1,017,624</u>	<u>400,413</u>	<u>617,211</u>
Change in fair value of derivative financial instrument	-	(428)	-	(428)
OPERATING INCOME (LOSS)	<u>462,197</u>	<u>1,018,052</u>	<u>400,413</u>	<u>617,639</u>

BROOKS ESTATES

Appendix E

Biographical Affidavits for New Board Members

All Biographical Affidavits have been previously submitted to the Pennsylvania Insurance Department.

UNITED METHODIST HOMES

BROOKS ESTATES
RESIDENT AGREEMENT
ADVANCE FEE PLAN

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BROOKS ESTATES

Resident Agreement
Advance Fee Plan

Community:

Brooks Estates

A Division of the
United Methodist Homes
209 Roberts Road
Pittston, Pennsylvania 18640

Resident (s):

_____ (Name)

_____ (Name)

_____ (Address)

Living Accommodation:

Located at:
Brooks Estates

Pittston, Pennsylvania 18640

THIS AGREEMENT made this _____ day of _____, 20__ between
THE UNITED METHODIST HOMES (“**United Methodist Homes**”), a Pennsylvania
nonprofit corporation with offices at Pittston, Pennsylvania, which owns and operates **Brooks
Estates**, a continuing care community (hereafter called the “**Community**”) and

(Names) _____

_____ (hereinafter referred to whether this Agreement is executed by
one or two individuals, as "**Resident**") who has applied for and who has been approved for
admission to the continuing care community by Brooks Estates.

Subject to the signing of this Agreement, Community and Resident, intending to be legally
bound, hereby agree to the following terms and conditions:

1. Statement Regarding Continuing Care.

Beginning with the date on which Resident moves into and occupies a cottage unit (the "Occupancy Date") at the Community, the Community, subject to the terms hereof, will furnish Resident a cottage unit ("Living Accommodation") together with the Community's services specified in this Agreement, for and during the balance of Resident's life or for such shorter period as shall apply under this Agreement in the event it is terminated pursuant to its terms. The Occupancy Date for all purposes under this agreement shall be _____, or the date on which Resident first personally occupies the Living Accommodation, whichever occurs first.

2. Security Deposit and Advance Fee.

Resident shall pay to the Community a Security Deposit of \$1,000 and Advance Fee of \$ _____ for the use and occupancy of the Living Accommodation as follows:

(a) The sum of \$1,000 (One Thousand) dollars Security Deposit paid upon application for residency; this Security Deposit shall be refundable as provided in this Agreement;

(b) 10 % of the Advance Fee, namely, \$ _____ upon signing of this Agreement;

(c) The remaining balance, namely \$ _____ one week before the occupancy date.

The Security Deposit and Advance Fee deposit (10 % of the Advance Fee) will be held in escrow, prior to the Occupancy Date. The Advance Fee paid by the Resident will not be increased during the life of this Agreement.

The Advance Fee received will be applied as follows:

<u>Advance Fee</u>	<u>Amount</u>
Health Care Reserve allowance	\$4,000
Entrance Fee, non-refundable portion, twenty-five percent (25%) of the amount remaining after the Health Care Reserve allowance	_____
Entrance Fee, refundable portion, seventy-five percent (75%) of the amount remaining after the Health Care Reserve allowance	_____
	Total \$ _____

The Community will earn and retain the non-refundable portion of the Entrance Fee on a monthly basis over a sixty (60) month period beginning with the Occupancy Date using the “straight-line method” (equally each month).

The Resident is entitled to a lifetime maximum Health Care Reserve allowance of four thousand dollars (\$4,000) for health care in conjunction with the payment of the Advance Fee. A Health Care Reserve escrow account will be established to account for the Health Care Reserve of each resident paying an Advance Fee. Should the Resident require institutional health care in the form of hospital care, nursing care, personal care, assisted living care or home health care at the United Methodist Homes Wesley Village Campus, or at another institutional health care provider offering such services, the Resident may use the Health Care Reserve to pay for the charges for such care provided, including co-insurance charges, up to a maximum of \$4,000. The cost of such care will be deducted from the Health Care Reserve escrow for the Resident upon appropriate notification to the Community. A statement will be provided to the Resident on a quarterly basis summarizing the balance in their Health Care Reserve account. Should a Resident terminate this Agreement pursuant to the terms contained herein, the Resident will receive a refund of the unused balance in their Health Care Reserve account. The Community will retain interest earned on the Health Care Reserve escrow account for operations.

If Resident elects to rescind this Agreement within seven (7) days of the date on which this Agreement is executed, Resident shall be entitled to a refund of all amounts paid to the Community including interest. Attached to this Agreement is a **Notice of Right to Rescind** that Resident may utilize in order to cancel this Agreement. If Resident expires before occupancy date, or through illness, injury or incapacity is precluded from becoming a resident under the terms of this Agreement, this Agreement is automatically rescinded and the Resident or his legal representative shall receive a full refund (within 60 days of the Community receiving written notice of termination) of all monies paid to the Community, except those costs specifically incurred by the Community at the request of the Resident and set forth in writing in the attached Schedule "A", signed by the parties to this Agreement. If Resident elects to rescind this Agreement more than seven (7) days after it is executed but prior to occupancy, Resident shall be entitled to a refund of all amounts paid excluding any interest earned by Brooks Estates less any expenses incurred by the Community at Resident's request.

The Community reserves the right to establish advance fees of a different amount for persons being admitted to residency after the date hereof, and the fees charged such other persons need not be uniform with or proportional to those charged to the Resident under this Agreement.

3. Monthly Fee/Rental Payment (“Monthly Fee”).

In addition to the other amounts paid by the Resident to the Community under this Agreement, Resident will pay to the Community a Monthly Fee as rent of \$_____ each month in advance (on or before the 1st day of each month).

The Monthly Fee is based on the number of persons occupying the cottage unit. If two Residents sign this Agreement, the Monthly Fee will be reduced to the single occupancy rate if one of the two expires or permanently withdraws from the Community, effective on the date of the withdrawal. If one of the Residents temporarily withdraws from the Community and is admitted to another level of care at a United Methodist Homes facility, the Monthly Fee will be adjusted as of the first day of the month following such admission to the United Methodist Homes facility. Upon return to the Community from another United Methodist Homes facility, the Monthly Fee will be adjusted as of the first day of the month following return to the Community to the appropriate multiple-occupancy rate. The Community reserves the right to establish monthly fees of a different amount for persons being admitted to residency after the date hereof, and the fees charged such other persons need not be uniform with, or proportional to, those charged to the Resident under this Agreement. The Monthly Fee for persons being admitted to residency after the date hereof will begin as of the date of occupancy.

The Monthly Fee may be adjusted by the Community from time to time to reflect factors affecting the cost of operations including actual operating expenses, the Consumer Price Index, the cost of complying with governmental regulations, the maintenance of necessary reserves, and to ensure the financial stability of the Community. The Community agrees that, in the exercise of its sole discretion, which shall be binding on the Resident, it will endeavor to maintain the Monthly Fee at the lowest feasible figure which in the judgment of the Board of Directors of the United Methodist Homes is consistent with sound financial operation and maintenance of the quality of service the Community has undertaken to provide. No increase or decrease shall be effective until the Resident shall have received thirty (30) days notice of such change, except for changes required by Federal, State or local laws, rules or regulations. In the event more than one person occupies the Living Accommodation, then each such person shall be jointly and severally liable and responsible for payment of the Monthly Fee. The obligation to pay the Monthly Fee shall commence from and after the Occupancy Date.

The Community will present a detailed monthly statement including the Monthly Fee for the following month, any charges for additional services rendered during the preceding month, and any other amounts due the Community. The Monthly Fee is due in advance, and it, and all other charges appearing on the monthly statement, shall be paid to the Community on or before the 1st day of the calendar month following the date of the statement. If the Resident does not pay the Monthly Fee on or before the 10th day of that month, Resident shall be in default under this Agreement and subject to termination of this Agreement as provided herein.

The resident will be responsible for the Monthly Fee regardless of absence from the unit for hospitalization, personal care, nursing care or other reasons. In the case of absence for vacation, the resident shall receive a reduction in the Monthly Fee of fifty dollars (\$50) per month if absent for more than thirty (30) consecutive days upon ten (10) days prior notice to the Community.

4. Accommodations Provided.

a) Living Accommodation:

From and after the Occupancy Date, Resident has the right to occupy and use the Living Accommodation selected by Resident subject to change only as hereinafter provided. Subject to the right to have guests under Paragraph 16 hereof, at no time shall Living Accommodation be occupied by more than two persons. At least one Resident occupying the Living Accommodation must be 65 years of age or older.

b) Furnishings:

Community will furnish wall-to-wall carpeting, draperies, washer, dryer, refrigerator, stove, microwave, dishwasher, garbage disposal, smoke detectors, telephones and automatic garage door openers in the Living Accommodation. These furnishings, even if upgraded at Resident's request and expense, shall remain the property of the Community. All other furnishings shall be provided by Resident, subject to the supervision of, and approval by, the Community and shall remain Resident's personal property.

5. Services Provided by Community to Resident and Resident Duties.

a) Utilities and Taxes:

Community will furnish gas, electricity, heat, air-conditioning, hot/cold water, sewer, and connectivity access for cable television in the Living Accommodation. Garbage and trash removal is also available from collection points. Resident shall be responsible for telephone and cable television services. Community will also be responsible for real estate taxes assessed against its property, provided, however, that Community may, in addition to the Monthly Fee, impose surcharges if Community shall make a good faith determination that increasing costs for the abovementioned items make surcharges necessary. Community shall give Resident thirty (30) days notice in advance of the date when surcharges are due.

b) Telephone/Cable Television:

The Community will provide telephone equipment and connectivity access for cable television in the Living Accommodation. Telephone and cable television services shall be at the expense of the Resident.

c) Housekeeping:

Community will provide once-a-month light housekeeping (approximately one hour) in Resident's cottage unit and one general annual cleaning. Resident will be responsible for all other housekeeping functions. Community will also provide

housekeeping services to the common areas. Pursuant to Community's Housekeeping Policy, resident will be granted an option to decline Community-provided housekeeping services and receive a credit to the monthly fee.

d) Maintenance and Repairs:

Necessary repairs, maintenance and replacement of property and equipment owned by the Community will be performed and provided by Community except that the cost thereof shall be paid by Resident if caused by the negligence (as determined by the Community) of Resident. Repairs, maintenance, and replacement of property of Resident shall be the responsibility of Resident.

e) Structural Changes:

All structural or physical changes of any kind within or about the Living Accommodation will be made only upon first being approved in writing by the Community and, upon approval, will be subject to the Community's supervision. The cost of any such change requested by Resident shall be borne by Resident, unless otherwise agreed to in writing, and all such changes immediately become and remain the permanent property of the Community.

f) Redecoration:

Redecoration of the Living Accommodation, in addition to, or other than that scheduled by the Community, will require the written approval of the Community and will be at Resident's expense. Changes or replacement of the furnishings provided by the Community in the Living Accommodation vests title thereto in Community, unless otherwise provided in writing.

g) Grounds:

Community will furnish basic grounds-keeping care including lawn service and snow removal. With the Community's approval, Residents may elect to plant and then maintain a specific area adjacent to the Resident's Living Accommodation.

h) Food and Meals:

The Monthly Fee does not include the cost of meals; all meals shall be at the expense of the Resident.

i) Local Transportation:

The Monthly Fee does not include the cost of transportation; the Community will provide limited scheduled local transportation for Residents at the expense of the Resident.

j) Parking:

The Community will provide and maintain open parking areas.

k) Community and Wellness Center facility:

Residents, in common with others, may use the community room, library, chapel, cinema room, therapeutic pool, fully equipped fitness/exercise room and other amenities that, from time to time, comprise the Community and Wellness Center facility.

The average annual costs to the Community of providing the accommodations identified in Section 4 and the services provided by the Community to the Resident as identified in this section are \$ _____ .

6. Health Care Services Excluded.

The Community does not undertake to provide health care services of any nature in its Monthly Fee. The Community also does not undertake to provide health care services of any nature in its Entrance Fee. When care is received during a stay at other facilities of the United Methodist Homes Wesley Village Campus or in the Living Accommodation, Residents are required to pay for health care services including but not limited to the following:

- a) Charges of any physician, podiatrist, or therapist.
- b) Prescription drugs and medical supplies.
- c) Vision, hearing, and dental care including all supplies, equipment, and appliances.
- d) Mental health services.
- e) Hospital charges.
- f) Other health related services the cost for which are customarily charged to the Resident.
- g) Institutional health care including hospital care, nursing care, personal care, assisted living care, home health care and other forms of Institutional health care.

The Community will not assume any liability for payment of health care services provided to a Resident because all such services are expressly excluded from Section 5 (Services Provided by Community to Resident and Resident's Duties). Note: Under 31 PA. Code Section 151.8 (d), if the Community did provide health care services under its Resident Agreement, the provider is to agree that the resident shall not be liable to a health care provider for health care services rendered under the resident's agreement. In the event a health care provider in such case seeks payment from the resident, the continuing care provider shall assume liability for payment of the health care services rendered, if the health care services rendered are services which a provider agreed to furnish to a resident in consideration of the resident's payment of entrance and periodic fees. In this case, however, the Community under this Resident Agreement expressly excludes health care services to the resident, and as such, does not assume any liability for payment of health care services provided to a Resident.

7. Mental Illness or Dangerous Disease.

The Community is not designed to care for persons who are afflicted with psychosis, serious mental illness, contagious or dangerous diseases. If the Community determines, in its sole and absolute discretion, through the assessment of its Medical Director or other qualified nursing or medical professional that the Resident's continued presence in the Living Accommodation is either dangerous or detrimental to the health, safety or peace of the Resident or other Residents of Brooks Estates, then the Community may transfer Resident, or otherwise advise Resident to transfer to an appropriate facility for such care. Upon such transfer, this Agreement shall be subject to termination as provided for in this Agreement. In the event Resident refuses to transfer to an appropriate facility for such care determined to be necessary by the Community, this Agreement shall be subject to termination as provided herein.

8. Relocation to a Different Accommodation.

Community may relocate a Resident to a different Living Accommodation in the Community substantially similar to that unit selected by Resident in this Agreement if it determines in good faith that such move should be made for the benefit of the operation of the Community, as determined by the Community in consultation with the Resident's personal physician and/or the Medical Director or other professional staff when appropriate. In the event of such relocation, Community shall assume responsibility for all reasonable moving and relocation expenses of Resident. If Resident becomes unable to properly maintain the Living Accommodation either because of mental or physical disability, incapacity, incompetence, or medical reasons of whatever nature, and Resident is in need of occupancy in either the personal care or nursing care units of the United Methodist Homes Wesley Village Campus, Community shall give priority status to Resident in assigning the next available personal care or nursing care bed to Resident. Although priority status may be given to Resident for relocation within the United Methodist Homes Wesley Village Campus under such medical circumstances, Community makes no guaranty that such a personal care or nursing care bed is or will be available.

If Resident elects to move to a different Living Accommodation, such relocation shall be permitted subject to availability. When a unit becomes available, this Agreement shall be terminated and Resident shall receive a refund of the Advance Fee for the vacated unit as provided in this Agreement. Resident shall, upon occupancy of the new unit, enter into a new Resident Agreement and pay the then-current Advance Fee for the new unit prior to occupancy. Resident shall also pay the applicable Monthly Fee for the new unit upon occupancy.

If two Residents occupying separate Living Accommodations request a transfer to one of the two accommodations, and if the Community approves such transfer, this Agreement shall be terminated and a refund of the Advance Fee as provided herein shall be paid to the Resident. The Resident shall thereupon enter into a new Resident Agreement and shall pay the then-current Advance Fee and Monthly Fee for the remaining occupied Living Accommodation. The Monthly Fee will be the two-person rate for the remaining unit occupied.

9. Application and Entrance Procedures.

a) Application for Residency.

Resident's application for residency in the Community shall include, but may not be limited to, the following:

- 1) Application Form including financial statements
- 2) Medical Records

b) Medical Policy.

It is the policy of the Community that on the day that the Resident enters into residency in the Living Accommodation that he or she be ambulatory, mentally alert and able to live independently. The medical condition of Resident shall be subject to review and verification upon admission and annually thereafter through an assessment by the Resident's personal physician to be provided to the Community and/or through the assessment of the Medical Director or other qualified nursing or medical professional of the Community who shall conduct an examination of the Resident at Community's expense when requested by Community. Persons who do not meet these qualifications may, with the approval of the Community, nevertheless enter into residency if his or her spouse or other qualified co-resident is occupying the same unit and is willing and able to provide the necessary care and assistance to said Resident failing to meet such qualifications. In such circumstance, the Community may require proof to be furnished from time to time that such care and assistance can be provided to such Resident by the spouse or other co-resident in order to continue residency in the sole and absolute discretion of Community.

When two persons have executed this Agreement with the intention of occupying the same Living Accommodation and prior to entering into occupancy, one of the

Residents is unable to meet the physical or medical requirements for occupancy, the Community shall have the option of either terminating this Agreement and making a refund as provided in this Agreement or of permitting the Resident who is unable to meet the physical or medical requirements of this Agreement to enter into a personal care or nursing care unit of the United Methodist Homes Wesley Village Campus. The Community shall give priority status to such Resident in assigning the next available personal care or nursing care bed to Resident at the United Methodist Homes Wesley Village Campus, although Community makes no guaranty that such a bed is or will be available. The remaining co-resident who has met all the physical or medical requirements may take possession of the Living Accommodation as provided herein. If the Resident occupying the personal care or nursing care bed progresses to the point where he or she can meet the conditions for entrance into the Living Accommodation as set forth in this Agreement, he or she can then enter into said Living Accommodation jointly applied for with the other Resident .

c) Review of Financial Condition.

Prior to the date of entry into a Resident's Living Accommodation, Resident shall have a final review with the Community administrator or other authorized person to review the financial condition of Resident and to ensure that no adverse changes in the financial condition of Resident have occurred subsequent to the execution of the application form or financial statement submitted which may render Resident unable to meet the conditions of entrance established, from time to time, by the Community. In the event Resident is unable to meet these financial conditions, the Community may, at its sole discretion, terminate this Agreement prior to Resident's occupancy in which event Resident will receive a refund of all amounts paid in accordance with the provisions of this Agreement.

Resident will complete a financial condition statement and submit to Community such financial condition statement and all other financial information reasonably requested for review by Community on an annual basis. Community may terminate this agreement if Resident fails, neglects or refuses to comply with this request for continuing financial information.

10. Policy Concerning Financial Difficulty.

Community declares it to be its policy that Resident shall not be dismissed, nor will Resident's Agreement be terminated, solely because of Resident's financial inability to continue to pay all or part of the Monthly Fee. However, Resident's acceptance into the Community has been based on facts recorded in Resident's application, by which facts Community determined that Resident was able to meet all of the financial obligations specified in this Agreement. If Resident adversely affects his or her ability, or the ability of his or her personal estate, to satisfy the financial obligations contained in this Agreement by having made gifts of real or personal property, or by engaging in risky or inappropriate activities (e.g. Gambling, etc.) after submitting a financial statement or after acceptance into the Community, Community reserves the right to

terminate this Agreement. If Resident experiences financial difficulty, the following provisions will apply:

a) Failure to Make Payments.

If Resident fails to make any of the Monthly Fee payments at the required time, or to pay any other amounts shown on the monthly statement within ten (10) days of said statement, then the Community may give written notice to Resident to pay all such amounts then due. If Resident fails to comply with such notice within fifteen (15) days, Community may terminate this Agreement and shall provide Resident with a refund, if any, to which Resident shall be entitled at the time of such termination.

b) Special Consideration.

Without in any way qualifying the right of Community to terminate this Agreement, Community's policy is that, if the sole reason for nonpayment is insufficient funds which insufficiency is beyond the control of Resident, the Community will review the matter with the Resident. If the Resident presents facts that justify special financial consideration, Community may partially subsidize, in its sole and absolute discretion, Resident's Monthly Fee provided that such subsidy can be granted without impairing the ability of the Community to continue its objectives while operating on a sound financial basis. All determinations made by the Community concerning the granting or continuing of special financial consideration shall be made in good faith but shall be final, and any such determination shall be regarded as a confidential transaction between the Community and Resident except for reports required by regulatory or other governmental bodies.

It shall be a condition of receiving a subsidy that the Resident shall represent that they have not made any gift or other transfer of money or personal property in contemplation of the execution of this Agreement, or subsequently, which would impair the Resident's ability or the ability of the Resident's estate to satisfy the financial obligations under this Agreement. When the Resident's Monthly Fee is subsidized wholly or partly by the Community, the Resident may not make gifts of his or her property without the Community's written consent.

The Community will review such special consideration on an annual basis.

c) Reduction of Income.

Resident certifies that his or her sources of income are adequate to meet his or her financial responsibility to the Community and to meet and pay any additional cost to Resident and to pay personal and incidental expenses during the period of residency. If Resident's sources of income become inadequate to meet these requirements, Resident will make every reasonable effort to obtain assistance from public benefits to the extent that

Resident is eligible to receive them, including, but not limited to Federal, State or County aid or assistance, aid to the blind, veterans' benefits, etc. Resident agrees that he or she will apply for and diligently seek such benefits. If Resident fails to make such application, Community has the right to terminate this Agreement as provided herein.

d) Subsidy by the Community.

Should the Community subsidize Resident's Monthly Fee, Resident agrees that the refundable portion of Resident's Entrance fee shall be charged and reduced by an amount equal to the subsidy provided by Community to the extent that such refundable portion exists. Further, Resident agrees that any property that he or she owns at or subsequent to his or her entry into the Community and remaining at the time of his or her death, is to be transferred to the Community for the purpose of repaying (at least to the extent of the value of such property) an amount equal to the aggregate amount of subsidy furnished by the Community during the period of residency. This Agreement shall operate as a grant, assignment, transfer and conveyance to the Community of such property, or an interest in such property, and may be enforced as a claim against the Resident's estate, and to effect such assignment and to enable Community to enforce such claim, Resident shall execute such further documents, instruments or agreements, such as stock powers, financing statements, deeds, bills of sale, mortgages, and the like, as the Community shall deem necessary or appropriate to protect or perfect its right, interest and claim granted in this section. Community may, from time to time, but no less than annually, request financial statements and tax returns from any Resident whose Monthly Fee is subsidized by the Community. This provision shall apply whether or not Resident is in residence at the Community at the time of death. A Resident who is subsidized by the Community may be required to move to an alternate or less expensive unit as determined in the sole judgment or discretion of Community.

11. Termination of Agreement.

a) Prior to Occupancy.

If Resident expires or if Resident or the person providing Resident's Advance Fee notifies the Community in writing of Resident's election to withdraw or terminate this Agreement before Resident has moved in and occupies a Living Accommodation, this Agreement shall be automatically terminated. In such case, Resident or Resident's estate shall be entitled to a refund as provided herein, excepting, however, those costs specifically incurred by Community at the request of Resident and as set forth on Schedule "A", attached hereto, to the extent that those costs were not already paid by Resident.

b) After Occupancy.

1) By Resident.

Resident has the right, at any time, to terminate this Agreement by delivery to the Community of a written notice of his or her intention to do so. The written notice need not cite a specific reason for the termination but it shall state a date when the termination is to become effective, and on or prior to such date Resident shall move from the Community and release the Living Accommodation. Any termination date less than ninety (90) days after the date of notice must be approved by the Community; if such earlier date is not approved, then termination shall be effective ninety (90) days after the date of notice. On the effective date of such termination, Resident's obligation to continue Monthly Fee payments shall cease and Resident shall be entitled to a refund of the Advance Fee as provided in this Agreement, except for those costs specifically incurred by the Community at the request of Resident and as set forth on Schedule "A", to the extent that those costs were not already paid by Resident.

2) By Community.

Community reserves the right to terminate this Agreement upon Resident's default and/or for just cause (as described below), based upon the judgment of the Community, by serving upon Resident written notice of termination specified to be effective on a date not less than thirty (30) days nor later than one hundred twenty (120) days after the date of said notice. Community may terminate this Agreement (1) if Resident makes any material misrepresentation or omission on his or her application ; or (2) if the Resident's personal physician determines or the Community determines through the assessment of its Medical Director or other qualified nursing or medical professional that the Resident's continued presence in the Living Accommodation is either dangerous or detrimental to the health, safety or peace of the Resident, to other Residents of Brooks Estates, or to other persons on the premises; or (3) if Resident shall be in a breach of the terms of this Agreement. On or before the termination date in any such written notice, Resident shall quit and vacate the Living Accommodation. Once fully vacated from the Living Accommodation, Resident's obligation to continue Monthly Fee payments shall cease and Resident shall be entitled to receive a refund of the Advance Fee as provided in this Agreement.

3) Death of Resident.

a) Unless sooner terminated by its provisions, this Agreement shall terminate upon the death of the Resident, at which time all obligations of the Community under this Agreement other than those relating to a refund of the entrance fee and/or health care reserve allowance, and removal of personal property, shall cease. Any personal effects of Resident in the Living Accommodation occupied by Resident shall be released to Resident's Executor,

Administrator, or personal Representative, or to other persons entitled by law to receive them. Time frames and provisions related to the removal of Resident's personal property are addressed below in section 13. The obligation to pay the Monthly Fee shall cease on the date when the decedent's personal effects have been removed from the living accommodation.

b) If Resident occupies the Living Accommodation jointly with another, then on the death of such Resident, and provided that the surviving Resident continues to occupy the Living Accommodation, the Advance Fee and Health Care Reserve allowance shall continue to be held by Community to be refunded upon termination by the surviving Resident as provided in this Agreement.

12. Refunds of Entrance Fee and Health Care Reserve.

a) Termination After Occupancy.

If Resident terminates this Agreement after having occupied the unit, Resident or Resident's estate shall be entitled to a refund of the unused portion of the Health Care Reserve. The refund of the Entrance Fee is determined based on the entire amount of the Entrance Fee, reduced by 4.167 tenths of a percent (.4167%) per month (5% per year), for each month or portion thereof of occupancy, up to a maximum of twenty five percent (25%) of the entire Entrance Fee. After sixty (60) months of occupancy, seventy five percent (75%) of the entrance fee will be refundable.

b) Time for Payment of Refunds.

Any refund of the Entrance Fee or Health Care Reserve shall be payable after fifteen (15) days of vacating the Living Accommodation but no later than sixty (60) days after the Resident ceases to occupy the Living Accommodation and removal of all personal effects and items.

13. Rights and Obligations of Resident as to Property.

The rights and obligations of the Resident as to property are as follows:

a) Rights to Real Property.

The rights and privileges of Resident, as granted herein, do not include any right, title, or interest whether legal, equitable or otherwise, in or to any part of the real property, including land, buildings, improvements or fixtures owned or administered by Community, except the right granted to Resident hereunder to occupy the Living Accommodation in accordance with the terms of this Agreement. Resident's rights are for services as granted herein on a contractual basis, and not by way of any legal or equitable ownership or other interest in the real property. Any rights, privileges, or other benefits

arising under this Agreement or from the payment of any fees herein provided or hereafter paid shall be subordinate and inferior to all mortgages, deeds of trust or any other financing obligations on any of the premises or real properties of the Community, to secure loans or advances made to Community or its successors, now outstanding or made in the future, and subordinate and inferior to all amendments, modifications, and replacements, or refunds thereof, and Resident agrees that, upon request of Community, or the holder of any such instrument, that he or she will execute and deliver any documents which are alleged to be necessary or required to effect or evidence such subordination.

b) Rights to Personal Property of Living Accommodation.

As in the case of real estate, Resident has no right, title, or interest, legal, equitable, or otherwise in or to any part of the personal property owned by Community, including carpets, stove, refrigerator, dishwasher, washer and dryer, telephone equipment, garage door opener and fixtures, etc. in the Living Accommodation, even if up-graded at Resident's cost and, also, all furniture, furnishings and fixtures in all common areas and facilities.

c) Responsibility for Damages.

Any loss or damage to real or personal property of Community, caused by the negligence (as determined by the Community) of Resident, or Resident's guests, shall be charged to and paid for by Resident. The Community, in its sole discretion, may deduct such loss or damage from the Resident's Security Deposit. Similarly, if any negligence of any of the above-mentioned damages results in injury, illness of, or damage to, any other Resident, Community assumes no responsibility therefore, and Resident hereby releases and discharges Community from any injury or damage to Resident's personal property caused by the fault or negligence of other Residents of the Community, or their guests.

d) Policy Regarding Pets.

Resident may have a common household pet as permitted in the Pet Policy and Agreement that must be signed by all residents wishing to keep a pet. No more than one dog or cat is permitted at a time, and the number and type of other kinds of household pets may also be restricted at the discretion of the Community as described in the Pet Policy and Agreement.

e) Responsibility of Protection of Resident's Property.

Community shall not be responsible for the loss of any personal property belonging to Resident due to theft, fire, or any cause, unless said property shall be specifically entrusted in writing to the care and control of the Community accompanied by an itemized appraisal, and then only for lack of ordinary care to safeguard and account for such

property. Resident agrees Community is not responsible for personal injury to other Residents or guests within Resident's Living Accommodation, and shall have the responsibility, at his or her own expense, of providing and maintaining a standard property and liability insurance policy (tenant homeowners), and to file a copy of said policy or certificate of insurance detailing the coverage with the Community. If Resident is no longer able to occupy the Living Accommodation, or has expired, Community shall have the right, at Resident's expense, to remove, within a period not to exceed thirty (30) days, all personal property of Resident from his or her Living Accommodation and to store the same, at Resident's expense and risk. If the property shall be stored in a commercial storage warehouse or commercial storage facility, Community shall have no responsibility for such property after it has been placed in storage and Resident, or Resident's estate, shall be liable for all storage fees incurred. Resident shall, upon moving to the Community, designate to whom such property should be delivered upon Resident's inability to occupy Living Accommodation or upon death.

14. Right of Entry.

The Resident recognizes and accepts the Community's right and responsibility to enter Living Accommodation from time to time in order to carry out the purpose and intent of this Agreement. The purposes for which such entry may be made include but are not limited to a) performance of scheduled housekeeping duties, b) response to the medical alert system c) response to the fire alarm system d) situations in which the Resident is reported missing or as having not responded to calls, and f) maintenance. The Community recognizes the Resident's right to privacy and the Community's responsibility to limit entry to the Living Accommodation for emergencies, maintenance and housekeeping work as set forth in this paragraph.

The Community will make an annual inspection of the living unit and reserves the right to make additional inspections as needed at the sole discretion of the Community.

15. Arrangement for Guardianship and Resident's Estate.

a) Power of Attorney.

Resident agrees to execute, prior to occupancy, a general power of attorney appointing an attorney-in-fact, whose power of attorney shall contain a clause providing that the power of attorney shall survive the incompetence of the Resident. A copy of said power of attorney shall be provided to the Community.

b) Will.

If not previously made, Resident agrees, within three (3) months after the date of this Agreement, to make a will providing for disposal of his or her furniture and possessions at Community and providing the appointment of an Executor of his or her estate.

c) Other Arrangements.

The Resident agrees to provide the Community with the following information within ninety (90) days after the Occupancy Date: Advance Directives, name and address of the funeral director with whom Resident has made arrangements, the location of the Resident's Will, the name and address of the Resident's lawyer and executor, the names and addresses of any banks trust officers, etc., information necessary to complete a death certificate, and whom to notify in case of death, including the person to whom the Resident's personal property is to be released.

16. Guest Privileges.

Resident has the right to have guests visit his or her Living Accommodation, but such visits shall be limited to thirty (30) days per year, unless the Community grants special permission for longer periods of stay.

17. Transferability.

The rights and privileges of Resident under this Agreement to the Living Accommodation are personal to the Resident and cannot be transferred or assigned by act of Resident, or by any proceeding at law, or otherwise. If any person, other than the person who has executed this Agreement, commences to live in Resident's Living Accommodation without following proper procedures as established by the Community and exercised through the Community administration, Community shall have the right to terminate this Agreement.

18. Community's Policy Regarding Subsequent Marriage of a Resident or Subsequent Joint Occupancy with a Resident

In the event that Resident marries a non-resident while occupying the Living Accommodation and desires that his or her spouse share the Living Accommodation, such spouse must comply with the entrance procedures as set forth in this Agreement. Likewise, in the event that a non-resident applies to occupy a Living Accommodation jointly with a current Resident, such non-resident must comply with the entrance procedures as set forth in this Agreement. In the event such spouse or non-resident seeking joint occupancy is accepted as a Resident, this Agreement shall be terminated and a refund of the Advance Fee as provided herein shall be paid to Resident. Resident and Resident's spouse, or joint Resident as the case may be, shall thereupon enter into a new Resident Agreement and shall pay the then-current Advance Fee and Monthly Fee for the unit. In the event such spouse or non resident seeking joint occupancy is not accepted as a Resident, Resident may terminate this Agreement pursuant to its provisions and receive a refund as provided herein.

19. Notices.

All notices to be given in accordance with this Agreement are considered properly given if and when delivered personally or sent by mail as follows:

As to Community:

Administrator
Brooks Estates
209 Roberts Road
Pittston, PA 18640

As to Resident:

At Resident's last known
Address
or
Resident's Community Address

20. Miscellaneous Provisions.

a) Entire Agreement.

This Agreement, together with the application form that includes a financial statement and medical records constitute the entire agreement between the Community and Resident. Resident warrants that all statements made herein are true and correct. Community is not liable and shall not be bound by any statements, representations, or promises made by any person representing or purporting to represent Community, unless such statements, representations or promises are set forth in this Agreement.

b) Rules and Regulations.

Resident will observe all rules and regulations that the Community shall from time to time adopt for the convenience, comfort, safety and well being of all Residents and the Community which shall upon adoption form a part of this Agreement. Resident does hereby understand that a violation of such rules and regulations, including the Pet Policy, may result in termination of this Agreement. The Community reserves the right to adopt policies, procedures, rules and regulations regarding residency not inconsistent with the provisions of this Agreement, and the Resident agrees to abide by such policies, procedures, rules and regulations.

c) Waiver of Continuing Care Provider Registration and Disclosure Act.

No act, agreement, or statement of any Resident, or of any individual purchasing services for a Resident under this Agreement to furnish services to the Resident, shall constitute a valid waiver of any provision of the Pennsylvania Continuing Care Provider Registration and Disclosure Act, Act No. 82 of 1984. Resident shall receive, at least annually, a disclosure statement as provided in the aforesaid Continuing Care Provider Registration and Disclosure Act.

d) Invalidity or Severability.

If any portion of this Agreement shall, for any reason, be held to be invalid or unenforceable in any jurisdiction that it is sought to be enforced, such invalidity and unenforceability shall not affect any other provision of this Agreement and it shall be

construed as if such invalid or unenforceable provision were omitted.

e) Amendments or Modifications.

This Agreement may be amended or modified only in writing executed by an authorized official of the Community and by Resident. Policies and procedures governing the operation of the Community may be amended or modified only in writing executed by an authorized official of the Community.

f) Binding Effect.

This Agreement shall be binding upon, and inure to, the benefit of the Community and the Resident, as well as their respective successors, assigns and personal representatives.

g) Schedules Attached.

Attached hereto is **Notice of Right to Rescind** for use by Resident. Also attached hereto and marked Schedule "A" is a list of items that have been purchased and installed in, or for, the Resident's Living Accommodation at the request of Resident along with the cost of such items. Attached hereto and marked Schedule "B" is a schedule of all property included in Living Accommodation as well as the identity thereof. Attached and marked Schedule "C" is a list of medical and other services along with the fees/charges for such services available to Resident.

h) Liability for Health Care Costs.

The Community does not undertake to provide health care of any nature under this Agreement and therefore will not be liable to any health care provider for services rendered to Resident.

i) Right to Organize, Residents Association or Residents Council.

Residents living in the Community shall have the right of self-organization. The Community through its Board of Directors or through a designated representative shall hold annual meetings with the Residents of the facility for the purpose of free discussion of subjects that may include income, expenditures, and financial matters as they apply to the Community and proposed changes in policies, programs, and services. All Residents shall receive at least seven (7) days notice of each annual meeting.

j) Changes Because of Regulatory Agencies.

Notwithstanding any other provision of this Agreement, the Community shall have the right to alter your Living Accommodation to meet the requirements of law, the regulations of regulatory agencies, or other duly constituted authorities or agencies.

k) Designation of and Delegation by the Administrator.

The Community may, from time to time, designate an Administrator to carry out the operating policies and procedures and to conduct the operations of the Community. It is understood that any authority, or responsibility, given by this Agreement to the Community's Administrator may be delegated by him or her to any one or more members of the Community's staff.

l) Gratuities.

Residents living in the Community shall not give any tips or gratuities to employees of the Community, whether in cash or otherwise, for any service required to be provided by the Community to the Resident pursuant to this Agreement or pursuant to law.

m) Acknowledgment.

Resident acknowledges reading this agreement and receiving a copy thereof.

n) No Discrimination.

It is understood and agreed that the Community admits Residents without regard to race, religion, color, sex, national origin, sexual orientation, marital status or sponsor.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

Date: _____

Resident

Resident

UNITED METHODIST HOMES

Brooks Estates

BY: _____

BROOKS ESTATES

Notice of Right to Rescind

DATE RESCISSION PERIOD BEGINS: _____

You may rescind and terminate your Resident Agreement without penalty or forfeiture within seven (7) days of the above date. You are not required to move into the Brooks Estates continuing care community before the expiration of this seven (7) day period. No other agreement or statement you sign shall constitute a waiver of your right to rescind your Agreement within the seven (7) day period.

To rescind your Resident Agreement, mail or deliver a signed and dated copy of this notice, or any other dated written notice, letter, telegram, or FAX stating your desire to rescind to Brooks Estates, United Methodist Homes, at 209 Roberts Road, Pittston, Pennsylvania, 18640 not later than midnight of _____

Brooks Estates

DATE: _____ BY: _____

Pursuant to this notice, I hereby cancel my Resident Agreement.

Dated _____

Signed _____

Prospective Resident's Signature

BROOKS ESTATES

Schedule A

List of Items Purchased and Installed at Request of Resident

<u>Number</u>	<u>Item</u>	<u>Description</u>	<u>Amount</u>

Date: _____

Resident

Resident

UNITED METHODIST HOMES

Brooks Estates

BY: _____

BROOKS ESTATES

Schedule B

List of Personal Property Provided By Community

<u>Item</u>	<u>Number of Items/Description</u>	<u>Serial Number</u>
Stove		
Refrigerator		
Microwave		
Dishwasher		
Washer		
Dryer		
Garbage Disposal		
Smoke Detectors		
Automatic Garage Door Opener		
Wall-to-Wall Carpeting		
Draperies		
Telephones (2)		
Other Items:		

BROOKS ESTATES

Schedule C

List of Services Available to Resident at Additional Charge

<u>Service</u>	<u>Fee/Charge</u>
Barber and Beauty	Standard fees at United Methodist Homes Wesley Village Campus facilities
Physical, Occupational or Speech Therapy	Standard fees at United Methodist Homes Wesley Village Campus facilities
Dentistry	Directly billed by third-party provider
Podiatry	Directly billed by third-party provider
Optometry	Directly billed by third-party provider
X-Ray Services	Directly billed by third-party provider
Laboratory Services	Directly billed by third-party provider
Medical Supplies	Standard fees at United Methodist Homes Wesley Village Campus facilities
Psychiatric Counseling	Directly billed by third-party provider
Overnight Accommodations for Guests	Standard fees at United Methodist Homes Wesley Village Campus facilities
Resident Meals	Standard fees at United Methodist Homes Wesley Village Campus facilities
Guest Meals	Standard fees at United Methodist Homes Wesley Village Campus facilities
Housekeeping	Standard fees at United Methodist Homes Wesley Village Campus facilities
Nursing Care	Standard fees at United Methodist Homes Wesley Village Campus facilities
Personal Care or Assisted Living	Standard fees at United Methodist Homes Wesley Village Campus facilities
Limited, scheduled local transportation	Standard fees at United Methodist Homes Wesley Village Campus facilities
Other:	_____
_____	_____
_____	_____
_____	_____

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BROOKS ESTATES

Resident Agreement
Lease Plan

Community:

Brooks Estates
A Division of the
United Methodist Homes
209 Roberts Road
Pittston, Pennsylvania 18640

Resident (s):

_____ (Name)

_____ (Name)

_____ (Address)

Living Accommodation:

Unit _____ located at _____ Road
Brooks Estates

Pittston, Pennsylvania 18640

THIS AGREEMENT made this _____ day of _____, 20__ between
THE UNITED METHODIST HOMES (“**United Methodist Homes**”), a Pennsylvania
nonprofit corporation with offices at Pittston, Pennsylvania, which owns and operates **Brooks
Estates**, a continuing care community (hereafter called the “**Community**”) and

(Names) _____
_____ (hereinafter referred to whether this Agreement is executed by
one or two individuals, as "**Resident**") who has applied for and who has been approved for
admission to the continuing care community by Brooks Estates.

Subject to the signing of this Agreement, Community and Resident, intending to be
legally bound, hereby agree to the following terms and conditions:

Specific Lease Terms

The relationship between the Community and the Resident under the terms and conditions of this Resident Agreement/Lease Plan is that of a Landlord and Tenant relationship. The specific lease terms and conditions included in this section are intended to define such Landlord and Tenant relationship in addition to the other terms and conditions contained in general terms, paragraphs 1 through 19 below. If any of the specific lease terms contained in this section conflict, contradict or duplicate the terms and conditions in the general terms section, paragraphs 1 through 19 below, the terms and conditions contained in this specific lease term section shall prevail.

The Community and the Resident agree to lease the cottage unit (“Unit”) on the following terms:

Lease Terms

Term: <u>One Year</u>	Yearly fee/rent: _____
Beginning date: _____	Monthly fee/rent: _____
Ending date: _____	Security deposit: <u>\$1,000</u>

Lease Conditions

<p>1. Use: The Unit must be used only as a private residence of the resident. Only a resident named above may use the Unit and use of the Unit remains subject to limits on who may legally occupy a Unit of this size.</p>	<p>6. Liability: Community is not liable for loss, expense or damage to any person or property, unless due to Community’s negligence. Community is not liable to Resident for permitting or refusing entry of anyone into the Unit.</p> <p>Resident must pay for damages suffered and expenses of Community relating to any claim arising from any act or neglect of Resident. If an action is brought against Community because of Resident’s act or neglect, Resident will defend Community at Resident’s expense, with an attorney of the Community’s choice.</p> <p>Resident is responsible for all acts, or neglect, of Resident’s family, employees, guests or invitees.</p>
<p>2. Failure to Give Possession: Community shall not be liable if it cannot give Resident possession on the beginning of the Term. Rent starts at the beginning of the Term unless the Community cannot give possession (rent shall then be payable when possession is available). Community will notify Resident when possession is available. The ending date of the Term will not change other than under the terms of this Lease Agreement.</p>	<p>7. Assignment and Sublease: Resident must not assign all or part of this Lease, or sublet all or part of the Unit, or permit any other person to use the Unit.</p>
<p>3. Rent, Added Rent: The rent for each month must be paid by the first day, at the Community’s address. Community need not give notice to pay the rent. Rent must be paid in full without deduction. The first month’s</p>	<p>8. Resident’s Default: Community may give Resident a termination notice (but Community is not obligated to give notice). If given, the termination notice will state the date the Term will end. Resident must leave the Unit and</p>

<p>rent (and any partial month's rent) will be paid when Resident signs this Lease. Resident may be required to pay other charges to Community under the terms of this Lease. Whether or not stated as such, those other charges are considered "added rent". Added rent will be billed and is payable as rent, together with the next monthly rent due. If Resident fails to pay added rent on time, Community shall have the same rights against Resident as if Resident failed to pay rent.</p>	<p>give Community the keys on or before the termination date. Resident continues to be responsible as stated in this Agreement.</p> <p>If this Lease is terminated, or Community takes back the Unit, the following takes place:</p> <ul style="list-style-type: none"> • Rent and added rent for the unexpired term becomes due and payable. • Community may relet the Unit and anything in it. Community may charge rent (or no rent) and give allowances to the new resident. Community may, at Resident's expense, do any work Community feels needed to put the Unit in good repair and to prepare it for renting. Resident remains liable and is not released except as provided by law.
<p>4. Term: The Term will end on the date stated above, unless extended under the terms of this Agreement. Notices are not required to end the Term.</p>	<p>9. Quiet Enjoyment: Subject to the terms of this Lease, as long as Resident is not in default, Resident may peaceably and quietly have, hold and enjoy the Unit for the Term.</p>
<p>5. Security: Resident gave security to Community in the amount stated above. The security has been deposited to a Bank of the Community's choice and delivery of this Lease is notice of the deposit. Community will notify Resident of the Bank's name and address in which the security is deposited, as may be required by law.</p> <p>If Resident fails to perform any term in this Lease (such as paying rent on time) Community may use the security. If the Community uses the security, Resident shall (upon notice from Community) restore the security. That amount is due, when billed, as added rent. At all times Community shall have the amount of security stated above.</p> <p>If Resident fully performs all terms of this Lease, then Community will return the security being held, in accordance with law. Resident may not apply security to pay rent.</p> <p>Community may put security anywhere permitted by law. Resident's security will earn interest only when and as required by law.</p>	

General Terms

1. Lease Plan Term.

Beginning with the date on which Resident moves into and occupies a cottage unit (the "Occupancy Date") at the Community, the Community, subject to the terms hereof, will furnish Resident a cottage unit ("Living Accommodation") together with the Community's services specified in this Agreement, for a one (1) year period or for such shorter period as shall apply under this Agreement in the event it is terminated pursuant to its terms. The Occupancy Date for all purposes under this agreement shall be _____, or the date on which Resident first personally occupies the Living Accommodation, whichever occurs first.

After the expiration of the initial one (1) year term of this Lease Plan, the Resident may continue to lease the Living Accommodation from the Community on a year-to-year basis at the then current monthly fee, provided that the Community has not notified the Resident that the Community is terminating the occupancy of the Resident. Either the Community or the Resident may terminate this Plan upon thirty (30) days prior written notice to the other. However, until this Lease Plan is terminated, the terms and provisions of this Lease Plan, as modified from time to time, shall apply. Should the Resident elect to terminate this Lease Plan in favor of the Advance Fee Plan available at the Community, the Resident may do so within one (1) year of the Occupancy Date through the signing of a Resident Agreement Advance Fee Plan providing for the then-current Advance Fee and Monthly Fee.

2. Security Deposit.

Resident shall pay to the Community a Security Deposit of \$1,000 (One Thousand) dollars for the use and occupancy of the Living Accommodation upon application for residency. This Security Deposit shall be refundable as provided in this Agreement. The Security Deposit will be held in escrow, prior to the Occupancy Date.

If Resident elects to rescind this Agreement within seven (7) days of the date on which this Agreement is executed, Resident shall be entitled to a refund of all amounts paid to the Community including interest. Attached to this Agreement is a Notice of Right to Rescind that Resident may utilize in order to cancel this Agreement. If Resident expires before the beginning date, or through illness, injury or incapacity is precluded from becoming a resident under the terms of this Agreement, this Agreement is automatically rescinded and the Resident or his legal representative shall receive a full refund (within 60 days of the Community receiving written notice of termination) of all monies paid to the Community, except those costs specifically incurred by the Community at the request of the Resident and set forth in writing in the attached Schedule "A", signed by the parties to this Agreement. If Resident elects to rescind this Agreement more than seven (7) days after it is executed, but prior to occupancy, Resident shall be entitled to a refund of all amounts paid excluding any interest earned by Brooks Estates less any expenses incurred by the Community at Resident's request.

3. Monthly Fee/Rental Payment (“Monthly Fee”).

In addition to the other amounts paid by the Resident to the Community under this Agreement, Resident will pay to the Community a Monthly Fee as rent of \$ _____ each month in advance (on or before the 1st day of each month).

The Monthly Fee is based on the number of persons occupying the cottage unit. If two Residents sign this Agreement, the Monthly Fee will be reduced to the single occupancy rate if one of the two expires or permanently withdraws from the Community effective on the date of the withdrawal. If one of the Residents temporarily withdraws from the Community and is admitted to another level of care at a United Methodist Homes facility, the Monthly Fee will be adjusted as of the first day of the month following such admission to the United Methodist Homes facility. Upon return to the Community from another United Methodist Homes facility, the Monthly Fee will be adjusted as of the first day of the month following return to the Community to the appropriate multiple-occupancy rate. The Community reserves the right to establish monthly fees of a different amount for persons being admitted to residency after the date hereof, and the fees charged such other persons need not be uniform with, or proportional to, those charged to the Resident under this Agreement. The Monthly Fee for persons being admitted to residency after the date hereof will begin as of the date of occupancy.

The Monthly Fee may be adjusted by the Community from time to time to reflect factors affecting the cost of operations including actual operating expenses, the Consumer Price Index, the cost of complying with governmental regulations, the maintenance of necessary reserves, and to ensure the financial stability of the Community. The Community agrees that, in the exercise of its sole discretion, which shall be binding on the Resident, it will endeavor to maintain the Monthly Fee at the lowest feasible figure which in the judgment of the Board of Directors of the United Methodist Homes is consistent with sound financial operation and maintenance of the quality of service the Community has undertaken to provide. No increase or decrease shall be effective until the Resident shall have received thirty (30) days notice of such change, except for changes required by Federal, State or local laws, rules or regulations. In the event more than one person occupies the Living Accommodation, then each such person shall be jointly and severally liable and responsible for payment of the Monthly Fee. The obligation to pay the Monthly Fee shall commence from and after the Occupancy Date.

The Community will present a detailed monthly statement including the Monthly Fee for the following month, any charges for additional services rendered during the preceding month, and any other amounts due the Community. The Monthly Fee is due in advance, and it, and all other charges appearing on the monthly statement, shall be paid to the Community on or before the 1st day of the calendar month following the date of the statement. If the Resident does not pay the Monthly Fee on or before the 10th day of that month, Resident shall be in default under this Agreement and subject to termination of this Agreement as provided herein. The resident will be responsible for the Monthly Fee regardless of absence from the unit for hospitalization, personal care, nursing care or other reasons. In the case of absence for vacation, the resident shall

receive a reduction in the Monthly Fee of fifty dollars (\$50) per month if absent for more than thirty (30) consecutive days upon ten (10) days prior notice to the Community.

4. Accommodations Provided.

a.) Living Accommodation:

From and after the Occupancy Date, Resident has the right to occupy and use the Living Accommodation selected by Resident subject to change only as hereinafter provided. Subject to the right to have guests under Paragraph 15 hereof, at no time shall Living Accommodation be occupied by more than two persons. At least one Resident occupying the Living Accommodation must be 65 years of age or older.

b.) Furnishings:

Community will furnish wall-to-wall carpeting, draperies, washer, dryer, refrigerator, stove, microwave, dishwasher, garbage disposal, smoke detectors, telephones and automatic garage door openers in the Living Accommodation. These furnishings, even if upgraded at Resident's request and expense, shall remain the property of the Community. All other furnishings shall be provided by Resident, subject to the supervision of, and approval by, the Community and shall remain Resident's personal property.

5. Services Provided by Community to Resident and Resident Duties.

a.) Utilities and Taxes:

Community will furnish gas, electricity, heat, air-conditioning, hot/cold water, sewer, and basic cable television service in the Living Accommodation. Garbage and trash removal is also available from collection points. Resident shall be responsible for telephone service. Community will also be responsible for real estate taxes assessed against its property, provided, however, that Community may, in addition to the Monthly Fee, impose surcharges if Community shall make a good faith determination that increasing costs for the above-mentioned items make surcharges necessary. Community shall give Resident thirty (30) days notice in advance of the date when surcharges are due.

b.) Telephone:

The Community will provide telephone equipment in the Living Accommodation. Telephone service shall be at the expense of the Resident.

c.) Housekeeping:

Community will provide once-a-month light housekeeping (approximately one hour) in Resident's cottage unit and one general annual cleaning. Resident will be responsible for all other

housekeeping functions. Community will also provide housekeeping services to the common areas. Pursuant to Community's Housekeeping Policy, Resident will be granted an option to decline Community-provided housekeeping services and receive a credit to the Monthly Fee.

d.) Maintenance and Repairs:

Necessary repairs, maintenance and replacement of property and equipment owned by the Community will be performed and provided by Community except that the cost thereof shall be paid by Resident if caused by the negligence (as determined by the Community) of Resident. Repairs, maintenance, and replacement of property of Resident shall be the responsibility of Resident.

e.) Structural Changes:

All structural or physical changes of any kind within or about the Living Accommodation will be made only upon first being approved in writing by the Community and, upon approval, will be subject to the Community's supervision. The cost of any such change requested by Resident shall be borne by Resident, unless otherwise agreed to in writing, and all such changes immediately become and remain the permanent property of the Community.

f.) Redecoration:

Redecoration of the Living Accommodation, in addition to, or other than that scheduled by the Community, will require the written approval of the Community and will be at Resident's expense. Changes or replacement of the furnishings provided by the Community in the Living Accommodation vests title thereto in Community, unless otherwise provided in writing.

g.) Grounds:

Community will furnish basic grounds-keeping care including lawn service and snow removal. With the Community's approval, Residents may elect to plant and then maintain a specific area adjacent to the Resident's Living Accommodation.

h.) Food and Meals:

The Monthly Fee does not include the cost of meals; all meals shall be at the expense of the Resident.

i.) Local Transportation:

The Monthly Fee does not include the cost of transportation; the Community will provide limited scheduled local transportation for Residents at the expense of the Resident.

j.) Parking:

The Community will provide and maintain open parking areas.

k.) Community and Wellness Center Facility:

Residents, in common with others, may use the community room, library, chapel, cinema room, therapeutic pool, fully equipped fitness/exercise room and other amenities that, from time to time, comprise the Community and Wellness Center Facility.

The average annual costs to the Community of providing the accommodations identified in Section 4 and the services provided by the Community to the Resident as identified in this section are \$_____.

6. Health Care Services Excluded.

The Community does not undertake to provide health care services of any nature in its Monthly Fee. The Community also does not undertake to provide health care services of any nature in its Entrance Fee. When care is received during a stay at other facilities of the Wesley Village Retirement Community or in the Living Accommodation, Residents are required to pay for health care services including but not limited to the following:

- a.) Charges of any physician, podiatrist, or therapist.
- b.) Prescription drugs and medical supplies.
- c.) Vision, hearing, and dental care including all supplies, equipment, and appliances.
- d.) Mental health services.
- e.) Hospital charges.
- f.) Other health related services the cost for which are customarily charged to the Resident.
- g.) Institutional health care including hospital care, nursing care, personal care, assisted living care, home health care and other forms of Institutional health care.

The Community will not assume any liability for payment of health care services provided to a Resident because all such services are expressly excluded from Section 5 (Services Provided by Community to Resident and Resident's Duties). Note: Under 31 PA. Code Section 151.8 (d), if the Community did provide health care services under its Resident Agreement, the provider is to agree that the resident shall not be liable to a health care provider for health care services rendered under the resident's agreement. In the event a health care provider in such case

seeks payment from the resident, the continuing care provider shall assume liability for payment of the health care services rendered, if the health care services rendered are services which a provider agreed to furnish to a resident in consideration of the resident's payment of entrance and periodic fees. In this case, however, the Community under this Resident Agreement expressly excludes health care services to the resident, and as such, does not assume any liability for payment of health care services provided to a Resident.

7. Mental Illness or Dangerous Disease.

The Community is not designed to care for persons who are afflicted with psychosis, serious mental illness, contagious or dangerous diseases. If the Community determines, in its sole and absolute discretion, through the assessment of its Medical Director or other qualified nursing or medical professional that the Resident's continued presence in the Living Accommodation is either dangerous or detrimental to the health, safety or peace of the Resident or other Residents of Brooks Estates, then the Community may transfer Resident, or otherwise advise Resident to transfer to an appropriate facility for such care. Upon such transfer, this Agreement shall be subject to termination as provided for in this Agreement. In the event Resident refuses to transfer to an appropriate facility for such care determined to be necessary by the Community, this Agreement shall be subject to termination as provided herein.

8. Relocation to a Different Accommodation.

Community may relocate a Resident to a different Living Accommodation in the Community substantially similar to that unit selected by Resident in this Agreement if it determines in good faith that such move should be made for the benefit of the operation of the Community, as determined by the Community in consultation with the Resident's personal physician and/or the Medical Director or other professional staff when appropriate. In the event of such relocation, Community shall assume responsibility for all reasonable moving and relocation expenses of Resident. If Resident becomes unable to properly maintain the Living Accommodation either because of mental or physical disability, incapacity, incompetence, or medical reasons of whatever nature, and Resident is in need of occupancy in either the personal care or nursing care units of the United Methodist Homes Wesley Village Campus, Community shall give priority status to Resident in assigning the next available personal care or nursing care bed to Resident. Although priority status may be given to Resident for relocation within the United Methodist Homes Wesley Village Campus under such medical circumstances, Community makes no guaranty that such a personal care or nursing care bed is or will be available.

If Resident elects to move to a different Living Accommodation, such relocation shall be permitted subject to availability. When a unit becomes available, this Agreement shall be terminated. Resident shall, upon occupancy of the new unit, enter into a new Resident Agreement and pay the then-current applicable Monthly Fee for the new unit upon occupancy.

If two Residents occupying separate Living Accommodations request a transfer to

one of the two accommodations, and if the Community approves such transfer, this Agreement shall be terminated. The Resident shall thereupon enter into a new Resident Agreement and shall pay the then-current Monthly Fee for the remaining occupied Living Accommodation. The Monthly Fee will be the two-person rate for the remaining unit occupied.

9. Application and Entrance Procedures.

a.) Application for Residency.

Resident's application for residency in the Community shall include, but may not be limited to, the following:

- 1.) Application Form including financial statements
- 2.) Medical Records

b.) Medical Policy.

It is the policy of the Community that on the day that the Resident enters into residency in the Living Accommodation that he or she be ambulatory, mentally alert and able to live independently. The medical condition of Resident shall be subject to review and verification upon admission and annually thereafter through an assessment by the Resident's personal physician to be provided to the Community and/or through the assessment of the Medical Director or other qualified nursing or medical professional of the Community who shall conduct an examination of the Resident at Community's expense when requested by Community. Persons who do not meet these qualifications may, with the approval of the Community, nevertheless enter into residency if his or her spouse or other qualified co-resident is occupying the same unit and is willing and able to provide the necessary care and assistance to said Resident failing to meet such qualifications. In such circumstance, the Community may require proof to be furnished from time to time that such care and assistance can be provided to such Resident by the spouse or other co-resident in order to continue residency in the sole and absolute discretion of Community.

When two persons have executed this Agreement with the intention of occupying the same Living Accommodation and prior to entering into occupancy, one of the Residents is unable to meet the physical or medical requirements for occupancy, the Community shall have the option of either terminating this Agreement and making a refund as provided in this Agreement or of permitting the Resident who is unable to meet the physical or medical requirements of this Agreement to enter into a personal care or nursing care unit of the United Methodist Homes Wesley Village Campus. The Community shall give priority status to such Resident in assigning the next available personal care or nursing care bed to Resident at the United Methodist Homes Wesley Village Campus, although Community makes no guaranty that such a bed is or will be available. The remaining co-resident who has met all the physical or

medical requirements may take possession of the Living Accommodation as provided herein. If the Resident occupying the personal care or nursing care bed progresses to the point where he or she can meet the conditions for entrance into the Living Accommodation as set forth in this Agreement, he or she can then enter into said Living Accommodation jointly applied for with the other Resident .

c.) Review of Financial Condition.

Prior to the date of entry into a Resident's Living Accommodation, Resident shall have a final review with the Community administrator or other authorized person to review the financial condition of Resident and to ensure that no adverse changes in the financial condition of Resident have occurred subsequent to the execution of the application form or financial statement submitted which may render Resident unable to meet the conditions of entrance established, from time to time, by the Community. In the event Resident is unable to meet these financial conditions, the Community may, at its sole discretion, terminate this Agreement prior to Resident's occupancy in which event Resident will receive a refund of all amounts paid in accordance with the provisions of this Agreement.

Resident will complete a financial condition statement and submit to Community such financial condition statement and all other financial information reasonably requested for review by Community on an annual basis. Community may terminate this agreement if Resident fails, neglects or refuses to comply with this request for continuing financial information.

10. Policy Concerning Financial Difficulty.

Community declares it to be its policy that Resident shall not be dismissed, nor will Resident's Agreement be terminated, solely because of Resident's financial inability to continue to pay all or part of the Monthly Fee. However, Resident's acceptance into the Community has been based on facts recorded in Resident's application, by which facts Community determined that Resident was able to meet all of the financial obligations specified in this Agreement. If Resident adversely affects his or her ability, or the ability of his or her personal estate, to satisfy the financial obligations contained in this Agreement by having made gifts of real or personal property, or by engaging in risky or inappropriate activities (e.g. Gambling, etc.) after submitting a financial statement or after acceptance into the Community, Community reserves the right to terminate this Agreement. If Resident experiences financial difficulty, the following provisions will apply:

a.) Failure to Make Payments.

If Resident fails to make any of the Monthly Fee payments at the required time, or to pay any other amounts shown on the monthly statement within ten (10) days of said statement, then the Community may give written notice to Resident to pay all such amounts then due. If Resident fails to comply with such notice within fifteen (15) days, Community may terminate this Agreement and shall provide Resident with a refund, if any, to which Resident shall be

entitled at the time of such termination.

b.) Special Consideration.

Without in any way qualifying the right of Community to terminate this Agreement, Community's policy is that, if the sole reason for nonpayment is insufficient funds which insufficiency is beyond the control of Resident, the Community will review the matter with the Resident. If the Resident presents facts that justify special financial consideration, Community may partially subsidize, in its sole and absolute discretion, Resident's Monthly Fee provided that such subsidy can be granted without impairing the ability of the Community to continue its objectives while operating on a sound financial basis. All determinations made by the Community concerning the granting or continuing of special financial consideration shall be made in good faith but shall be final, and any such determination shall be regarded as a confidential transaction between the Community and Resident except for reports required by regulatory or other governmental bodies.

It shall be a condition of receiving a subsidy that the Resident shall represent that they have not made any gift or other transfer of money or personal property in contemplation of the execution of this Agreement, or subsequently, which would impair the Resident's ability or the ability of the Resident's estate to satisfy the financial obligations under this Agreement. When the Resident's Monthly Fee is subsidized wholly or partly by the Community, the Resident may not make gifts of his or her property without the Community's written consent.

The Community will review such special consideration on an annual basis.

c.) Reduction of Income.

Resident certifies that his or her sources of income are adequate to meet his or her financial responsibility to the Community and to meet and pay any additional cost to Resident and to pay personal and incidental expenses during the period of residency. If Resident's sources of income become inadequate to meet these requirements, Resident will make every reasonable effort to obtain assistance from public benefits to the extent that Resident is eligible to receive them, including, but not limited to Federal, State or County aid or assistance, aid to the blind, veterans' benefits, etc. Resident agrees that he or she will apply for and diligently seek such benefits. If Resident fails to make such application, Community has the right to terminate this Agreement as provided herein.

d.) Subsidy by the Community.

Should the Community subsidize Resident's Monthly Fee, Resident agrees that any property that he or she owns at or subsequent to his or her entry into the Community and remaining at the time of his or her death, is to be transferred to the Community for the purpose of repaying (at least to the extent of the value of such property) an amount equal to the aggregate

amount of subsidy furnished by the Community during the period of residency. This Agreement shall operate as a grant, assignment, transfer and conveyance to the Community of such property, or an interest in such property, and may be enforced as a claim against the Resident's estate, and to effect such assignment and to enable Community to enforce such claim, Resident shall execute such further documents, instruments or agreements, such as stock powers, financing statements, deeds, bills of sale, mortgages, and the like, as the Community shall deem necessary or appropriate to protect or perfect its right, interest and claim granted in this section. Community may, from time to time, but no less than annually, request financial statements and tax returns from any Resident whose Monthly Fee is subsidized by the Community. This provision shall apply whether or not Resident is in residence at the Community at the time of death. A Resident who is subsidized by the Community may be required to move to an alternate or less expensive unit as determined in the sole judgment or discretion of Community.

11. Termination of Agreement.

a.) Prior to Occupancy.

If Resident expires or if Resident or the person providing Resident's Monthly Fee notifies the Community in writing of Resident's election to withdraw or terminate this Agreement before Resident has moved in and occupies a Living Accommodation, this Agreement shall be automatically terminated. In such case, Resident or Resident's estate shall be entitled to a refund as provided herein, excepting, however, those costs specifically incurred by Community at the request of Resident and as set forth on Schedule "A", attached hereto, to the extent that those costs were not already paid by Resident.

b.) After Occupancy.

1.) By Resident.

Resident has the right, at any time, to terminate this Agreement by delivery to the Community of a written notice of his or her intention to do so. The written notice need not cite a specific reason for the termination but it shall state a date when the termination is to become effective, and on or prior to such date Resident shall move from the Community and release the Living Accommodation. Any termination date less than thirty (30) days after the date of notice must be approved by the Community; if such earlier date is not approved, then termination shall be effective thirty (30) days after the date of notice. On the effective date of such termination, Resident's obligation to continue Monthly Fee payments shall cease and Resident shall be entitled to a refund as provided in this Agreement, except for those costs specifically incurred by the Community at the request of Resident and as set forth on Schedule "A", to the extent that those costs were not already paid by Resident.

2.) By Community.

Community reserves the right to terminate this Agreement upon Resident's default and/or for just cause (as described below), based upon the judgment of the Community, by serving upon Resident written notice of termination specified to be effective on a date not less than thirty (30) days nor later than one hundred twenty (120) days after the date of said notice. Community may terminate this Agreement (1) if Resident makes any material misrepresentation or omission on his or her application; or (2) if the Resident's personal physician determines or the Community determines through the assessment of its Medical Director or other qualified nursing or medical professional that the Resident's continued presence in the Living Accommodation is either dangerous or detrimental to the health, safety or peace of the Resident, to other Residents of Brooks Estates, or to other persons on the premises; or (3) if Resident shall be in a breach of the terms of this Agreement. On or before the termination date in any such written notice, Resident shall quit and vacate the Living Accommodation. Once fully vacated from the Living Accommodation, Resident's obligation to continue Monthly Fee payments shall cease and Resident shall be entitled to receive a refund of the Advance Fee as provided in this Agreement.

c.) Death of Resident.

1.) Unless sooner terminated by its provisions, this Agreement shall terminate upon the death of the Resident, at which time all obligations of the Community under this Agreement other than those relating to a refund of the Security Deposit, and removal of personal property, shall cease. Any personal effects of Resident in the Living Accommodation occupied by Resident shall be released to Resident's Executor, Administrator, or personal Representative, or to other persons entitled by law to receive them. Timeframes and provisions related to the removal of Resident's personal property are addressed below in section 12. The obligation to pay the Monthly Fee shall cease on the date when the decedent's personal effects have been removed from the living accommodation.

2.) If Resident occupies the Living Accommodation jointly with others, then on the death of such Resident, and provided that the surviving Resident continues to occupy the Living Accommodation, the Security Deposit shall continue to be held by Community to be refunded upon termination by the surviving Resident as provided in this Agreement.

12. Rights and Obligations of Resident as to Property.

The rights and obligations of the Resident as to property are as follows:

a.) Rights to Real Property.

The rights and privileges of Resident, as granted herein, do not include any right, title, or interest whether legal, equitable or otherwise, in or to any part of the real property, including land, buildings, improvements or fixtures owned or administered by Community, except the right granted to Resident hereunder to occupy the Living Accommodation in

accordance with the terms of this Agreement. Resident's rights are for services as granted herein on a contractual basis, and not by way of any legal or equitable ownership or other interest in the real property. Any rights, privileges, or other benefits arising under this Agreement or from the payment of any fees herein provided or hereafter paid shall be subordinate and inferior to all mortgages, deeds of trust or any other financing obligations on any of the premises or real properties of the Community, to secure loans or advances made to Community or its successors, now outstanding or made in the future, and subordinate and inferior to all amendments, modifications, and replacements, or refunds thereof, and Resident agrees that, upon request of Community, or the holder of any such instrument, that he or she will execute and deliver any documents which are alleged to be necessary or required to effect or evidence such subordination.

b.) Rights to Personal Property of Living Accommodation.

As in the case of real estate, Resident has no right, title, or interest, legal, equitable, or otherwise in or to any part of the personal property owned by Community, including carpets, stove, refrigerator, dishwasher, washer and dryer, telephone equipment, garage door opener and fixtures, etc. in the Living Accommodation, even if up-graded at Resident's cost and, also, all furniture, furnishings and fixtures in all common areas and facilities.

c.) Responsibility for Damages.

Any loss or damage to real or personal property of Community, caused by the negligence (as determined by the Community) of Resident, or Resident's guests, shall be charged to and paid for by Resident. The Community, in its sole discretion, may deduct such loss or damage from the Resident's Security Deposit. Similarly, if any negligence of any of the above-mentioned damages results in injury, illness of, or damage to, any other Resident, Community assumes no responsibility therefore, and Resident hereby releases and discharges Community from any injury or damage to Resident's personal property caused by the fault or negligence of other Residents of the Community, or their guests.

d.) Policy Regarding Pets.

Resident may have a common household pet as permitted in the Pet Policy and Agreement that must be signed by all residents wishing to keep a pet. No more than one dog or cat is permitted at a time, and the number and type of other kinds of household pets may also be restricted at the discretion of the Community as described in the Pet Policy and Agreement.

e.) Responsibility of Protection of Resident's Property.

Community shall not be responsible for the loss of any personal property belonging to Resident due to theft, fire, or any cause, unless said property shall be specifically entrusted in writing to the care and control of the Community accompanied by an itemized

appraisal, and then only for lack of ordinary care to safeguard and account for such property. Resident agrees Community is not responsible for personal injury to other Residents or guests within Resident's Living Accommodation, and shall have the responsibility, at his or her own expense, of providing and maintaining a standard property and liability insurance policy (tenant homeowners), and to file a copy of said policy or certificate of insurance detailing the coverage with the Community. If Resident is no longer able to occupy the Living Accommodation, or has expired, Community shall have the right, at Resident's expense, to remove, within a period not to exceed thirty (30) days, all personal property of Resident from his or her Living Accommodation and to store the same, at Resident's expense and risk. If the property shall be stored in a commercial storage warehouse or commercial storage facility, Community shall have no responsibility for such property after it has been placed in storage and Resident, or Resident's estate, shall be liable for all storage fees incurred. Resident shall, upon moving to the Community, designate to whom such property should be delivered upon Resident's inability to occupy Living Accommodation or upon death.

13. Right of Entry.

The Resident recognizes and accepts the Community's right and responsibility to enter Living Accommodation, from time to time, in order to carry out the purpose and intent of this Agreement. The purposes for which such entry may be made include but are not limited to a) performance of scheduled housekeeping duties, b) response to the medical alert system c) response to the fire alarm system d) situations in which the Resident is reported missing or as having not responded to calls, and f) maintenance. The Community recognizes the Resident's right to privacy and the Community's responsibility to limit entry to the Living Accommodation for emergencies, maintenance and housekeeping work as set forth in this paragraph. The Community will make an annual inspection of the living unit and reserves the right to make additional inspections as needed at the sole discretion of the Community.

14. Arrangement for Guardianship and Resident's Estate.

a.) Power of Attorney.

Resident agrees to execute, prior to occupancy, a general power of attorney appointing an attorney-in-fact, whose power of attorney shall contain a clause providing that the power of attorney shall survive the incompetence of the Resident. A copy of said power of attorney shall be provided to the Community.

b.) Will.

If not previously made, Resident agrees, within three (3) months after the date of this Agreement, to make a will providing for disposal of his or her furniture and possessions at Community and providing the appointment of an Executor of his or her estate.

c.) Other Arrangements.

The Resident agrees to provide the Community with the following information within ninety (90) days after the Occupancy Date: Advance Directives, name and address of the funeral director with whom Resident has made arrangements, the location of the Resident's Will, the name and address of the Resident's lawyer and executor, the names and addresses of any banks trust officers, etc., information necessary to complete a death certificate, and whom to notify in case of death, including the person to whom the Resident's personal property is to be released.

15. Guest Privileges.

Resident has the right to have guests visit his or her Living Accommodation, but such visits shall be limited to thirty (30) days per year, unless the Community grants special permission for longer periods of stay.

16. Transferability.

The rights and privileges of Resident under this Agreement to the Living Accommodation are personal to the Resident and cannot be transferred or assigned by act of Resident, or by any proceeding at law, or otherwise. If any person, other than the person who has executed this Agreement, commences to live in Resident's Living Accommodation without following proper procedures as established by the Community and exercised through the Community administration, Community shall have the right to terminate this Agreement.

17. Community's Policy Regarding Subsequent Marriage of Resident or Subsequent Joint Occupancy with a Resident.

In the event that Resident marries a non-resident while occupying the Living Accommodation and desires that his or her spouse share the Living Accommodation, such spouse must comply with the entrance procedures as set forth in this Agreement. Likewise, in the event that a non-resident applies to occupy a Living Accommodation jointly with a current Resident, such non-resident must comply with the entrance procedures as set forth in this Agreement. In the event such spouse or non-resident seeking joint occupancy is accepted as a Resident, this Agreement shall be terminated and a refund of the Advance Fee as provided herein shall be paid to Resident. Resident and Resident's spouse, or joint Resident as the case may be, shall thereupon enter into a new Resident Agreement and shall pay the then-current Advance Fee and Monthly Fee for the unit. In the event such spouse or non resident seeking joint occupancy is not accepted as a Resident, Resident may terminate this Agreement pursuant to its provisions and receive a refund as provided herein.

18. Notices.

All notices to be given in accordance with this Agreement are considered properly given if and when delivered personally or sent by mail as follows:

As to Community:

Administrator
Brooks Estates
209 Roberts Road
Pittston, PA 18640

As to Resident:

At Resident's last known Address
or
Resident's Community Address

19. Miscellaneous Provisions.

a.) Entire Agreement.

This Agreement, together with the application form that includes a financial statement and medical records constitute the entire agreement between the Community and Resident. Resident warrants that all statements made herein are true and correct. Community is not liable and shall not be bound by any statements, representations, or promises made by any person representing or purporting to represent Community, unless such statements, representations or promises are set forth in this Agreement.

b.) Rules and Regulations.

Resident will observe all rules and regulations that the Community shall from time to time adopt for the convenience, comfort, safety and well being of all Residents and the Community which shall upon adoption form a part of this Agreement. Resident does hereby understand that a violation of such rules and regulations, including the Pet Policy, may result in termination of this Agreement. The Community reserves the right to adopt policies, procedures, rules and regulations regarding residency not inconsistent with the provisions of this Agreement, and the Resident agrees to abide by such policies, procedures, rules and regulations.

c.) Invalidity or Severability.

If any portion of this Agreement shall, for any reason, be held to be invalid or unenforceable in any jurisdiction that it is sought to be enforced, such invalidity and unenforceability shall not affect any other provision of this Agreement and it shall be construed as if such invalid or unenforceable provision were omitted.

d.) Amendments or Modifications.

This Agreement may be amended or modified only in writing executed by an authorized

official of the Community and by Resident.

e.) Binding Effect.

This Agreement shall be binding upon, and inure to, the benefit of the Community and the Resident, as well as their respective successors, assigns and personal representatives.

f.) Schedules Attached.

Attached hereto is **Notice of Right to Rescind** for use by Resident. Also attached hereto and marked Schedule "A" is a list of items that have been purchased and installed in, or for, the Resident's Living Accommodation at the request of Resident along with the cost of such items. Attached hereto and marked Schedule "B" is a schedule of all property included in Living Accommodation as well as the identity thereof. Attached and marked Schedule "C" is a list of medical and other services along with the fees/charges for such services available to Resident.

g.) Liability for Health Care Costs.

The Community does not undertake to provide health care of any nature under this Agreement and therefore will not be liable to any health care provider for services rendered to Resident.

h.) Right to Organize, Residents Association or Residents Council.

Residents living in the Community shall have the right of self-organization. The Community through its Board of Directors or through a designated representative shall hold annual meetings with the Residents of the facility for the purpose of free discussion of subjects that may include income, expenditures, and financial matters as they apply to the Community and proposed changes in policies, programs, and services. All Residents shall receive at least seven (7) days notice of each annual meeting.

i.) Changes Because of Regulatory Agencies.

Notwithstanding any other provision of this Agreement, the Community shall have the right to alter your Living Accommodation to meet the requirements of law, the regulations of regulatory agencies, or other duly constituted authorities or agencies.

j.) Designation of and Delegation by the Administrator.

The Community may, from time to time, designate an Administrator to carry out the operating policies and procedures and to conduct the operations of the Community. It is understood that any authority, or responsibility, given by this Agreement to the Community's Administrator may be delegated by him or her to any one or more members of the Community's

staff.

k.) Gratuities.

Residents living in the Community shall not give any tips or gratuities to employees of the Community, whether in cash or otherwise, for any service required to be provided by the Community to the Resident pursuant to this Agreement or pursuant to law.

l.) Acknowledgment.

Resident acknowledges reading this agreement and receiving a copy thereof.

m.) No Discrimination.

It is understood and agreed that the Community admits Residents without regard to race, religion, color, sex, national origin, sexual orientation, marital status or sponsor.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

Date: _____

Resident

Resident

UNITED METHODIST HOMES

Brooks Estates

BY: _____

BROOKS ESTATES

Notice of Right to Rescind

DATE RESCISSION PERIOD BEGINS: _____

You may rescind and terminate your Resident Agreement without penalty or forfeiture within seven (7) days of the above date. You are not required to move into the Brooks Estates continuing care community before the expiration of this seven (7) day period. No other agreement or statement you sign shall constitute a waiver of your right to rescind your Agreement within the seven (7) day period.

To rescind your Resident Agreement, mail or deliver a signed and dated copy of this notice, or any other dated written notice, letter, telegram, or FAX stating your desire to rescind to Brooks Estates, United Methodist Homes, at 209 Roberts Road, Pittston, Pennsylvania, 18640 not later than midnight of _____

Brooks Estates

DATE: _____ BY: _____

Pursuant to this notice, I hereby cancel my Resident Agreement.

Dated _____

Signed _____

Prospective Resident's Signature

BROOKS ESTATES

Schedule A

List of Items Purchased and Installed at Request of Resident

<u>Number</u>	<u>Item</u>	<u>Description</u>	<u>Amount</u>

Date: _____

Resident

Resident

UNITED METHODIST HOMES

Brooks Estates

BY: _____

BROOKS ESTATES

Schedule B

List of Personal Property Provided By Community

<u>Item</u>	<u>Number of Items/Description</u>	<u>Serial Number</u>
Stove		
Refrigerator		
Microwave		
Dishwasher		
Washer		
Dryer		
Garbage Disposal		
Smoke Detectors		
Automatic Garage Door Opener		
Wall-to-Wall Carpeting		
Draperies		
Telephones (2)		
Other Items:		

BROOKS ESTATES

Schedule C

List of Services Available to Resident at Additional Charge

<u>Service</u>	<u>Fee/Charge</u>
Barber and Beauty	Standard fees at United Methodist Homes Wesley Village Campus facilities
Physical, Occupational or Speech Therapy	Standard fees at United Methodist Homes Wesley Village Campus facilities
Dentistry	Directly billed by third-party provider
Podiatry	Directly billed by third-party provider
Optometry	Directly billed by third-party provider
X-Ray Services	Directly billed by third-party provider
Laboratory Services	Directly billed by third-party provider
Medical Supplies	Standard fees at United Methodist Homes Wesley Village Campus facilities
Psychiatric Counseling	Directly billed by third-party provider
Overnight Accommodations for Guests	Standard fees at United Methodist Homes Wesley Village Campus facilities
Resident Meals	Standard fees at United Methodist Homes Wesley Village Campus facilities
Guest Meals	Standard fees at United Methodist Homes Wesley Village Campus facilities
Housekeeping	Standard fees at United Methodist Homes Wesley Village Campus facilities
Nursing Care	Standard fees at United Methodist Homes Wesley Village Campus facilities
Personal Care or Assisted Living	Standard fees at United Methodist Homes Wesley Village Campus facilities
Limited, scheduled local transportation	Standard fees at United Methodist Homes Wesley Village Campus facilities
Other:	_____
_____	_____
_____	_____
_____	_____