

NEW ISSUE - BOOK-ENTRY ONLY**NOT RATED**

In the opinion of Barnes & Thornburg LLP, South Bend, Indiana, Bond Counsel, under existing law, interest on the Bonds (hereinafter defined) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Bonds (the "Code"), except for interest on any Bond for any period during which such Bond is held by a person who is a "substantial user" of the Project (hereinafter defined) or a "related person" within the meaning of Section 147(a) of the Code, and except as set forth under the heading "TAX MATTERS" herein. Further, under existing law, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and is not taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations. In the opinion of Barnes & Thornburg LLP, South Bend, Indiana, Bond Counsel, under existing law, interest on the Bonds is exempt from income taxation in the State of Indiana except for the financial institutions tax. See "TAX MATTERS."

\$18,825,000*

**CITY OF ELKHART, INDIANA
MULTIFAMILY HOUSING REVENUE BONDS
(HELLENIC SENIOR LIVING OF ELKHART PROJECT),
SERIES 2017**

Dated: Date of Issuance**Maturity Dates, Interest Rates, Prices and Yields:** See Inside Cover

The City of Elkhart, Indiana (the "Issuer"), a municipal corporation duly organized and existing under the laws of the State of Indiana, will issue its \$18,825,000* aggregate principal amount Multifamily Housing Revenue Bonds (Hellenic Senior Living of Elkhart Project), Series 2017 (the "Bonds"), pursuant to Indiana Code Title 36, Article 7, Chapters 11.9 and 12, as amended (collectively, the "Act"), for the purpose of making a first mortgage loan to Hellenic Senior Living of Elkhart, LLC, an Indiana limited liability company (the "Borrower"), to provide a portion of the funds for the payment and reimbursement of a portion of the costs of acquiring, constructing and equipping a 136-unit affordable assisted living facility and certain functionally-related improvements to be located in the City of Elkhart, Indiana (the "Project"). Proceeds of the Bonds will also be used, together with proceeds from other funds described herein, to fund capitalized interest through May 1, 2020*, to fund certain reserves and to pay a portion of the costs of issuing the Bonds. The Bonds will bear interest at the rates per annum set forth on the inside cover hereof from their dated date to maturity or earlier redemption as described herein.

PURCHASE OF THE BONDS WILL CONSTITUTE AN INVESTMENT SECURED SOLELY BY A PLEDGE OF REVENUES AND INCOME DERIVED FROM THE LOAN AGREEMENT, THE NOTE, THE MORTGAGE AND THE ASSIGNMENT OF CONTRACTS (ALL AS HEREINAFTER DEFINED). THE PURCHASE OF THE BONDS IS AN INVESTMENT SUBJECT TO A HIGH DEGREE OF RISK, INCLUDING THE RISK OF NON-PAYMENT OF PRINCIPAL AND INTEREST. SEE "RISKS TO BONDHOLDERS" HEREIN.

The Bonds are issuable as fully registered bonds without coupons, in denominations of \$5,000 and any integral multiple thereof. When issued, the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). The principal of, premium, if any, and interest (payable on April 1 and October 1 of each year, commencing April 1, 2018) on the Bonds are payable by U.S. Bank National Association, as trustee under the hereinafter defined Indenture (the "Trustee") to DTC, which will remit such principal, premium, if any, and interest to the DTC participants, who in turn will be responsible for remitting such payments to the Beneficial Owners of the Bonds.

The Bonds will be secured by all Revenues, including a pledge of the payments made under an agreement (the "IHCP Provider Agreement") to be entered into between the Borrower and the Indiana Family and Social Services Administration ("FSSA") following completion of the Project and satisfaction of the conditions described herein under "ASSISTED LIVING PROJECTS IN INDIANA AND THE HCBS WAIVER PROGRAM - The Indiana Licensure Program." The Bonds are not to be construed as a debt or indebtedness of FSSA, the Indiana State Department of Health ("ISDH") or the State of Indiana, payment of the Bonds is not guaranteed by City of Elkhart or the State of Indiana, and FSSA and ISDH have not reviewed or approved and bear no responsibility for the content of this Official Statement.

The Bonds will also be secured by a Debt Service Reserve Fund which will initially be funded by a deposit of a DSRF Credit Facility in the form of a surety bond issued by National Liability & Fire Insurance Company, an affiliate of Berkshire Hathaway Inc. (AHP Housing Fund 183, LLC, the tax credit equity investor in the Borrower, is also an affiliate of Berkshire Hathaway Inc.). See "THE BORROWER AND OTHER PARTICIPANTS - The Investor Member and the Operating Agreement."

THE OBLIGATIONS OF THE ISSUER WITH RESPECT TO THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE ISSUER BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER PAYABLE BY THE ISSUER SOLELY FROM THE SECURITY FOR THE BONDS. NOTHING CONTAINED IN THE BONDS OR IN THE INDENTURE SHALL BE CONSIDERED AS ASSIGNING OR PLEDGING ANY FUNDS OR ASSETS OF THE ISSUER OTHER THAN THE TRUST ESTATE. THE BONDS ARE NOT A DEBT OF THE ISSUER, THE STATE OF INDIANA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY PROVISION OF THE CONSTITUTION OR LAWS OF THE STATE. NO FAILURE OF THE ISSUER TO COMPLY WITH ANY TERM, CONDITION, COVENANT OR AGREEMENT IN THE INDENTURE OR IN ANY DOCUMENT EXECUTED BY THE ISSUER IN CONNECTION WITH THE PROJECT OR THE ISSUANCE, SALE AND DELIVERY OF THE BONDS SHALL SUBJECT THE ISSUER TO LIABILITY FOR ANY CLAIM FOR DAMAGES, COSTS OR OTHER CHARGE EXCEPT TO THE EXTENT THAT THE SAME CAN BE PAID OR RECOVERED FROM THE TRUST ESTATE. THE ISSUER SHALL NOT BE REQUIRED TO ADVANCE ANY MONEYS DERIVED FROM ANY SOURCE OTHER THAN THE TRUST ESTATE FOR ANY OF THE PURPOSES OF THE INDENTURE, ANY OF THE OTHER BOND DOCUMENTS OR ANY OF THE LOAN DOCUMENTS, WHETHER FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE BONDS, THE PAYMENT OF ANY FEES OR ADMINISTRATIVE EXPENSES OR OTHERWISE.

The Bonds are subject to redemption prior to maturity as described herein.

The Bonds are offered for delivery, subject to prior sale, withdrawal or modification of the offer without notice and subject to the approval of legality by Barnes & Thornburg LLP, South Bend, Indiana, as Bond Counsel, and to certain other conditions. Certain legal matters are being passed upon by Vlado Vranjes, Esq., Corporation Counsel to the Issuer, by Hall, Render, Killian, Heath & Lyman, P.C., Indianapolis, Indiana, as counsel to the Underwriter, and by Quarles & Brady LLP, Indianapolis, Indiana, as counsel to the Borrower. Delivery of the Bonds is expected on or about October __, 2017 through the facilities of DTC in New York, New York.

**Cautionary Statements Regarding Forward-Looking Statements
in this Official Statement**

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or similar words. Such forward-looking statements include, among others, the Project Pro Forma in APPENDIX B.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE BORROWER DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN CHANGES TO THEIR EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR.

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in Rule 15c2-12, as amended, the Borrower will enter into a Continuing Disclosure Agreement with the Trustee as Dissemination Agent. For a description of the Continuing Disclosure Agreement, see "CONTINUING DISCLOSURE."

PiperJaffray®

_____, 2017

* Preliminary, subject to change.

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

MATURITY SCHEDULE
CITY OF ELKHART, INDIANA
MULTIFAMILY HOUSING REVENUE BONDS
(HELLENIC SENIOR LIVING OF ELKHART PROJECT), SERIES 2017

Maturity Dates* (October 1)	Principal Amount*	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u>[†]
		%	%		

* Preliminary, subject to change

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence, a part of S&P Global, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer, the Underwriter or the Borrower and are included solely for the convenience of the holders of the Bonds. None of the Issuer, the Underwriter or the Borrower is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

HELLENIC SENIOR LIVING OF ELKHART

2528 Bypass Road
Elkhart, Indiana



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OFFICIAL STATEMENT

This Official Statement is being furnished to potential investors solely for the purpose of each investor's consideration of the purchase of the Bonds described herein, and it is not to be used for any other purpose or made available to anyone not directly concerned with the decision regarding such purchase. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. Interested investors are being provided the opportunity to ask questions of the Borrower and the Issuer and examine such documents and records as they may desire, and are advised to contact Piper Jaffray & Co., 800 Nicollet Mall, J13N01, Minneapolis, Minnesota 55402 (the "**Underwriter**"), Attention: Bradley Wirt, Managing Director, with any questions and inquiries.

No dealer, broker, salesman or other person has been authorized by the Issuer, the Borrower or the Underwriter to make any representation or to give any information other than the information contained in this Official Statement in connection with the offering of the Bonds (or otherwise obtained by the investor directly from the Issuer, the Borrower or the Underwriter), and, if given or made, such information or representation must not be relied upon as having been authorized by the foregoing. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change since the date hereof in any information contained herein since the date hereof.

The information set forth herein relating to the Issuer under the headings "THE ISSUER" and "LITIGATION - The Issuer" has been obtained from the Issuer. All other information herein has been obtained by the Underwriter from the Borrower and other sources deemed by the Underwriter to be reliable, and as such information is not to be construed as a representation by the Issuer or the Underwriter. The Issuer has not reviewed or approved any information in this Official Statement except information relating to the Issuer under the headings "THE ISSUER" and "LITIGATION - The Issuer." The Issuer shall bear no responsibility for the accuracy or completeness of any such information in this Official Statement other than information which is directly provided by the Issuer. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer or the Borrower since the date hereof.

The information contained in this Official Statement has been obtained from the Borrower and other sources which are believed by the Underwriter to be reliable. See "THE BORROWER AND OTHER PARTICIPANTS" herein for a discussion of the Borrower and its relationship with others involved in the Project. In accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction, the Underwriter has reviewed the information in this Official Statement but does not guarantee the accuracy or completeness of such information. This Official Statement is submitted in connection with the sale of securities as referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

This Official Statement, including the Appendices hereto, should be considered in its entirety and no one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports, agreements, instruments, financial statements or other documents are referred to herein, reference should be made to such statutes, reports, agreements, instruments, financial statements or other documents for more complete information regarding rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

The Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Bond Ordinance (as hereinafter defined) or the Indenture been qualified under the Trust Indenture Act of 1939, in reliance upon exemptions contained in such acts. The exemption from registration under such acts and the applicable securities laws of various states cannot be regarded as a recommendation thereof. Neither these states nor any governmental agency has passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

THESE BONDS HAVE RISK CHARACTERISTICS WHICH REQUIRE CAREFUL ANALYSIS AND CONSIDERATION BEFORE A DECISION TO PURCHASE IS MADE. THE BONDS SHOULD ONLY BE PURCHASED BY INVESTORS WHO HAVE ADEQUATE EXPERIENCE TO EVALUATE THE MERITS AND THE RISKS OF THE BONDS AND WHO ARE ABLE TO BEAR THE RISK OF LOSS OF ALL OR A PORTION OF THEIR INVESTMENT IN THE BONDS. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN COUNSEL, ACCOUNTANT AND OTHER ADVISORS AS TO FINANCIAL, LEGAL, AND RELATED MATTERS CONCERNING THE INVESTMENT DESCRIBED HEREIN.

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OFFICIAL STATEMENT
\$18,825,000*
CITY OF ELKHART, INDIANA
MULTIFAMILY HOUSING REVENUE BONDS
(HELLENIC SENIOR LIVING OF ELKHART PROJECT),
SERIES 2017

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and Appendices hereto, is furnished in connection with the issuance of \$18,825,000* aggregate principal amount of City of Elkhart, Indiana Multifamily Housing Revenue Bonds (Hellenic Senior Living of Elkhart Project), Series 2017 (the “**Bonds**”). This Official Statement should be read in its entirety.

The Bonds

The Bonds are being issued by the City of Elkhart, Indiana (the “**Issuer**”) pursuant to (i) Indiana Code Title 36, Article 7, Chapters 11.9 and 12, as amended (the “**Act**”); (ii) an ordinance duly adopted by the Common Council as the governing body of the Issuer on August 7, 2017 (the “**Bond Ordinance**”); and (iii) a Trust Indenture dated as of October 1, 2017 (the “**Indenture**”) between the Issuer and U.S. Bank National Association, as trustee (the “**Trustee**”). The proceeds of the sale of the Bonds will be loaned to Hellenic Senior Living of Elkhart, LLC, an Indiana limited liability company (the “**Borrower**”), pursuant to a Loan Agreement dated as of October 1, 2017 (the “**Loan Agreement**”) between the Issuer and the Borrower for the purpose of providing funds (the “**Loan**”) for the payment and reimbursement of a portion of the costs of acquiring, constructing and equipping the Project (as hereinafter defined). Proceeds of the Bonds also will be used, together with proceeds from the syndication of certain low income housing tax credits and certain other sources described herein, all as described below under “ESTIMATED SOURCES AND USES OF FUNDS,” to fund capitalized interest through May 1, 2020*, to fund certain reserves and to pay a portion of the costs of issuing the Bonds. Capitalized terms used herein without definition shall have the meaning given to such terms in the Indenture, unless the context otherwise indicates. Definitions of certain terms and excerpts of certain provisions of certain principal documents are attached hereto as APPENDIX C.

THE OBLIGATIONS OF THE ISSUER WITH RESPECT TO THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE ISSUER BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER PAYABLE BY THE ISSUER SOLELY FROM THE SECURITY FOR THE BONDS. NOTHING CONTAINED IN THE BONDS OR IN THE INDENTURE SHALL BE CONSIDERED AS ASSIGNING OR PLEDGING ANY FUNDS OR ASSETS OF THE ISSUER OTHER THAN THE TRUST ESTATE. THE BONDS ARE NOT A DEBT OF THE ISSUER, THE STATE OF INDIANA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY PROVISION OF THE CONSTITUTION OR LAWS OF THE STATE. NO FAILURE OF THE ISSUER TO COMPLY WITH ANY TERM, CONDITION, COVENANT OR AGREEMENT IN THE INDENTURE OR IN ANY DOCUMENT EXECUTED BY THE

* Preliminary, subject to change

ISSUER IN CONNECTION WITH THE PROJECT, OR THE ISSUANCE, SALE AND DELIVERY OF THE BONDS SHALL SUBJECT THE ISSUER TO LIABILITY FOR ANY CLAIM FOR DAMAGES, COSTS OR OTHER CHARGE EXCEPT TO THE EXTENT THAT THE SAME CAN BE PAID OR RECOVERED FROM THE TRUST ESTATE. THE ISSUER SHALL NOT BE REQUIRED TO ADVANCE ANY MONEYS DERIVED FROM ANY SOURCE OTHER THAN THE TRUST ESTATE FOR ANY OF THE PURPOSES OF THE INDENTURE, ANY OF THE OTHER BOND DOCUMENTS OR ANY OF THE LOAN DOCUMENTS, WHETHER FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE BONDS, THE PAYMENT OF ANY FEES OR ADMINISTRATIVE EXPENSES OR OTHERWISE.

This Official Statement contains brief descriptions of, among other things, the Bonds and the Project. Such descriptions do not purport to be comprehensive or definitive. Included as Appendices to this Official Statement are the Project Pro Forma, the form of Bond Counsel opinion, summaries of the terms and provisions of the Indenture, the Loan Agreement, the Mortgage and the Land Use Restriction Agreement, and copies of the Continuing Disclosure Agreement and the Market Study (all as hereinafter defined).

Security and Sources of Payment for the Bonds

The Bonds are limited obligations of the Issuer, payable solely from and secured by (i) amounts paid by the Borrower under the Loan Agreement, (ii) an assignment of all of the Issuer's rights (except for the Issuer Unassigned Rights, as defined in the Indenture) under the Loan Agreement, (iii) all Revenues (as hereinafter defined), including the Provider Agreement Payments (as hereinafter defined), and other amounts pledged pursuant to the Loan Agreement and the Mortgage, (iv) a pledge of and security interest in all moneys and investments held in certain funds and accounts established under the Indenture, (v) the Mortgage and (vi) the Assignment of Contracts.

The “**Revenues**” include all gross income (including Medicaid payments), interest income (including interest income received by the Trustee and deposited into the Revenue Fund) and revenue received by the Borrower from the ownership or operation of the Project, including, but not limited to, all residential rents and income from the Project and all commercial rents and income from the Project (except in each instance deposits held as security) received in connection with leases or occupancy or services or otherwise received from or in regard to tenants of the Project, any additional money deposited by the Borrower from time to time into the Revenue Fund created under the Indenture and, after certification of the Project by the Department of Aging (the “**DOA**”) of the Indiana Family and Social Services Administration (the “**FSSA**”), the payments (the “**Provider Agreement Payments**”) made to the Borrower pursuant to an agreement (the “**IHCP Provider Agreement**”) between the Borrower and the FSSA under the Indiana Health Coverage Program (the “**IHCP**”), all business interruption insurance proceeds, and all rights to receive the same whether in the form of accounts, accounts receivable, general intangibles, contract rights, chattel paper, instruments or other rights and the proceeds thereof, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the Borrower and any other moneys, revenues or receipts which are specifically included in such definition by the terms of any supplemental indenture. Notwithstanding the foregoing, in no event shall any amounts drawn by the Trustee from the Debt Service Reserve Fund held by the

Trustee under the Indenture, in and of itself, be deemed to be “Revenues.” See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - General” and “Other Security - IHCP Provider Agreement” below.

The Bonds are also secured by a Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of October 1, 2017 (the “**Mortgage**”) from the Borrower to the Trustee and by an Assignment of Contracts and Interest in Licenses, Permits and Agreements dated as of October 1, 2017 (the “**Assignment of Contracts**”) from the Borrower to the Trustee. See SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Mortgage” and “- Other Security - Assignment of Contracts” below.

The Bonds are secured by a Debt Service Reserve Fund created under the Indenture, which will initially be funded by the deposit of a DSRF Credit Facility (as hereinafter defined) in the form of a surety bond issued by National Liability & Fire Insurance Company, an affiliate of Berkshire Hathaway Inc. The tax credit equity investor in the Borrower is also an affiliate of Berkshire Hathaway Inc. See “THE BORROWER AND OTHER PARTICIPANTS - The Investor Member and the Operating Agreement.”

The Project

The “**Project**” will be a 136-unit affordable assisted living facility and certain functionally-related improvements in Elkhart, Indiana. The Project will combine apartment-style housing with personal care and supportive services and will be constructed as a three-story elevator building with a mix of efficiency and one-bedroom units. The Project will be located at 2528 Bypass Road, Elkhart, Indiana. See “THE PROJECT” below.

Risks to Bondholders

The Bonds have risk characteristics which require careful analysis and consideration before a decision to purchase is made. Investment in the Bonds carries a substantial risk with respect to the payment of principal and interest. The generation of sufficient revenues to pay required debt service on the Bonds is dependent upon a number of different factors. See the information set forth below under “RISKS TO BONDHOLDERS” in this Official Statement.

Continuing Disclosure

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission, the Borrower has agreed, pursuant to the terms of the Loan Agreement and the Continuing Disclosure Agreement between the Borrower and the Trustee, as Dissemination Agent, to provide certain ongoing information to the Trustee regarding operating and financial information. The Dissemination Agent is required to post certain information so provided with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. See “CONTINUING DISCLOSURE” and APPENDIX E attached hereto.

Tax Exemption

Bond Counsel will deliver an opinion on the date of issuance and delivery of the Bonds (the “**Issuance Date**”) in substantially the form attached hereto as APPENDIX A to the effect that,

subject to continuing compliance with certain certifications, covenants, and representations by the Borrower and the Issuer, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “**Code**”), as in effect on the date thereof, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and is not taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations. In addition, in the opinion of Bond Counsel, under existing law, interest on the Bonds is exempt from income taxation in the State of Indiana except for the financial institutions tax. See “TAX MATTERS” below.

No Rating

No rating has been sought or provided for the Bonds. This may adversely affect the ability to transfer or otherwise sell the Bonds in the secondary market. See “RISKS TO BONDHOLDERS - Lack of Rating and Market for the Bonds” and “NO RATING” below.

THE BONDS

General

The Bonds are being issued under and secured by the Indenture in the aggregate principal amount of \$18,825,000*. A summary of the terms and provisions of the Indenture is attached hereto as APPENDIX C. The Bonds will be issued as fully registered bonds in the Authorized Denominations (as defined below). The Bonds will be dated the Issuance Date and will bear interest at the rate of interest per annum set forth on the inside cover page hereof from their date, payable on April 1 and October 1 of each year (each an “**Interest Payment Date**”), commencing April 1, 2018.

The principal or redemption price of each Bond will be payable in immediately available funds upon surrender of such Bond at the designated office of the Trustee (the “**Principal Office**”) or its successor in trust (which for U.S. Bank National Association is in Indianapolis, Indiana) except presentation and surrender of such Bond is not required in connection with a regular, scheduled sinking fund redemption not at maturity. Payment of interest on any Bond will be made to the registered owner thereof on the registration books of the Trustee, as Bond Registrar, and shall be made (i) by check or draft mailed by first class mail on the Interest Payment Date to such registered owner as of the close of business on the 15th day of the month immediately preceding the Interest Payment Date (the “**Record Date**”), at its address as it appears on such registration books or such other address as has been furnished in writing to the Trustee by such owner, or (ii) by wire transfer on the Interest Payment Date to the owner of \$1,000,000 or more in aggregate principal amount of Bonds, if such owner shall have provided written notice to the Trustee at least one day prior to the Record Date of its designated account within the continental United States.

The Bonds shall bear interest until the principal thereof shall have been paid, whether at maturity, upon redemption or otherwise. Interest on the Bonds shall be paid in arrears on each

* Preliminary, subject to change

Interest Payment Date, and at maturity or upon redemption prior to maturity. Interest on the Bonds shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months.

“**Authorized Denominations**” means denominations of \$5,000 and integral multiples thereof.

Redemption

Optional Redemption. The Bonds are subject to redemption at the option of the Borrower prior to their stated maturity date, in whole or in part, after the required notice of redemption is given, on or after the dates set forth below and at the redemption prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth below, plus accrued interest to the redemption date:

<u>Dates</u>	<u>Prices</u>
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The Bonds are not subject to optional redemption prior to October 1, 20__.

Mandatory Sinking Fund Redemption. The Bonds are subject to mandatory sinking fund redemption on the Interest Payment Dates and in the principal amounts set forth below at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date, and without redemption premium, subject to reduction, pro rata among all sinking fund maturities to the extent that Bonds are redeemed prior to maturity otherwise than pursuant to such scheduled mandatory redemption:

Term Bond Maturing _____ 1, 20__

Payment Date (<u>October 1</u>)	Principal Amount <u>Redeemed</u>
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†

† Final Maturity

Term Bond Maturing _____ 1, 20__

Payment Date (<u>October 1</u>)	Principal Amount <u>Redeemed</u>
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†

† Final Maturity

Upon any optional redemption in part of any Bond, the principal amount of such Bond redeemed shall be credited against the foregoing sinking fund redemption payments in amounts and on such dates as directed by the Borrower.

Mandatory Redemption upon Determination of Taxability. The Bonds are subject to mandatory redemption in whole on the earliest date after the required notice of redemption can be given following a Determination of Taxability (as defined below) but not less than 35 days following the Trustee's receipt of notice of the occurrence of such Determination of Taxability (the "**Tax Call Redemption Date**") at a redemption price equal to 105% of the principal amount of the Bonds so redeemed, plus accrued interest on the Bonds to the Tax Call Redemption Date. Notwithstanding anything in the Indenture to the contrary, the Trustee is required to give prompt, written notice of the occurrence of a Determination of Taxability to the Bondholders and the Borrower. Other than set forth above, no other redemption premium is required to be payable in the event of a Determination of Taxability.

"Determination of Taxability" means the entry by a court of competent jurisdiction of a final judgment or order or a notice of deficiency issued by the Internal Revenue Service, in either such case to the effect that the interest on the Bonds (other than interest on any Bond for any period during which the Bonds are held by a "substantial user" of any facility financed with the proceeds of the Bonds or a "related person," as such terms are used in Section 147(a) of the Code) is includable for federal income tax purposes in the gross income of all recipients thereof subject to federal income taxes. For purposes of this definition, in the event of a good faith appeal of such judgment or order, or a contest or the filing with the Internal Revenue Service of a request for ruling or other advice initiated by the Borrower or any other interested party, no Determination of Taxability shall be deemed to have occurred until the date upon which all such appeals, contests, or requests pursued with due diligence by the Borrower or other interested party have been finally exhausted or until after the period, if any, for appeal or contest by the Borrower or other interested party has expired without such appeal or contest having been properly instituted.

Extraordinary Mandatory Redemption. The Bonds are subject to redemption in whole or in part (as applicable) prior to maturity, at a redemption price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest to the date fixed for redemption, upon the receipt by the Trustee of a written certification of the Borrower fixing a redemption date (which date must be at least 30 days but not more than 60 days after the date of the certification and must be an Interest Payment Date in the case of (e) below), and stating that one of the following events has occurred:

- (a) any insurance proceeds received by the Trustee as a result of damage to the Project or defective title which are required by the Loan Agreement to be applied to the prepayment of the Loan (as opposed to those proceeds which are to be applied under the Loan Agreement to the repair or rebuilding of the Project);
- (b) condemnation proceeds received by the Trustee which are required by the Loan Agreement to be applied to the prepayment of the Loan (as opposed to those proceeds which are to be applied under the Loan Agreement to the repair or rebuilding of the Project);

(c) the Borrower becomes subject to the Bankruptcy Code and the trustee in bankruptcy has caused or directed prepayment of the Mortgage;

(d) upon an Event of Default under the Loan Agreement and an acceleration of the Loan; or

(e) commencing with the release of the audited financial statements for fiscal year 2022 and continuing with such release for each subsequent year, if the Debt Service Coverage Ratio (as defined below under “SECURITY AND SOURCES OF PAYMENTS FOR THE BONDS - Obligation to Hire Independent Consultants - Debt Service Coverage Ratio”), is or was less than 1.10 for the immediately preceding two consecutive fiscal years, to the extent that amounts are then available in the Borrower Account of the Revenue Fund, moneys shall be transferred from the Borrower Account to redeem Bonds; provided that (i) there shall be no such redemption unless the holders of a majority in aggregate principal amount of the Bonds (a “Majority of Holders”) has directed in writing that the Bonds be so redeemed, and (ii) the principal amount of Bonds to be redeemed shall be the lesser of (1) the amount then on deposit in the Borrower Account, and (2) the minimum amount which, when the Debt Service Coverage Ratio for both of the immediately preceding two consecutive annual periods is recalculated to take into account the redemption of Bonds pursuant to this subsection (e), would have been at least 1.10, in each case rounded down to the nearest \$5,000.

Mandatory Redemption to the Extent of Excess Moneys in the Construction and Acquisition Fund. The Bonds are subject to partial mandatory redemption, to the extent of excess moneys in the Construction and Acquisition Fund, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest to the redemption date, in the maximum principal amount of Authorized Denominations permitted by the balance of moneys transferred to the Bond Fund as described in (ii) below, but only if the amount transferred is at least \$100,000. Such redemption shall occur on the first date upon which proper notice of redemption can be given following (i) delivery by the Borrower of the certificate pursuant to Section 3.3(d) of the Loan Agreement and (ii) the transfer of excess moneys in an amount of at least \$100,000 from the Construction and Acquisition Fund to the Bond Fund pursuant to the provisions of Section 3.3(d) of the Loan Agreement. See APPENDIX C attached hereto.

Procedure for Redemption

In case of redemption of the Bonds (other than for sinking fund redemption), the Borrower shall, at least 35 days prior to the redemption date, deliver a written request to the Issuer and the Trustee (unless a shorter notice shall be satisfactory to the Trustee) notifying the Issuer and the Trustee of such redemption date and of the principal amount of the Bonds to be redeemed and shall, prior to the redemption date, deliver to the Trustee sufficient funds to pay the redemption price of all Bonds subject to redemption.

If any of the Bonds are called for redemption, at the direction of the Borrower, the Trustee is required to give written notice, in the name of the Issuer, of the redemption of such Bonds, to the Registered Owners of the Bonds to be redeemed, not less than 30 nor more than 60 days prior to the redemption date, which notice must (i) specify the Bonds to be redeemed, the redemption

date, the redemption price, and the place or places where amounts due upon such redemption will be payable (which is required to be the Principal Office of the Trustee) and, if less than all of the Bonds are to be redeemed, the numbers of the Bonds, and the portion of the Bonds, so to be redeemed, (ii) state any condition to such redemption, (iii) at the request of the Borrower, state that the notice is conditional and may be cancelled at Borrower's request; and (iv) state that, unless the notice is cancelled, on the redemption date, and upon the satisfaction of any such condition, the Bonds to be redeemed shall cease to bear interest, provided that funds are available for such purpose on that date, and if funds are not available on such date, the redemption shall be deferred until funds are available. Such notice may set forth any additional information relating to such redemption. No defect in any such notice shall in any manner defeat the effectiveness of the call for redemption. The Trustee, upon receipt of notice from the Borrower that the redemption has been cancelled, shall promptly notify the Registered Owners in writing in the manner described above that the notice of redemption is cancelled.

Any Bonds and portions of Bonds which have been duly selected for redemption and which are deemed to be paid under the Indenture will cease to bear interest on the specified redemption date.

When official notice of redemption has been given and not cancelled as described above, the Bonds or portions of Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price specified in the notice, and from and after such date (unless there is a default in the payment of the redemption price) such Bonds or portions of Bonds will cease to bear interest. Such Bonds shall be paid by the Trustee at the redemption price. Upon surrender for any partial redemption of any Bonds, the Indenture requires that there be issued to the Registered Owner a new Bond or Bonds in the amount of the unredeemed principal in an Authorized Denomination.

Notwithstanding the foregoing, for so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, or are registered in some other book-entry only system, all rights of ownership of the Bonds are required to be exercised through DTC and the book-entry only system and all notices are to be given only to DTC (except as to Interested Beneficial Holders, as defined in the Indenture, who are required under the Indenture to be given all notices required to be given by the Trustee to DTC), all pursuant to the Blanket Issuer Letter of Representations entered into between the Issuer and DTC.

Selection of Bonds to be Redeemed

Bonds must be redeemed in whole or in part from any funds available for that purpose in accordance with the provisions of the Indenture, provided, that there shall be no partial redemption of any Bond which would result in the unredeemed portion not being of an Authorized Denomination. If less than all the Bonds are called for redemption under any provision of the Indenture permitting such partial redemption, the particular Bonds to be redeemed are required to be selected by the Trustee by lot; provided that the portion of any Bond to be redeemed must be in an Authorized Denomination. Partial redemptions of any Bonds subject to mandatory sinking fund redemption shall be by lot. If it is determined that a portion, but not all, of the principal amount represented by any Bond is to be called for redemption, then, upon notice of intention to redeem such portion, the Registered Owner of such Bond upon surrender of such Bond to the Trustee for

payment to such Registered Owner of the redemption price of the portion called for redemption is entitled to receive a new Bond or Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such Bond. New Bonds representing the unredeemed balance of the principal amount of such Bond are required to be issued to the Registered Owner, without charge. If the Registered Owner of any Bond of a denomination greater than the principal amount to be redeemed fails to present such Bond to the Trustee for payment and exchange as described above, such Bond will, nevertheless, become due and payable on the date fixed for redemption to the extent of the portion of the principal amount called for redemption (and to that extent only).

Purchase in Lieu of Redemption

In lieu of any redemption, moneys available for such purpose under the Indenture may be used and withdrawn as directed by the Borrower for the purchase of outstanding Bonds, at public or private sale as and when, and at such prices (including brokerage and other charges) as the Borrower may provide, but in no event may Bonds be purchased at a price in excess of the principal amount of such Bonds, plus interest accrued to the date of purchase and any premium which would otherwise be due if such Bonds were to be redeemed in accordance with the Indenture.

Registration, Transfer and Exchange

Books for the registration and for the transfer of the Bonds as provided in the Indenture are required to be kept by the Trustee, who is also appointed under the Indenture as the Bond Registrar of the Issuer. The Bonds shall not be registered to bearer. Upon surrender for transfer of any Bond at the Principal Office of the Trustee duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney duly authorized in writing, the Issuer is required to execute and the Trustee to authenticate and deliver in the name of the transferee or transferees a new fully registered Bond for a like aggregate principal amount.

Fully registered Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount of fully registered Bonds of other Authorized Denominations. The Issuer is required to execute and the Trustee to authenticate and deliver Bonds which the Bondholder making the exchange is entitled to receive, bearing numbers not contemporaneously then outstanding. The execution by the Issuer of any fully registered Bond in an Authorized Denomination will constitute full and due authorization of such denomination and the Trustee will thereby be authorized to authenticate and deliver such registered Bond.

The Issuer or the Trustee will not be required to issue, register, transfer or exchange any Bond during the period beginning with the Record Date and ending on the next Interest Payment Date, nor during the period beginning 15 days before the mailing of notice of redemption of Bonds and ending on the redemption date.

In each case of a transfer or exchange of Bonds, the Trustee will require the payment by the Bondholder requesting such exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer and any reasonable fee of the Trustee with respect to such exchange or transfer.

Book-Entry Only System

DTC, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for the Bonds in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between the Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "**Indirect Participants**"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of the Bonds (the "**Beneficial Owner**") is in turn to be recorded on the Direct Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that the use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their

registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the documents related to the Bonds. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct Participant or Indirect Participant and not of DTC, the Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the

event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Issuer or the Borrower may decide to discontinue use of the book-entry only system through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Issuer, the Borrower, the Underwriter and the Trustee believe to be reliable, but the Issuer, the Trustee, the Underwriter and the Borrower take no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement, it should be understood that while the Bonds are in DTC's book-entry only system, reference in other sections of this Official Statement to Owners, Bondholders or Holders should be read, where applicable, to include the Beneficial Owner for whom a Direct Participant or an Indirect Participant acquires an interest in the Bonds, but (1) all rights of ownership must be exercised through DTC and DTC's book-entry only system and (2) notices that are to be given to Registered Owners by the Trustee will be given only to DTC, as Registered Owner, except as to Interested Beneficial Holders who are required under the Indenture to be given all notices given by the Trustee to DTC.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE ISSUER BUT, AS PROVIDED IN THE ACT, ARE PAYABLE SOLELY FROM PAYMENTS OF PRINCIPAL AND INTEREST ON ACCOUNT OF THE LOAN FUNDED THEREBY, WHICH SHALL BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS, EXCEPT AS MAY BE OTHERWISE EXPRESSLY AUTHORIZED IN THE INDENTURE. EACH AND EVERY COVENANT MADE IN THE INDENTURE BY THE ISSUER IS PREDICATED UPON THE CONDITION THAT THE ISSUER WILL NOT IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS, OR OTHER FEES AND EXPENSES PROVIDED THEREUNDER OR THE PERFORMANCE OF ANY PLEDGE, SECURITY AGREEMENT, OBLIGATION OR AGREEMENT CREATED BY OR ARISING UNDER THE INDENTURE OR THE BONDS FROM ANY PROPERTY OTHER THAN THE TRUST ESTATE (AS DEFINED HEREIN), AND THAT NEITHER THE BONDS NOR ANY SUCH OBLIGATION OR AGREEMENT OF THE ISSUER WILL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER, OR AS A PLEDGE OF THE GENERAL CREDIT, FAITH OR TAXING POWER OF THE ISSUER OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE MEMBERS OF THE ISSUER NOR ANY PERSON EXECUTING THE BONDS SHALL BE PERSONALLY LIABLE ON THE BONDS OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE THEREOF.

The Bonds are payable solely from and secured by (i) amounts paid by the Borrower under the Loan Agreement and the Note, (ii) an assignment of all of the Issuer's rights (except for the Issuer Unassigned Rights) under the Loan Agreement, (iii) a pledge of and security interest in all moneys and investments held in the funds and accounts established under the Indenture (except the Rebate Account), (iv) the Mortgage, and (v) the Assignment of Contracts. The Bonds also will be secured by a pledge of the Revenues which, after certification of the Project by FSSA and satisfaction of the conditions described herein under "ASSISTED LIVING PROJECTS IN INDIANA AND THE HCBS WAIVER PROGRAM - Indiana Licensure for Residential Care Facilities," will include Provider Agreement Payments under the IHCP Provider Agreement. The obligations of the Borrower under the Loan Agreement are nonrecourse obligations enforceable only against the Project and the Revenues therefrom.

Mortgage

As additional security for the payments to be made by the Borrower under the Loan, the Borrower will grant to the Trustee a mortgage on the Project as evidenced by a Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "**Mortgage**") dated as of October 1, 2017. The Mortgage also will include a security interest in, among other things, all equipment at the Project and personal property of the Borrower including: accounts, general intangibles inventory and notes. A summary of the terms and provisions of the Mortgage is attached hereto as APPENDIX C.

Other Security

Assignment of Contracts. As additional security for the payments to be made by the Borrower under the Loan, the Borrower will grant to the Trustee pursuant to an Assignment of Contracts and Interest in Licenses, Permits and Agreements dated as of October 1, 2017 (the "**Assignment of Contracts**") a lien on and a perfected security interest in all licenses, permits, approvals and agreements entered into by the Borrower or issued to the Borrower by all boards, agencies and departments (governmental or otherwise) pertaining to the acquisition, construction, equipping of the Project, to the extent so assignable, and in and to the Architect's Contract, the Construction Contract and the Management Agreement, as such terms are defined below.

IHCP Provider Agreement. The Loan also will be secured by the Revenues, including, but not limited to, payments received by the Borrower under the IHCP Provider Agreement after the Project is licensed as a Residential Care Facility by the Indiana State Department of Health and certified as a waiver provider by the DOA as described herein under "ASSISTED LIVING PROJECTS IN INDIANA AND THE HCBS WAIVER PROGRAM - Indiana Licensure for Residential Care Facilities." Under the IHCP Provider Agreement, FSSA will agree to make the Provider Agreement Payments for each Medicaid-eligible resident. The Borrower will covenant in the Loan Agreement to cause all Provider Agreement Payments to be deposited with the Trustee promptly following receipt by the Borrower. It is important to note that, while the Borrower expects licensure as a residential care facility and certification as a Medicaid waiver provider in due course, the IHCP Provider Agreement will not be in place on the date the Bonds are issued. For a discussion of the licensure and certification process, see "ASSISTED LIVING PROJECTS IN INDIANA AND THE HCBS WAIVER PROGRAM - Indiana Licensure for Residential Care

Facilities” below. See also “RISKS TO BONDHOLDERS - Medicaid Programs” and “ - IHCP Provider Agreement and Assisted Living Program” below.

Completion Guaranty. Hellenic Senior Living - Elkhart MM, Inc., an Indiana corporation and the managing member of the Borrower (the “**Managing Member**”) and AHEPA Affordable Housing Management Company, Inc., an Indiana nonprofit corporation (the “**Developer**”) will provide a Guaranty of Completion (the “**Completion Guaranty**”) to the Trustee, for the benefit of the Bondholders. The Completion Guaranty will mirror the completion guaranty given by the Managing Member and Developer to the Investor Member under the Operating Agreement. Under the Completion Guaranty, the Trustee agrees not to pursue remedies while the Investor Member is pursuing remedies under its completion guaranty, and the Trustee’s rights and remedies under the Completion Guaranty are subordinate to the rights and remedies available to the Investor Member under its completion guaranty. A copy of the Completion Guaranty is available upon request of the Underwriter.

Funds and Accounts; Flow of Funds

Funds and Accounts. In order to secure the payment of the principal of, premium, if any, and interest on the Bonds, under the Indenture the Issuer will assign and grant a security interest in all moneys, securities and earnings held from time to time by the Trustee under the terms of the Indenture, including the funds and accounts held by the Trustee thereunder, except as otherwise provided in the Indenture. The Indenture establishes the following funds and accounts:

1. Bond Fund, and within the Bond Fund, a Capitalized Interest Account;
2. Costs of Issuance Fund;
3. Construction and Acquisition Fund;
4. Debt Service Reserve Fund;
5. Revenue Fund and, within the Revenue Fund, the following Accounts:
 - (a) Rebate Account,
 - (b) Replacement Reserve Account,
 - (c) Operating Expense Account,
 - (d) Trustee/Issuer Expense Account,
 - (e) Tax and Insurance Escrow Reserve Account, and
 - (f) Borrower Account;
6. Medicaid Delay Reserve Fund; and
7. Marketing/Advertising Reserve Fund.

Bond Fund. The Bond Fund, and within the Bond Fund, the Capitalized Interest Account, are to be held by the Trustee and used for the purpose of paying the principal, redemption premium, if any, and interest on the Bonds at the times set forth in the Bonds and of retiring such Bonds at or prior to maturity at the times and in the manner provided herein. On the Issuance Date, there

shall be deposited in the Capitalized Interest Account of the Bond Fund the amount of \$1,770,000* of proceeds of the Bonds for the purpose of paying interest on the Bonds commencing on the Issuance Date and until such amount is depleted by May 1, 2020*.

Costs of Issuance Fund. The Cost of Issuance Fund is established to pay issuance costs. None of the proceeds of the Bonds, other than an amount not exceeding 2% of the sale price of Bonds, may be used to pay the Costs of Issuance of the Bonds. Amounts in the Costs of Issuance Fund shall be used to pay issuance costs upon filing with the Trustee a written requisition of the Authorized Borrower Representative. Any monies remaining in the Costs of Issuance Fund three months after the Issuance Date shall be transferred to the Construction and Acquisition Fund.

Construction and Acquisition Fund. On the Issuance Date, there shall be deposited in the Construction and Acquisition Fund the amount of \$16,678,500* from the proceeds of the Bonds. The Construction and Acquisition Fund is established to pay, or reimburse the Borrower for payment of, costs of the acquisition, construction and equipping of the Project. Moneys in the Construction and Acquisition Fund will be disbursed upon receipt by the Trustee of written requisitions from the Authorized Borrower Representative in accordance with the Disbursing Agreement and approved by Jones Petrie Rafinski Corp. or such other independent third party construction monitor agreed to by a Majority of Holders (the “**Construction Monitor**”), provided that such approval shall not be required for the first draw on the Issuance Date or any draws from the Costs of Issuance Fund.

Marketing/Advertising Reserve Fund. The Marketing/Advertising Reserve Fund is required to be funded in the amount of \$375,000*, from the proceeds of the second draw of the First Capital Contribution to be made by the Investor Member and to be deposited on or before 180 days prior to Completion. Amounts on deposit in the Marketing/Advertising Reserve Fund will be held and disbursed by the Trustee at the written request of the Borrower to pay or reimburse the Borrower for payment of marketing and advertising costs related to the Project. Moneys in the Marketing/Advertising Reserve Fund will be disbursed upon receipt by the Trustee of a written request from an Authorized Borrower Representative stating the amount requested, the purpose for such payment or reimbursement, and the then-current estimated date of delivery of the Completion Certificate. The Trustee shall be entitled to rely on such written request and shall have no duty to confirm work and services completed or the appropriateness of the charges of payees. Moneys from the Marketing/Advertising Reserve Fund shall not be disbursed to the Borrower prior to the date which is 180 days before such estimated date of delivery of the Completion Certificate. Any moneys remaining in the Marketing/Advertising Reserve Fund after the Project has achieved an Occupancy Level (Economic) (as defined in the Operating Agreement) of at least 90% (as evidenced by a certificate signed by an Authorized Borrower Representative and submitted to the Trustee) shall be transferred to the Operating Reserve held by the Investor Member.

Debt Service Reserve Fund; DSRF Credit Facility. The Indenture creates a Debt Service Reserve Fund to be held by the Trustee in which funds are required to be maintained in the amount of the Debt Service Reserve Fund Requirement. Provided that the transfers described in this sentence do not reduce the balance in the Debt Service Reserve Fund below \$250,000, the Trustee will, without further direction, transfer funds in the Debt Service Reserve Fund to the Bond Fund

* Preliminary, subject to change.

on any Interest Payment Date to the extent that the funds in the Bond Fund, after all transfers into the Bond Fund as described below under “-Insufficiency in Bond Fund,” on such Interest Payment Date are insufficient to pay the interest and principal then due on the Bonds including, without limitation, any mandatory sinking fund redemptions; provided, however, monies in the Debt Service Reserve Fund may only be used to make payments on the Bonds. With the consent of the Majority of Holders, the Trustee may make transfers from the Debt Service Reserve Fund to the Bond Fund on any Interest Payment Date as described below under “-Insufficiency in Bond Fund” in amounts that would reduce the balance in the Debt Service Reserve Fund to an amount less than \$250,000.

The “**Debt Service Reserve Fund Requirement**” means (a) on the Issuance Date, the amount of \$572,987* with respect to the Bonds which amount is equal to six months of maximum annual debt service on the Bonds, and (b) with respect to any Additional Bonds issued under the Indenture, the maximum annual debt service on all Outstanding Bonds (subject to any requirements necessary to maintain the tax-exempt status of all tax-exempt Bonds). Notwithstanding the foregoing, no calculations of the Debt Service Reserve Fund Requirement shall take into account the final maturity of any Additional Bonds with a back-loaded principal payment on such final maturity date.

The Indenture permits the Debt Service Reserve Fund Requirement to be met by the deposit with the Trustee of a DSRF Credit Facility (or by the deposit of cash and a DSRF Credit Facility). A “**DSRF Credit Facility**” consists of a letter of credit or surety bond which (a) permits the Trustee to draw on such instrument in an amount in order to pay principal of and interest on the Bonds in the event moneys in the Bond Fund are insufficient therefor or to pay certain fees, charges or expenses of the Trustee as provided in the Indenture, and (b) is issued by a provider with a financial strength rating of at least “A” or its equivalent by Moody’s or S&P. The Borrower may at any time deposit cash with the Trustee for deposit into the Debt Service Reserve Fund in substitution for a DSRF Credit Facility, provided that the cash so deposited with the Trustee is in at least the amount of the undrawn amount remaining available to be drawn on such DSRF Credit Facility. In the event that the financial strength rating of the provider of the DSRF Credit Facility by Moody’s or S&P shall at any time fall below “A” or its equivalent, the Borrower shall be obligated to replace such DSRF Credit Facility and meet the Debt Service Reserve Requirement with cash to be deposited in the Debt Service Reserve Fund within 30 days following such rating reduction. If the Borrower meets the Debt Service Reserve Fund Requirement by depositing a combination of cash and a DSRF Credit Facility, draws on the Debt Service Reserve Fund shall first be made from cash and then from the DSRF Credit Facility.

The Borrower will meet the Debt Service Reserve Fund Requirement on the Issuance Date by the deposit of a qualifying DSRF Credit Facility consisting of a surety bond (the “**Surety Bond**”) issued by National Liability & Fire Insurance Company (“**National Liability**”), an affiliate of Berkshire Hathaway Inc. (which is also an affiliate of the Investor Member). See “THE BORROWER AND OTHER PARTICIPANTS - The Investor Member and the Operating Agreement.” The Surety Bond is available to the Trustee to pay that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid. Under the Surety Bond, “**Due for Payment**” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which payment is

due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless National Liability shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. The Surety Bond also permits draws by the Trustee upon the exercise by the Trustee of its rights under the Indenture to reimburse itself from moneys in its possession for expenses, disbursements, charges and counsel fees for indemnification; for all such purposes, this Surety Bond shall be deemed to be “moneys in its possession;” provided, however, notwithstanding anything herein to the contrary, the amount available under this Surety Bond for such reimbursement payments to the Trustee shall not exceed the lesser of (A) \$500,000.00 or (B) the policy limit. A full copy of the Surety Bond may be requested from the Underwriter.

Revenue Fund. The Indenture establishes a Revenue Fund to be held by the Trustee and the Accounts described below are all created within the Revenue Fund.

Rebate Account. Amounts deposited in the Rebate Account of the Revenue Fund will be used to make rebate payments to the United States Department of the Treasury at the times and in the amounts required by written direction of the Borrower to the Trustee as required by the Arbitrage Certificate.

Operating Expense Account. Amounts in the Operating Expense Account will be disbursed to the Borrower on the 20th day of each month in the amount of the budgeted expenditures for operations of the Project for the following month as provided in the Operating Budget provided to the Trustee by the Borrower for that year pursuant to the Loan Agreement.

Trustee/Issuer Expense Account. Moneys on deposit in the Trustee/Issuer Expense Account will be applied to pay the fees of the Trustee and of the Issuer pursuant to the Loan Agreement (including, without limitation, the Issuer Fees and Expenses) as such fees are due. Any deficiency will be paid by the Borrower upon notice and demand pursuant to the Loan Agreement.

Tax and Insurance Escrow Reserve Account. The Tax and Insurance Escrow Reserve Account is required to be funded in the amount of \$100,000*, from the proceeds of the second draw of the First Capital Contribution to be made by the Investor Member. Moneys on deposit in the Tax and Insurance Escrow Reserve Account will be applied to pay real estate taxes, personal property taxes and insurance premiums for the Project, as such amounts become due, provided that the Trustee receives a written request from an Authorized Borrower Representative. Any deficiency shall be paid by the Borrower upon notice and demand from the Trustee.

Replacement Reserve Account. The Indenture and Loan Agreement provide for a “**Replacement Reserve Account**” of the Revenue Fund to be held by the Trustee to pay for capital repairs and restoration of the Project. The Borrower is required to pay to the Trustee for deposit in the Replacement Reserve Account the amount of \$5,666.67 per month (totaling \$68,000 per year or \$500 per unit/per year), commencing upon the earliest to occur of (i) Stabilization (as defined in the Operating Agreement as the date the Project has attained both an Occupancy Level (Economic) of at least 90% and a 1.35 debt service coverage ratio average over four consecutive calendar months of operation), (ii) funding of the Third Capital Contribution by the Investor Member, or (iii) the 36th month following Completion, subject, however, to any greater amount as

* Preliminary, subject to change.

provided by a notice by the Borrower or any future adjustment, as determined by a report prepared by an independent engineer in accordance with the Loan Agreement, in such amounts sufficient to fund any necessary repairs and/or restoration as determined by such findings of the independent engineer. Disbursements from the Replacement Reserve Account shall be made solely to pay costs and expenses of repairs and restoration of the Project as provided for in the Capital Improvement Budget provided pursuant to the Loan Agreement, based on a requisition signed by an Authorized Borrower Representative, with the written consent of the Investor Member, certifying with respect to each payment (i) the name and address of the person to whom payment is due (which may be the Borrower if the payment is to reimburse the Borrower for amounts previously paid and the Borrower provides evidence of prior payment), (ii) the line item of the approved budget to which the payment relates, (iii) the unexpended budgeted amount remaining in regard to such line item before the payment requested, (iv) the amount to be paid, and (v) that the obligation to be paid has been properly incurred in regard to the Project and is a proper charge against the Replacement Reserve Account. Notwithstanding the foregoing, the Trustee shall, upon receipt of a written requisition of the Borrower, with the written consent of the Investor Member, disburse amounts from the Replacement Reserve Account for emergency repairs to the Project affecting essential mechanical and/or structural elements of the Project and/or the health and safety of the Project residents.

Borrower Account. Moneys will be deposited into the Borrower Account of the Revenue Fund, and will be disbursed from such Account, as described below under “Flow of Funds” and “Disbursements from Borrower Account” below.

Lease-Up Reserve. The Lease-Up Reserve established under the Operating Agreement is required to be funded in the amount of \$700,000*, with \$350,000* funded from the proceeds of the second draw of the First Capital Contribution to be made by the Investor Member and to be deposited approximately 90 days prior to Completion (as defined in the Operating Agreement), and \$350,000* funded from the proceeds of the Second Capital Contribution simultaneously with the funding of the Second Capital Contribution, to be made by the Investor Member as described herein under “THE BORROWER AND OTHER PARTICIPANTS -The Investor Member and the Operating Agreement.” Upon receipt by the Trustee of written notice by the Borrower certifying as to receipt of the Third Capital Contribution under the Operating Agreement, the amount then on deposit in the Lease-Up Reserve shall be transferred to the Operating Reserve held by the Investor Member. Amounts on deposit in the Lease-Up Reserve are not required to be replenished.

Deposit of Moneys. The Trustee is authorized under the Indenture to receive the proceeds of the Bonds, along with certain other moneys of the Borrower. The net proceeds received by the Issuer from the sale of the Bonds and the other funds to be deposited by the Borrower with the Trustee are to be applied as follows: (i) \$16,678,500* to be deposited in the Construction and Acquisition Fund, (ii) \$1,770,000* to be deposited in the Capitalized Interest Account of the Bond Fund, and (iii) \$376,500* to be deposited in the Costs of Issuance Fund. In addition, the Operating Agreement requires (See “THE BORROWER AND OTHER PARTICIPANTS - The Investor Member and the Operating Agreement”):

* Preliminary, subject to change.

- A. The Tax and Insurance Escrow Reserve Account shall be funded with \$100,000* from the First Capital Contribution (second draw) to be made by the Investor Member.
- B. The Lease-Up Reserve shall be funded with \$350,000* from the First Capital Contribution (second draw) no earlier than 90 days prior to Project completion, and with \$350,000* from the proceeds of the Second Capital Contribution to be made by the Investor Member upon receipt of the final certificate of occupancy for the Project and other conditions as described under the Operating Agreement.
- C. The Operating Reserve shall be funded in the amount of \$1,275,000* upon Stabilization (as defined in the Operating Agreement), and other conditions described under the Operating Agreement from the proceeds of the Third Capital Contribution.
- D. The Medicaid Delay Reserve Fund shall be funded in the amount of \$160,000* which shall be funded at the same time as and with the proceeds of the Second Capital Contribution. The Medicaid Delay Reserve Fund will be held by the Trustee on behalf of the Borrower. At the end of the tax credit compliance period, any amounts in the Medicaid Delay Reserve Fund will be distributed under the Operating Agreement to the Borrower, but only if the Borrower currently has 60 Days Cash on Hand and will continue to have 60 Days Cash on Hand following any such distribution of amounts from the Medicaid Delay Reserve Fund.
- E. The Marketing/Advertising Reserve Fund in the amount of \$375,000* which shall be funded on or before 180 days prior to Completion, as defined in the Operating Agreement. The Trustee shall hold the Marketing/Advertising Reserve Fund. Any funds remaining in the Marketing/Advertising Reserve Fund after the Project has attained an Occupancy Level (Economic) of at least 90% shall be transferred to the Operating Reserve.

In addition, on the date of issuance of the Bonds, the Borrower will meet the Debt Service Reserve Fund Requirement on the Issuance Date by the deposit of a qualifying DSRF Credit Facility consisting of a surety bond issued by National Liability & Fire Insurance Company, an affiliate of Berkshire Hathaway Inc. (which is also an affiliate of the Investor Member). See “THE BORROWER AND OTHER PARTICIPANTS - The Investor Member and the Operating Agreement.”

Flow of Funds. The Loan Agreement requires that all Revenues are to be deposited when received from the Borrower, or in the case of payments under the IHCP Provider Agreement, to be deposited directly, in a Collection Account (as defined in the Loan Agreement). All Revenues in the Collection Account shall be transferred by the Borrower (if the Collection Account is maintained at a financial institution other than the Trustee) not later than the last Business Day of each week, and on the 20th day of each month irrespective of whether it is the last Business Day of a week, to the Trustee for deposit into the Revenue Fund under the Indenture. If the Collection Account is maintained with the Trustee, then the Trustee shall transfer all Revenues in the Collection Account on the 20th day of each month to the Revenue Fund. The Trustee shall transfer or disburse all funds in the Revenue Fund on the 20th day of each month (except as otherwise provided below) in the following amounts and order of priority:

1. to the Trustee/Issuer Expense Account of the Revenue Fund the amount required (A) to pay any amount coming due to the Trustee pursuant to the Loan Agreement or the Indenture prior to the fifteenth of the following month plus any unpaid amounts previously due to the Trustee, (B) to pay any amounts necessary to pay Issuer Fees and Expenses due to the Issuer prior to the fifteenth of the following month pursuant to the Loan Agreement or the Indenture, plus any unpaid amounts previously due to the Issuer, including Late Fees, if any, and (C) to pay any and all consultants or experts retained by the Trustee or the Issuer pursuant to the terms of the Borrower Documents (as defined in the Indenture), as certified to the Trustee by the Borrower;
2. to the Rebate Account of the Revenue Fund, amounts necessary in each year so as to meet the Rebate Amount as set forth in writing by the Borrower to the Trustee;
3. to the Operating Expense Account of the Revenue Fund, the budgeted expenditures for the operations of the Project for the following month as set forth in the Operating Budget provided to the Trustee by the Borrower pursuant to the Loan Agreement;
4. to the extent that amounts from the initial deposit of Bond proceeds into the Bond Fund are insufficient, to the Bond Fund the sum of (A) one-sixth of the interest due on the next Interest Payment Date plus (B) one-twelfth of the principal amount required to pay Bonds at maturity or to redeem Bonds scheduled for mandatory sinking fund redemption during the current Bond Year (as defined in the Indenture) pursuant to the Indenture, provided, however, that, notwithstanding the foregoing, the deposit made to the Bond Fund by the 20th of the month immediately preceding an Interest Payment Date is required to be at least the amount equal to the difference between the amount already on deposit in the Bond Fund and the principal of and interest and any premium payable on the Bonds on such Interest Payment Date;
5. transfer to the Tax and Insurance Escrow Reserve Account of the Revenue Fund, the sum of (A) one-twelfth (or such greater amount as necessary to pay when due) of the sum of all real estate taxes, personal property taxes and assessments to be due in the next 12 months as certified to the Trustee by the Borrower plus (B) one-twelfth (or such greater amount as necessary to pay when due) of the amount necessary to maintain all required insurance coverage during the next 12 months as certified to the Trustee by the Borrower;
6. in the event the amount available to be drawn under any DSRF Credit Facility, together with funds on deposit in the Debt Service Reserve Fund, are less than the Debt Service Reserve Fund Requirement, to the Debt Service Reserve Fund an amount equal to the shortfall between the amount of the funds on deposit in the Debt Service Reserve Fund, together with the undrawn amount of any DSRF Credit Facility therein, and the Debt Service Reserve Fund Requirement, in order to bring the balance of the Debt Service Reserve Fund up to the Debt Service Reserve Fund Requirement by the next succeeding Interest Payment Date;
7. commencing upon the earliest of (i) Stabilization (as defined in the Operating Agreement as the date the Project has attained both an Occupancy Level (Economic) of at least 90% and a 1.35 debt service coverage ratio average over four

consecutive calendar months of operation), (ii) the funding of the Third Capital Contribution (as defined in the Operating Agreement), or (iii) the 36th month following Completion (as defined in the Operating Agreement), to the Replacement Reserve Account a monthly amount equal to \$5,666.67 (totaling \$68,000 per year, or \$500 per unit/per year) or such greater amount required by the Loan Agreement, or such other higher amount as may be specified by the Borrower or as established from time to time as described below under “Obligation to Hire Independent Consultants;”

8. following the initial funding of the Medicaid Delay Reserve Fund from the Second Capital Contribution (or if the Medicaid Delay Reserve Fund has not been funded when required in accordance with the Indenture for any reason), transfer to the Medicaid Delay Reserve Fund an amount equal to the shortfall between the amount of the funds on deposit in the Medicaid Delay Reserve Fund and the sum of \$160,000, in order to bring the balance of the Medicaid Delay Reserve Fund to \$160,000;
9. following the initial funding of the Operating Reserve in accordance with the Operating Agreement (or if the Operating Reserve has not been funded when required in accordance with the Operating Agreement for any reason), disburse to the Investor Member an amount equal to the shortfall between the amount of the funds on deposit in the Operating Reserve and the sum of \$1,275,000, in order to bring the balance of the Operating Reserve to \$1,275,000; and
10. the balance, if any, to the Borrower Account of the Revenue Fund.

To the extent that the amount available in the Revenue Fund is insufficient on the 20th day of any month to transfer the amounts for such month required pursuant to (1) through (6) above, except for any amounts required to be transferred to the Bond Fund pursuant to (4) above which are instead transferred to the Bond Fund from the Debt Service Reserve Fund, such amounts shall next be transferred from the following funds and accounts in the following order of priority: (1) the Borrower Account; (2) upon written request from the Trustee to the Borrower, from the Lease-Up Reserve; and (3) the Medicaid Delay Reserve Fund (to the extent the Medicaid Delay Reserve Fund has been funded). To the extent a deficiency still exists, the Trustee shall notify the Borrower and demand that the Borrower obtain funds within five Business Days of the date of such demand, but only to the extent the Borrower has a right to do so under the Operating Agreement, from the Operating Reserve held by the Investor Member, and remit any funds so obtained to the Trustee to cure such deficiency. See “THE BORROWER AND OTHER PARTICIPANTS - The Investor Member and the Operating Agreement” below. Amounts available under the Operating Reserve shall only be available during the 15 year tax credit compliance period and during the period that the Operating Agreement is in effect.

Disbursements from Borrower Account. In each year beginning with the year following the Borrower’s first full calendar year of operations, on the first day of the month following receipt by the Trustee of the audited financial statements of the Borrower for the previous fiscal year, the Trustee shall distribute to the Borrower the lesser of the amount which was on deposit in the Borrower Account as of the end of the previous fiscal year and the amount then on deposit in the

Borrower Account, but only if (i) the Debt Service Coverage Ratio for the preceding fiscal year equals or exceeds 1.10 to 1.0, (ii) the Borrower shall evidence via a certificate of the Borrower delivered to the Trustee a minimum of 60 Days Cash on Hand at both (A) the December 31 preceding a release of funds from the Borrower Account and (B) the day following the Trustee's release of funds from the Borrower Account to the Borrower, (iii) the Debt Service Reserve Fund Requirement is satisfied, (iv) the amount then on deposit in the Bond Fund, the Rebate Account, the Operating Expense Account, the Tax and Insurance Escrow Reserve Account, the Replacement Reserve Account, the Operating Reserve, the Lease-Up Reserve, the Marketing/Advertising Reserve Fund and the Medicaid Delay Reserve Account are at least equal to the amounts then required to be on deposit therein, and (v) no Event of Default under the Indenture relating to a default under the IHCP Provider Agreement, such that the Borrower's right to operate the Project thereunder will be terminated, shall have occurred in the preceding two fiscal years.

In addition, upon the receipt of the Third Capital Contribution under the Operating Agreement and as such is confirmed in writing to the Trustee, the Trustee shall distribute to the Borrower, upon written request, the amount of funds then on deposit in the Borrower Account, provided that the tests set forth in (i) through (v) in the preceding paragraph have been satisfied, with the liquidity covenant test date in (ii) above measured after the date of such Third Capital Contribution.

In each year beginning in 2022, following the release of the audited financial statements for the previous fiscal year, if the Debt Service Coverage Ratio is or was less than 1.10 to 1.0 for the immediately preceding two consecutive fiscal years, any moneys then on deposit in the Borrower Account of the Revenue Fund, shall be transferred from the Borrower Account to redeem Bonds as described herein under "THE BONDS - Redemption - Extraordinary Mandatory Redemption" (clause (e)); provided that (a) there shall be no such redemption unless a Majority of Holders has directed in writing that the Bonds be so redeemed, and (b) the principal amount of Bonds to be redeemed shall be the lesser of (i) the amount then on deposit in the Borrower Account, and (ii) the minimum amount which, when the Debt Service Coverage Ratio for both of the immediately preceding two consecutive annual periods is recalculated to take into account such redemption of Bonds, would have been at least 1.10 to 1.0, in each case rounded down to the nearest \$5,000.

Insufficiency in Bond Fund

In the event there are insufficient moneys in the Bond Fund on any date that principal of or interest on the Bonds is due and payable, the Trustee is required to transfer from the other funds and accounts created under the Indenture (or otherwise held by the Borrower or Investor Member as described below) to the Bond Fund up to the amount necessary to cure such insufficiency in the order set forth below:

- (i) the Borrower Account;
- (ii) the Marketing/Advertising Reserve Fund;
- (iii) draws on the Lease-Up Reserve held by the Borrower under the Operating Agreement;
- (iv) the Medicaid Delay Reserve Fund;

- (v) draws on the Operating Reserve held by the Investor Member as described above in the first paragraph following clause (10) under “-Flow of Funds” above;
- (vi) the Debt Service Reserve Fund, provided that such transfers will not reduce the balance in the Debt Service Reserve Fund below \$250,000; and
- (vii) with the consent of the Majority of the Holders, transfers from the Debt Service Reserve Fund that would reduce the balance in the Debt Service Reserve Fund to less than \$250,000.

Additional Bonds

In addition to the Bonds initially issued, the Issuer may, at the direction of the Borrower, issue additional bonds under the Indenture (“**Additional Bonds**”) on a parity with all Outstanding Bonds and secured by an equal charge and lien on and payable equally from the Revenues and the Trust Estate (i) to provide moneys for any funds or accounts held under the Indenture; (ii) to provide for completion of the Project; and (iii) to refund in whole or in part a previously issued series of Bonds. The principal amount of such Additional Bonds may include an amount allocated to pay the cost of issuance of such Additional Bonds as well as amounts required to be deposited in certain funds and accounts established pursuant to the Indenture.

Prior to the delivery of any Additional Bonds on a parity with the Bonds, there shall be filed with the Trustee, among other items required by the Indenture, audited financial statements for the two (2) prior fiscal years showing that the Debt Service Coverage Ratio for the two (2) prior fiscal years is not less than 1.35, and a parity report from a firm of independent certified public accountants stating that the Debt Service Coverage Ratio based on the most recent audited financial statement is expected to equal or exceed 1.50 considering both the Bond Service Charges on the then Outstanding Bonds and also on any Additional Bonds assuming level annual debt service on the Additional Bonds to be issued, provided such report shall not be required in the event all then Outstanding Bonds are refunded as a whole.

Unless such Additional Bonds are refunding bonds and unless waived by a Majority of Holders, no Additional Bonds shall be delivered by the Issuer unless there shall have been filed with the Trustee a certificate of an architect or engineer setting forth: (i) the estimated cost of capital additions or repairs to be financed with the proceeds of the Additional Bonds; (ii) the estimated amounts which will be required from month to month for paying such cost; (iii) the estimated date of completion; and (iv) that in his/her opinion the proceeds of such Additional Bonds together with other available moneys are not less than the amount of the cost of such capital additions or repairs to the extent that such plans and specifications for such capital additions or repairs have been prepared by such architect or engineer. In the event that a Majority of Holders so determines or in the event that the principal amount of such Additional Bonds does not exceed five percent (5%) of the Borrower’s fixed assets (exclusive of construction in progress, but after deduction of depreciation) as shown in the most recent audited financial statements of the Borrower, an Authorized Officer of the Borrower may submit a certificate setting forth the same information required from the architect or engineer in lieu of the architect’s or engineer’s certificate.

Subordinated Bonds

The Issuer may also issue revenue bonds for any purpose permitted under the Act secured by a charge and lien on, and payable from, the Revenues and the Trust Estate which is junior, inferior and subordinate in all respects to the lien of the Revenues and the Trust Estate which secures the Bonds. Subordinated bonds may be issued only upon there being filed with the Trustee the consent of the holders of at least two-thirds of the aggregate principal amount of the Bonds.

Additional Indebtedness

The Borrower covenants that it will not incur, assume, guarantee or otherwise become liable in respect of any Indebtedness (as defined in the Loan Agreement) other than (a) up to \$500,000 of bank debt or equipment leases entered into in the normal course of business; (b) indebtedness that is outstanding on the Issuance Date (including the indebtedness in effect on the Closing Date); (c) Indebtedness related to any Additional Bonds or subordinated bonds under the Indenture; (d) any indebtedness (including, without limitation, any loans from any member of the Borrower, any guarantor, or any other entity or person affiliated with the Borrower or any guarantor), provided that such indebtedness is payable solely out of excess cash flow deposited in the Borrower Account of the Revenue Fund under the Indenture; and (e) deferred developer or general contractor fees.

Obligation to Hire Independent Consultants

Promptly upon the occurrence of any of the following, the Borrower shall hire an Independent Consultant (as defined in the Loan Agreement) which, except as described under “-Repair and Replacement” below, shall be approved by the Majority of Holders, to prepare and issue, at the Borrower’s expense, an appropriate report and to distribute each report to the Trustee, the Issuer and all holders of Bonds:

Debt Service Coverage Ratio. The Debt Service Coverage Ratio shall be tested annually (commencing with the Fiscal Year ending on December 31, 2021) for the preceding Fiscal Year. If the Debt Service Coverage Ratio is less than 1.10 to 1.0 for any Fiscal Year ending on December 31, 2021 or thereafter, the Borrower shall, at the request of a Majority of Holders, hire an Independent Consultant with recognized expertise in the area of assisted/supportive living facilities (including the compliance requirements of Section 42 of the Code) to recommend in a written report, appropriate steps to increase coverage, and improve the operations and the value of the Project. Such report shall be provided within sixty (60) days after the engagement of such consultant. The Borrower shall have a period of twelve calendar months to implement each recommendation of the Independent Consultant to the extent feasible and permitted by law. Within twelve (12) months after the submission of its initial report, the Independent Consultant shall submit to the Trustee a follow-up report indicating whether or not the recommendations contained in its initial report are being complied with by the Borrower.

“**Debt Service Coverage Ratio**” means for any consecutive twelve (12) month period, the ratio of (a) Revenues minus Operating Expenses (as defined in the Loan Agreement) for such consecutive twelve (12) month period determined in accordance with generally accepted accounting principles, divided by (b) the sum of the Bond Service Charges plus the regularly scheduled payments of principal of and interest on any other Indebtedness where such payments

are a fixed amount that is required to be paid rather than subject to available cash flow for such consecutive twelve (12) month period. “**Bond Service Charges**” means, during any period of time, principal of and interest and any redemption premium due on the Bonds for that period or payable at that time, as the case may be.

Repair and Replacement. No more than two and one-half months prior to the end of every fifth (5th) Fiscal Year, commencing with the Fiscal Year beginning the fifth year after the year in which the Trustee receives the Completion Certificate, the Borrower shall hire an independent engineer or engineering firm expert in capital needs assessments for facilities such as the Project, to inspect the Project and recommend what capital expenditures and repairs are necessary or appropriate to maintain the Project in the ensuing five (5) Fiscal Years. The Borrower shall thereafter certify to the Trustee any upward adjustments needed (based on such report) to the monthly amount required to be deposited in the Replacement Reserve Account as described herein under “-Replacement Reserve Account” and “-Flow of Funds.”

Lease-Up Stabilization. If the Project does not reach Lease-Up Stabilization (as defined below) within 24 months after the Borrower obtains a certificate of occupancy, the Borrower shall, at the request of a Majority of Holders, hire a marketing consultant, which marketing consultant shall be approved in writing by a Majority of Holders, with recognized expertise in the area of assisted/supportive living facilities, to recommend in a written report, appropriate steps to market the Project to potential residents. Such report shall be provided within sixty (60) days after the engagement of such consultant. The Borrower shall have a period of twelve calendar months to implement each recommendation of the marketing consultant to the extent feasible and permitted by law. Within twelve (12) months after the submission of its initial report, the marketing consultant shall submit to the Trustee a follow-up report indicating whether or not the recommendations contained in its initial report are being complied with by the Borrower.

“**Lease-Up Stabilization**” means the date on which for two consecutive months the Project has achieved a Debt Service Coverage Ratio of 1.0 to 1.0 or more.

Liquidity Covenant. The Borrower covenants that it will maintain 60 Days Cash on Hand (as defined below) as of each June 30 and December 31, commencing December 31, 2021. The Borrower will provide the Trustee and the Underwriter within forty-five (45) days of each June 30 and December 31 with a certificate stating the Days Cash on Hand. In the event that Days Cash on Hand falls below the requirement set forth above as of any June 30 or December 31 on or after December 31, 2021, the Borrower shall, at the request of a Majority of Holders, retain an Independent Consultant within seventy-five (75) days following the end of such June 30 or December 31 testing date at the Borrower’s expense. The Independent Consultant shall make appropriate recommendations in order to bring the Borrower into compliance with this covenant. Copies of such recommendations shall be filed with the Borrower, the Underwriter and Trustee. The Borrower agrees that promptly upon the receipt of such recommendations, subject to applicable requirements or restrictions imposed by law, or to the extent practical, it shall revise its methods of operation and shall take such other reasonable actions as shall be in conformity with the recommendations. So long as the Borrower shall retain an Independent Consultant and complies with such Independent Consultant’s recommendations to the extent practical or not prohibited by law, no default or Event of Default shall be declared solely by reason of a violation of the requirements of this covenant.

The Borrower has also covenanted in the Loan Agreement that following the “compliance period,” as defined in Section 42(i)(1) of the Code (the “**Compliance Period**”), it shall not distribute amounts held in the Medicaid Delay Reserve Fund other than for the intended purpose of the Medicaid Delay Reserve Fund, unless the Borrower currently has 60 Days Cash on Hand and will continue to have 60 Days Cash on Hand following any such distribution of amounts from the Medicaid Delay Reserve Fund.

“**Days Cash on Hand**” means as of any testing date, the amount calculated by the Borrower pursuant to the Loan Agreement equal to (i) unrestricted cash and investments held by the Borrower including, for such purpose, the balances in the Lease-Up Reserve and the Operating Reserve whether or not held by the Investor Member, plus cash held by the Managing Agent on behalf of the Borrower, plus the cash and investments held by the Trustee in the following funds or accounts: Revenue Fund, Collection Account not yet allocated to other accounts, Operating Expense Account, the Borrower Account and the Medicaid Delay Reserve Fund, divided by (ii) the sum of Operating Expenses plus annual interest on the Bonds and multiplied by (iii) 365. “**Operating Expenses**” means customary annual operating expenses of the Project plus amounts required to be deposited in the Replacement Reserve Account for the Fiscal Year for which audited financial statements are available or other relevant period (if applicable), but excluding for purposes of this definition depreciation, interest on the Bonds, amortization, unrealized gain or loss on investments, and other non-cash items that may be included on such financial statements as operating expenses for such period.

Change of Management

The Borrower may remove the Managing Agent and retain a new Managing Agent for the Project, provided that the new management company shall be approved in writing by the Investor Member and a Majority of Holders. The consent of a Majority of Holders shall not be unreasonably withheld. The Investor Member may remove the Managing Agent and retain new management for the Project without consent of the Issuer, the Trustee or any Bondholder so long as no Event of Default has occurred and is continuing under the Indenture. If requested by a Majority of the Holders, the Borrower shall be required to retain new management for the Project if (i) management does not implement the recommendation of a consultant retained as described above in the second paragraph under “Obligation to Hire Independent Consultants,” and (ii) the Debt Service Coverage Ratio for any Bond Year commencing not less than twelve (12) months after delivery of the report is less than 1.10 to 1.00. Such new Managing Agent shall be satisfactory to a Majority of Holders and the Investor Member, and shall be compensated with a management fee of not more than the compensation provided for in the initial Management Agreement (as described below under “THE BORROWER AND OTHER PARTICIPANTS - The Managing Agent and the Management Agreement”).

Change in Control of Managing Member

AHEPA Affordable Housing Management Company Inc. shall maintain directly or through control of one of its majority owned affiliates at least a majority owned interest in the Managing Member, except with the written consent of a Majority of Holders. The consent of the Majority of Holders shall be deemed given, if within 30 days following written request, no response is received. The consent of a Majority of Holders shall not be unreasonably withheld.

Notwithstanding the foregoing, the Investor Member shall have the right to remove the Managing Member under the terms and conditions set forth in the Operating Agreement without the consent of a Majority of Holders.

Assignment, Sale and Lease

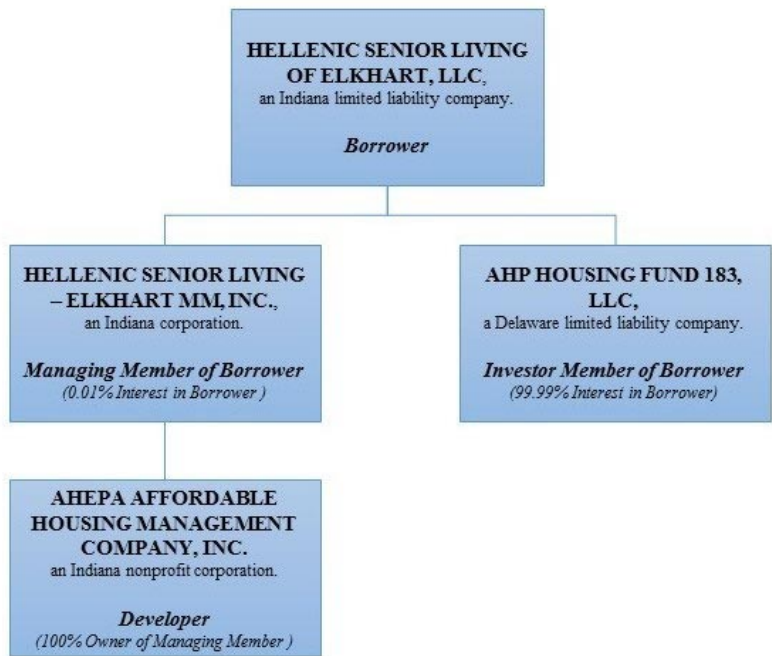
The Loan Agreement may not be assigned and the Project or interest therein may not be leased or sold, as a whole or in part (other than leases for occupancy of individual units by residential tenants or leases of commercial space, if any), by the Borrower unless the Borrower satisfies certain conditions set forth in the Loan Agreement, including obtaining the written consent of a Majority of Holders. Notwithstanding the foregoing, the Borrower may transfer property or assets without meeting the conditions set forth above (i) in the ordinary course of business to the extent that such property is worn out or is no longer useful or necessary in connection with the operation of the Project, (ii) to the extent that such property is replaced with property of equal value and utility, or (iii) so long as the aggregate fair market value of any property removed other than pursuant to (i) or (ii) above does not exceed \$250,000 annually.

THE BORROWER AND OTHER PARTICIPANTS

The Borrower

The Borrower is a limited liability company organized and existing under the laws of the State of Indiana, whose principal business purpose is the ownership of the Project. The Borrower will be responsible for the operation of the Project. Apart from ownership and operation of the Project, the Borrower has, and will have, no other substantial assets and no other business activities. The Borrower will be governed by the Operating Agreement (as hereinafter defined). Hellenic Senior Living - Elkhart MM, Inc., an Indiana corporation, is the managing member of the Borrower (the “**Managing Member**”) with a 0.01% capital interest in the Borrower. The 100% owner of the Managing Member, AHEPA Affordable Housing Management Company, Inc., an Indiana nonprofit corporation, will act as developer of the Project (the “**Developer**”). AHP Housing Fund 183, LLC, a Delaware limited liability company (the “**Investor Member**”), will acquire a 99.99% interest in the Borrower pursuant to an Amended and Restated Operating Agreement of the Borrower to be entered into on or prior to the Issuance Date (the “**Operating Agreement**”) by and between the Managing Member and the Investor Member. From and after the Issuance Date, the Managing Member and the Investor Member will be the only members of the Borrower.

Set forth below is an organizational chart showing ownership interests of the Borrower.



The Developer

The Developer, AHEPA Affordable Housing Management Company, Inc., is a wholly-owned subsidiary of AHEPA National Housing Corporation, an Indiana nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code. The Developer is also the 100% owner of Hellenic Senior Living - Elkhart MM, Inc., the Managing Member of the Borrower.

Established in 1992, the Developer provides on-site property management, maintenance and resident empowering support services for all AHEPA National Housing Corporation communities of affordable senior housing. The Developer currently manages 93 apartment buildings in 22 states. In addition, the Developer provides property management services for third-party property owners of Section 202 housing, assisted living facilities and other multi-unit senior properties.

The Developer also has affordable assisted living projects under construction in New Albany and Indianapolis, Indiana and intends to break ground on an additional affordable assisted living facility project in Mishawaka, Indiana later this year. The projects in New Albany and Indianapolis are expected to be completed in December 2017, and each project has proceeded in accordance with its projected construction schedule and within its anticipated construction budget.

The executive staff of the Developer includes the following people:

Arthur N. Poly, *CEO/President*. Arthur Poly has been the CEO of AHEPA Management Company since July 2010. In 2011, his role was expanded to CEO/President. Prior to accepting this position, Art served on a not-for-profit board for senior living in Hartford, CT and served as Treasurer and President of that board for 20 years. In addition, he has served on the national board of AHEPA Housing for over 10 years and on various hospital and bank boards. He was also President of East Coast and International Operations for a \$4.5 billion NYSE-traded company for 25 years. Art has a BS from Bentley College and an MBA from Boston University.

Stephani Smyrnis Calderon, *Vice President, Operations*. Stephani Smyrnis Calderon over 34 years in the affordable housing industry and has been with AHEPA Management Company since 1994 where she currently serves as Vice President of Operations. She has extensive knowledge of the affordable housing industry, property management, budgeting and fair housing regulations. Stephani has earned a Real Property Administrator designation and a Bachelor of Science degree in Business Administration from Butler University.

Todd Jensen, *Assistant Director of Acquisitions & Refinancing*. Todd Jensen has over seven years of Low Income Housing Tax Credit (LIHTC) and affordable housing development experience. Since joining AHEPA Management Company (AMC) in 2013, he has led AMC's LIHTC development efforts with a focus on affordable assisted living facilities. Todd holds a Bachelor of Science degree in Management from Purdue University and received his Master of Business Administration degree from Butler University.

Christopher Egan, *Controller*. Christopher Egan has been the Controller for AHEPA Management Company since July 2010 helping to lead the organization in growth and profitability. Prior to joining AHEPA Management Company, Christopher worked for the firms of Ernst & Young, Dauby O'Connor & Zaleski, and the Gene B Glick Company. In all, Christopher has seventeen years of experience in the affordable housing industry. Christopher has a BS in Accounting from Indiana University – Bloomington and is a non-practicing CPA in the state of Indiana.

Lucy Parsons, *Director of Compliance*. Lucinda Herring-Parsons brings 10 years of executive leadership in management and compliance to the AHEPA team, along with a 25-year background in both accounting and the medical field. Ms. Herring-Parsons joined AHEPA Management Company in 2004 and was promoted to AHEPA Management Company's Director of Compliance in 2011. In 2013, she took over the company's training department and became the Director of Compliance and Training. Ms. Herring-Parsons is affiliated with Quadel Consulting, an affordable housing industry training organization. She is a member of the National Affordable Housing Management Association (NAHMA) and of Voyager Affordable User Group (VAUG).

The Managing Member

The Managing Member of the Borrower is Hellenic Senior Living - Elkhart MM, Inc., an Indiana corporation. The Managing Member is wholly-owned by AHEPA Affordable Housing

Management Company, Inc., the Developer of the Project. The previous section “**The Developer**” provides information regarding AHEPA Affordable Housing Management Company, Inc., its principals and officers.

The Investor Member and the Operating Agreement

The investor member of the Borrower is AHP Housing Fund 183, LLC (the “**Investor Member**”). The initial managing member of the Investor Member is Affordable Housing Partners, Inc., a Delaware corporation. Affordable Housing Partners, Inc. is a wholly-owned subsidiary of Berkshire Hathaway Inc. The Berkshire Hathaway Group is currently an active investor in low income housing tax credits issued under Section 42 of the Code (“**LIHTCs**”) through Affordable Housing Partners, Inc., and has previously made significant LIHTC investments as a third party investor in syndicated funds.

The amount of LIHTCs projected to be received by the Borrower from the Project is \$8,975,650*.

Subject to adjustment as provided below, the Investor Member will commit under the Operating Agreement to make total Capital Contributions of \$7,718,287* based upon the purchase of 99.99% of the projected LIHTCs described in the preceding paragraph. This represents \$0.86 in capital contributions for every \$1.00 of LIHTCs. The Investor Member’s capital contributions will be adjusted up or down based on the actual amount of LIHTCs received by the Borrower using the rate of \$0.86 per \$1.00 of LIHTCs, with any increase in equity associated with an upward adjustment limited to 5% of the Investor Member’s original capital contribution.

The Investor Member is required to make an aggregate of \$7,718,287* in Capital Contributions to the Borrower under the Operating Agreement, subject to adjustment as provided therein. Subject to the provisions of the Operating Agreement, the Investor Member shall be obligated to make Capital Contributions to the Borrower in installments, summarized as follows:

(i) First Capital Contribution. The Investor Member shall make a first Capital Contribution (the “**First Capital Contribution**”) in the aggregate amount of \$2,398,266* on a draw basis as follows:

(A) The first draw of the First Capital Contribution shall be in the amount of \$827,750* and will be funded when the following conditions have been met:

(1) Receipt of the legal opinion required pursuant to the Operating Agreement;

(2) Receipt of the executed Guaranty, Managing Member Pledge, Developer Pledge, Development Agreement and Incentive Management Agreement; and

* Preliminary, subject to change.

(3) Initial Closing has occurred or will occur simultaneously with the funding the First Capital Contribution.

The first draw of the First Capital Contribution shall be used to pay Development Costs (as defined in the Operating Agreement) and to purchase a Surety Bond (as defined hereafter). Concurrently with the first draw of the First Capital Contribution, the Surety Provider shall provide a surety bond to the Trustee for the Bonds in the amount of \$572,987* (the “**Surety Bond**”) as security for the Borrower’s obligation to fund the Debt Service Reserve Fund.

(B) Upon the later of (i) 50% Completion, (ii) receipt of a completed form of the estimated Investor Member Specified Products Utilization Plan required under the Operating Agreement, (iii) delivery of the First Payment Certificate under the Operating Agreement, and (iv) July 1, 2018, the Investor Member shall make the second draw of the First Capital Contribution in the amount of \$997,529*. The second draw of the First Capital Contribution will be used to fund the Marketing/Advertising Reserve Fund, a portion of the Lease-Up Reserve and the Tax and Insurance Escrow Reserve Account and pay Development Costs.

(C) Notwithstanding anything to the contrary in (A) and (B) above, the Investor Member may, in its sole discretion, after satisfaction of the conditions referenced in (A) and (B) above, fund only that portion of the First Capital Contribution equal to the amount required to pay actual Development Costs that have been incurred as of the date all of the above conditions have been satisfied. Any portion of the First Capital Contribution that is not funded due to the application of the preceding sentence will be held by the Investor Member and paid in one or more additional installments, not more frequently than monthly, in accordance with the Operating Agreement, as and when actual Development Costs intended to be funded by the First Capital Contribution are incurred.

(ii) Second Capital Contribution. After satisfaction of all of the conditions set forth below, review and approval by the Investor Member of the items described below and delivery by Managing Member to Investor Member of the Second Payment Certificate, but in no event earlier than April 1, 2019, the Investor Member shall make a second Capital Contribution (the “**Second Capital Contribution**”) in the aggregate amount of \$3,389,319*:

(A) Receipt of a certificate of the Managing Member that the representations, warranties and covenants set forth in the Operating Agreement are true and accurate as of the date of the Second Capital Contribution, and that the Managing Member and the Borrower are not in default of any of their obligations under the Operating Agreement or the related Project Documents (as defined in the Operating Agreement) as of the date of the Second Capital Contribution;

(B) The Construction Monitor shall have prepared a physical inspection report and Investor Member shall cause the Construction Monitor to conduct a

* Preliminary, subject to change.

physical inspection of the Project within five (5) Business Days after Notice from the Managing Member, which Notice may be given after Completion has occurred;

(C) Completion (as defined in the Operating Agreement) shall have occurred; provided, however that for purposes of this clause (C) only, “Completion” may be evidenced by a temporary certificate of occupancy permitting occupancy of the Project, but allowing for subsequent completion of punch list items and seasoned items such as landscaping;

(D) To the extent available from the jurisdiction in which the Project is located, the Title Company shall have issued the following endorsements to the Owner’s Title Policy: (i) an endorsement indicating that the Borrower owns fee simple title to the real estate; (ii) a “date down” endorsement extending the effective date of the Owner’s Title Policy to the date of funding and showing no exceptions to the title other than the “Permitted Exceptions” thereunder, except as are acceptable to the Investor Member; and (iii) any other endorsements as may be required by the Investor Member. If such endorsements are not available in the jurisdiction in which the Project is located, the Investor Member shall have received such confirmation of the matters described in items (D)(i) and (D)(ii) above as the Investor Member may reasonably require;

(E) The Investor Member shall have received and approved an updated and recertified ALTA Survey meeting the 2016 Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys, jointly established and adopted by ALTA and NSPS, including Items 1-4, 6 through 11, and 13-21 thereof, and such other matters as shall be satisfactory to the Investor Member, dated no more than 30 days prior to the date of funding of the Second Capital Contribution;

(F) The Managing Member shall have submitted to the Investor Member a written document executed by the Managing Member, the Architect and the General Contractor certifying that no material changes have been made to the approved “for-construction” Plans and Specs, except as previously consented to by the Investor Member;

(G) The Investor Member shall have received a copy of any permits, certifications and licenses which are required for the operation and use of the Project, including the Residential Care Facility License, including evidence that the Borrower is enrolled in the Indiana Health Coverage Program and a copy of the temporary certificate or certificates of occupancy, or the equivalent, issued by the appropriate governmental authorities for the Project in its entirety;

(H) The Investor Member shall have received a report in form satisfactory to it showing that radon gas is not present in any of the apartment units at a level above the recommended permitted safe level as determined by the United States Environmental Protection Agency or any other applicable governmental authority. In addition, the Managing Member has provided the Investor Member evidence that the construction of the Project did not result in the filling or disturbance of any wetlands and that any actions recommended to be taken which were contained in any environmental assessment reports prepared in conjunction

with the development of the Project or were contained in any report by the Environmental Consultant have each been appropriately completed in a manner that fully complies with such recommendations and applicable Environmental Laws;

(I) The Managing Member shall have provided the Investor Member with an estoppel certificate from the Trustee or other evidence satisfactory to the Investor Member that there are no defaults or events which, with notice or the passage of time, or both, would constitute a default under any documents related to the issuance of the Bonds

(J) The Managing Member shall have delivered to the Investor Member an Architect's certificate of completion in the form of AIA Document G704 or a substantially similar form reasonably acceptable to the Investor Member;

(K) The Investor Member shall have received satisfactory evidence (which may be included in the endorsements to the Owner's Title Policy) that all real property taxes and assessments for the Project due and payable through the date of funding the Second Capital Contribution have been timely and fully paid;

(L) The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in the Operating Agreement;

(M) If the Management Agreement is not executed and delivered on or before the date of issuance of the Bonds, or if the Managing Agent is replaced or a new Management Agreement is executed after the date of issuance of the Bonds, the Investor Member shall have received and approved the Management Agreement;

(N) The Investor Member shall have received a completed form of its "Specified Products Utilization Plan" and corresponding invoices confirming the use of specified products in the construction of the Project;

(O) Evidence that the Medicaid Receivables and SSI Receivables are in place and available to fund;

(P) The Managing Member shall not be in default of its obligations under the Operating Agreement, including without limitation, current on all reporting requirements set forth in the Operating Agreement;

(Q) Evidence to the Investor Member that the Marketing/Advertising Reserve Fund, Tax and Insurance Escrow Reserve Account and Lease-Up Reserve are fully funded to the amounts required as provided in the Operating Agreement; and

(R) The Investor Member shall have received all items which were required as a condition to the First Capital Contribution but which the Investor Member deferred until the Second Capital Contribution, plus all post-closing conditions shall have been satisfied.

Notwithstanding the foregoing, if all conditions to funding the Second Capital Contribution have been achieved other than receipt of the Residential Care Facility License referred to in (G) above, including evidence that the Borrower is enrolled in the Indiana Health Coverage Program, the Investor Member shall make the Second Capital Contribution, less \$200,000* of the Development Fee as defined herein. Upon receipt of the Residential Care Facility License, including evidence that the Borrower is enrolled in the Indiana Health Coverage Program, the Investor Member shall fund the final portion of the Second Capital Contribution.

Notwithstanding anything to the contrary in clauses (ii)(A) – (R) above, the Investor Member may, in its sole discretion, after satisfaction of all conditions set forth in clauses (ii)(A) – (R) above, fund only that portion of the Second Capital Contribution equal to the amount required to pay actual Development Costs that have been incurred as of the date all of the above conditions have been satisfied. Any portion of the Second Capital Contribution that is not funded due to application of the preceding sentence will be held by the Investor Member and paid in one or more additional installments, not more frequently than monthly, in accordance with the Operating Agreement, as and when actual Development Costs intended to be funded by the Second Capital Contribution are incurred.

The funds contributed as the Second Capital Contribution shall be used to fund the Medicaid Delay Reserve Fund, fund the balance of the Lease-Up Reserve and pay Development Costs.

(iii) Third Capital Contribution. Upon satisfaction of the following conditions and delivery by Managing Member to Investor Member of the Third Payment Certificate, but in no event earlier than January 2, 2021, the Investor Member shall make a third Capital Contribution (the “**Third Capital Contribution**”) in the amount of \$1,830,702*, subject to reduction and withholding as provided below, upon the satisfaction of the following conditions: (a) the funding of the Second Capital Contribution as described above; (b) receipt of any items which were required as a condition to the Second Capital Contribution but which the Investor Member deferred until the Third Capital Contribution; (c) Stabilization (defined in the Operating Agreement as the date on which the Project has attained both Occupancy Level (Economic) of at least 90% and a 1.35 Debt Service Coverage Ratio average over four (4) consecutive calendar months of operation); (d) receipt of an audited cost certification of Eligible Basis (as defined in Section 42(d) of the Code) for the Project prepared by the Accountants; (e) receipt of the submission package for IRS Forms 8609 for the entire Project; (f) receipt by the Investor Member of a copy of an as-recorded Extended Use Agreement for the Project; (g) Investor Member shall have received a certification from Managing Member that the Applicable Fraction (as defined in Section 42(c)(1)(B) of the Code) for the Project equals or exceeds 40% determined as of the date of the Third Capital Contribution; (h) the Managing Member shall have delivered to the Investor Member a current rent roll for the Project certified to the Investor Member by the Managing Member and the Managing Agent, and in form and substance reasonably satisfactory to the Investor Member, together with copies of all tenant leases, if requested by the Investor Member; (i) receipt of a certificate from the Managing Member that (1) the representations, warranties and covenants in the Operating Agreement continue

* Preliminary, subject to change.

to be true and accurate through the date of the proposed Third Capital Contribution, and (2) the Borrower and Managing Member are not in default of any of their obligations with respect to the Borrower or the Project at such time, including without limitation, current on all reporting requirements of the Operating Agreement; (j) the Initial Occupancy Date (defined as the first date upon which not less than one hundred percent (100%) of the tax credit units in the Project shall have been initially leased to and shall have been physically occupied by Qualified Tenants, as may be required to be verified at Investor Member's direction by a third party tenant income certification review (and as paid for by Borrower)) has occurred; (k) evidence that all Reserves have been established and funded in full (or the Surety Bond (as defined below) has been provided) or will be established and funded in full at levels required by the Operating Agreement concurrently with the funding of the Third Capital Contribution; (l) receipt of such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in the Operating Agreement; (m) receipt of all necessary permanent certificates of occupancy and evidence of completion of all punch list items; (n) the Investor Member determines in its reasonable judgment that there is no threat to recapture of the LIHTCs as a result of any then-proposed or pending legislative or regulatory material adverse change in Medicaid or SSI payments to tenants of the Project. **"Surety Bond"** means a surety bond in the amount of \$572,987*.

The Third Capital Contribution will be used to fund the Operating Reserve and to pay Development Costs.

(iv) Fourth Capital Contribution. Upon satisfaction of the following conditions and delivery by Managing Member to Investor Member of the Fourth Payment Certificate, but in no event earlier than April 1, 2021, the Investor Member shall make a fourth Capital Contribution (the **"Fourth Capital Contribution"**) in the amount of \$100,000*, subject to adjustment and withholding as provided below: (a) the funding of the Third Capital Contribution; (b) receipt of fully executed Forms 8609 for the entire Project; (c) evidence that the Project has attained both an Occupancy Level (Economic) of at least 90% and a 1.35 Debt Service Coverage Ratio for the period, in the aggregate, from the date of funding the Third Capital Contribution until the date of funding the Fourth Capital Contribution; (d) receipt of any items which were required as a condition to the Third Capital Contribution but which the Investor Member deferred until the Fourth Capital Contribution; (e) receipt of a certificate from the Managing Member that (1) the representations, warranties and covenants in the Operating Agreement are true and accurate as of the date of the proposed Fourth Capital Contribution, and (2) the Borrower and Managing Member are not in default of any of their obligations with respect to the Borrower or Project at such time, including without limitation, current on all reporting requirements set forth in the Operating Agreement; (f) receipt of tax returns for the Borrower for the first year of the Credit Period; and (g) receipt of such other documentation as the Investor Member may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations

* Preliminary, subject to change.

set forth in the Operating Agreement. The Borrower will use the Fourth Capital Contribution to pay Development Costs.

(v) Fifth Capital Contribution. On the Surety Bond Termination Date (as defined below), the Investor Member shall make a fifth Capital Contribution (the “**Fifth Capital Contribution**”) in the amount of \$572,987* reduced by the sum of (without double counting) (A) the aggregate amount drawn on the Surety Bond and (B) each payment by the Investor Member to the Trustee to fund the Debt Service Reserve Fund (which shall be treated as a Capital Contribution by the Investor Member to the Borrower). The Borrower shall use the Fifth Capital Contribution to fund the Debt Service Reserve Fund and shall deposit such amount with the Trustee. The “**Surety Bond Termination Date**” means (i) the date the Bonds are no longer outstanding; (ii) the date the Investor Member withdraws as a member from the Borrower; (iii) the date the Investor Member elects to fund the Debt Service Reserve Fund with a Capital Contribution to the Borrower; (iv) the date that the financial strength rating of the provider of the Surety Bond by Moody’s or S&P at any time falls below “A” or its equivalent; or (v) the date the sum of (A) the aggregate amounts drawn on the Surety Bond and (B) the aggregate amount of Capital Contributions funded by the Investor Member to the Trustee to fund the Debt Service Reserve Fund equals \$572,987*.

The fee (the “**Development Fee**”) to the Developer is estimated to be \$1,458,500*. The Borrower will pay the Development Fee to the Developer using portions of Capital Contributions from the Investor Member to the Borrower and from Bond interest earnings, pursuant to the following schedule:

\$300,000* will be paid at the time of the Investor Member’s first draw of the First Capital Contribution as described above.

\$200,000* will be paid at the time of the Investor Member’s Second Capital Contribution as described above.

\$858,500* will be paid at the time of the Investor Member’s Third Capital Contribution as described above.

\$100,000* will be paid at the time of the Investor Member’s Fourth Capital Contribution as described above.

The Operating Agreement Guarantees

Construction Guaranty.

Under the Operating Agreement, the Managing Member covenants and guarantees as follows:

(i) to cause Completion of the Project to occur by the earliest of January 31, 2020* or the date for Completion required in the Project Documents.

* Preliminary, subject to change.

(ii) to cause the Borrower to satisfy all construction related requirements in the Bond Documents and the Operating Agreement, including any requirements related to Completion.

(iii) to pay all Excess Development Costs when and as incurred. Such Excess Development Costs may, at Managing Member's election (with Notice to Investor Member) be paid by Managing Member causing a portion of the Development Fee (not to exceed the lesser of the amount of the Excess Development Costs or the then unpaid cash portion of the Development Fee) to be changed to a Deferred Development Fee in the manner provided in the Development Agreement (a "**DDF Election**"). If Excess Development Costs are not funded by a DDF Election, then any amounts paid by Managing Member pursuant to the Operating Agreement shall not be repaid by the Borrower, nor shall such amounts be considered or treated as Capital Contributions of Managing Member to the Borrower; provided that any amounts paid by Managing Member pursuant to the Operating Agreement shall be treated as a Capital Contribution to the extent such amounts qualify as Eligible Basis for a Certified Credit Increase as defined in the Operating Agreement. With the Consent of Investor Member and as otherwise provided in the Operating Agreement, Managing Member may make withdrawals from the Lease-Up Reserve solely for paying Excess Development Costs prior to Managing Member's funding under the Construction Guaranty; provided, however, that the Consent of Investor Member shall not be required (and only Notice of withdrawal shall be required) for withdrawals solely for the purpose of paying Operating Deficits incurred by the Borrower during the period following Completion.

(iv) The Managing Member shall pay any Excess Development Costs by the earliest of (A) the date required to avoid a default or penalties under Borrower obligations, including without limitation the Loan, (B) the date required to keep all sources of funding for the Project "in balance," (C) the date required to keep all expenses without a specific maturity date paid forty five (45) days after the date of the invoice or (D) such earlier date as may be set forth in the Operating Agreement.

Operating Deficit Guaranty.

Under the Operating Agreement, the Managing Member covenants and guarantees as follows:

(i) If at any time during the period commencing on the achievement of Stabilization (defined in the Operating Agreement as the date on which the Project has attained both Occupancy Level (Economic) of at least 90% and a 1.35 Debt Service Coverage Ratio average over four (4) consecutive calendar months of operation) and ending on the expiration of the Compliance Period (the "**ODG Period**"), an Operating Deficit shall exist, the Managing Member shall make a loan to the Borrower and/or refund such distributions (an "**Operating Deficit Loan**") as shall be necessary to pay such Operating Deficit(s). Notwithstanding the foregoing, prior to making any Operating Deficit Loans, the Managing Member may draw funds from the Lease-Up Reserve, and the Operating Reserve as provided in the Operating Agreement, provided, however, that the Managing Member shall not be obligated to make an Operating Deficit Loan if and to the

extent such loan would cause the aggregate amount of all Operating Deficit Loans then outstanding to exceed \$1,250,000* (the “**Initial ODG Cap**”).

(ii) Once the Managing Member has funded Operating Deficit Loans up to the Initial ODG Cap, the Managing Member and the Investor Member shall be obligated to refund distributions from Net Cash Flow previously received by the members after Stabilization (including the Priority Return but excluding distributions to pay the Deferred Development Fee), in such proportion to such distributions, as shall be necessary to pay such Operating Deficit(s).

(iii) Once the Managing Member and the Investor Member have refunded distributions from Net Cash Flow as provided in (ii) above, the Managing Member shall again be obligated to make Operating Deficit Loans to the Borrower. Notwithstanding the foregoing, the Managing Member shall not be obligated to make an Operating Deficit Loan if and to the extent such loans would cause the aggregate amount of all Operating Deficit Loans then outstanding to exceed \$1,250,000* plus the amount of refunded distributions as provided in (ii) above (the “**ODG Cap**”).

(iv) Once the Managing Member has funded Operating Deficit Loans to the Borrower in the amount of the ODG Cap and the Managing Member and the Investor Member have refunded distributions from Net Cash Flow as provided in (iii) above, the Managing Member may draw funds remaining in the Operating Deficit Reserve to pay Operating Deficits. Thereafter, each of Managing Member and the Investor Member shall be obligated to fund Operating Deficits to the Borrower by making MM Loans or IM Loans, as applicable, to the Borrower as provided in the Operating Agreement.

(v) Notwithstanding the provisions of clause (i) above, the ODG Period shall terminate at the expiration of the Credit Period provided the following conditions have been met: (1) the Project has attained an average 1.40 Debt Service Coverage Ratio for the 24-month period preceding the expiration of the Credit Period, (2) the balance of the Operating Reserve is at least \$1,275,000* based on audited financial statements and (3) the Investor Member, determines, in its reasonable judgment, that there is no threat to recapture of the LIHTCs as a result of any then proposed or pending legislative or regulatory material adverse change in the Medicaid and/or Social Security Administration payments to (or with respect to) tenants of the Project.

(vi) If on or before expiration of the ODG Period, the Managing Member or any Affiliate of the Managing Member constructs or participates in an affordable assisted living project that is not owned by an Affiliated Entity (the “**New Project**”) which qualifies for LIHTCs within a one (1) mile radius of the location of the Project (the “**Radius**”), then the obligation of Managing Member to make Operating Deficit Loans shall continue until six (6) years from the date the last certificate of occupancy (or equivalent) for the New Project is issued by the applicable Authority (the “**Occupancy Certificate Issuance Date**”). If the Managing Member or any Affiliate of the Managing Member, constructs or otherwise participates in a New Project within the Radius after the ODG Period, then Managing

* Preliminary, subject to change.

Member shall provide Operating Deficit Loans for a period of six (6) years commencing on the Occupancy Certificate Issuance Date.

(vii) Any Operating Deficit Loan shall be on the following terms: (A) it shall be unsecured; (B) it shall not bear interest; (C) it shall be repayable solely from Net Cash Flow and from the proceeds of a Capital Transaction from the net proceeds resulting from liquidation of the Borrower; and (D) it shall be fully subordinated to payment of the Loan, IM Loans, MM Loans, indebtedness of the Borrower to all Persons other than Members and to all other amounts which have a payment priority. Managing Member shall be required to fund Operating Deficits by the earlier of (x) the date required to avoid a default or penalties under Borrower obligations, including without limitation the Loan, and (y) the date required to keep all expenses without a specific maturity date paid 45 days after the date of the invoice. The foregoing guaranty is referred to herein as the **“Operating Deficit Guaranty.”**

Stabilization Guaranty.

The Managing Member further covenants and guarantees to cause Stabilization to be achieved on or before January 2, 2021, or such later date as consented to by the Investor Member. If and to the extent that the Borrower is required to make a payment on the Loan in order to achieve Stabilization, then the Managing Member, from its own funds, shall make payment on the Loan in an amount sufficient to achieve Stabilization. All amounts paid by Managing Member to stabilize the Loan shall constitute the payment of an Excess Development Cost and such payment shall not give rise to any right of reimbursement or repayment in favor of Managing Member and shall not constitute a Capital Contribution by Managing Member.

Guaranty Agreement.

Under a Guaranty Agreement to the Investor Member (the **“Guaranty Agreement”**), the Developer (the **“Operating Agreement Guarantor”**) irrevocably and unconditionally fully guarantees the due, prompt and complete performance of each and every one of the following obligations: (a) the payment and performance by the Managing Member of each and every obligation of the Managing Member due under the Operating Agreement; (b) the payment and performance by the Managing Member of each and every obligation of the Managing Member under the Managing Member’s pledge agreement to the Investor Member; (c) the payment and performance of each and every obligation of the Developer under the Development Agreement and the Developer pledge agreement to the Investor Member; and (d) the due, prompt and complete payment of all costs and expenses (including, without limitation, reasonable attorneys’ fees) incurred by the Investor Member in collection of the enforcement of the Guaranty Agreement.

The DSRF Credit Enhancer

The Bonds will be secured by the Debt Service Reserve Fund created under the Indenture, which will initially be funded by the deposit of a DSRF Credit Facility in the form of a surety bond issued by National Liability & Fire Insurance Company, an affiliate of the Investor Member. National Liability & Fire Insurance Company has a financial strength rating of “AA+” by S&P Global Ratings and “A++” by A.M. Best.

The Managing Agent and the Management Agreement

General. Gardant Management Solutions Inc. (the “**Managing Agent**”) will manage the Project. The Managing Agent was originally formed in 1999 as BMA Management Ltd. to manage assisted living and supportive living facility projects located in the Midwest. As of August 2017, the Managing Agent manages 47 supportive and assisted living projects, comprising 4,505 apartments. The facilities range in size from 41 to 182 apartment units.

Assisted Living Properties Operated by Gardant Management Solutions

	<u>Assisted Living Properties</u>	<u>Units</u>
Chicago Metropolitan Region	13	1,341
Northern Illinois outside Chicago	6	546
South Suburban Region	5	609
Central Illinois	11	923
Southern Illinois	6	468
St. Louis Metro East	3	309
Indiana	2	249
Outside Illinois and Indiana	1	60
Total	47	4,505

Management.

Rod Burkett, Chief Executive Officer

Rod Burkett has been at the helm of Gardant Management Solutions (formerly BMA Management) since the company was founded in 1999, serving as the company’s first and only operational leader. Rod’s stated mission is to deliver exceptional results and his philosophy is that success is earned each and every day. Rod has created a dynamic environment at Gardant driven by his inquisitive nature and thirst for learning and continuous growth. The Gardant culture is largely defined by Rod’s desire for harmony in building consensus and consistency in how every employee is treated with respect.

As CEO, Mr. Burkett has overseen the opening of more than 40 new senior living communities, including the first affordable assisted living community to be developed by Gardant. These communities have touched the lives of thousands of older adults and their families. Through his leadership, Gardant has grown to be the 14th largest provider of assisted living in the nation and the largest provider of affordable assisted living communities in the State of Illinois.

Prior to Gardant, Rod enjoyed a 20-year career in the healthcare management fields of public health, home health, medical clinics, hospitals and nursing homes. During this experience, Rod served as Chief Executive Officer of two hospitals and held the position of Regional Director for a large nursing home ownership chain.

Rod currently serves on the Board of Directors for the National Center for Assisted Living. He is the Past President of the Affordable Assisted Living Coalition and has served on the Supportive Living Facility Cabinet for Leading Age Illinois, the largest elder care association in Illinois. Rod also has served as a member of Argentum's COO Roundtable and is a member of Vistage, an international executive development group.

Mr. Burkett earned his MBA through studies at St. Louis University and Eastern Illinois University and received his BS degree in Community Health from Eastern Illinois University.

Jo Ellen Bleavins, RN, MBA, *President*

Jo Ellen Bleavins plays a pivotal senior leadership role in the operations of Gardant communities and in work with Gardant's clients. An analytical thinker and learner by nature, Jo Ellen stays ahead of trends in her strategic view of the industry. Always in command of the details, she is accountable for the success of the business and brings a personal touch in connecting with residents, employees and clients.

During her career with Gardant, Jo Ellen has led the opening or acquisition of more than 50 communities. She brings to her position more than 20 years of administrative experience in assisted living, supportive living and long-term care. She also has a complimentary background in nursing as Administrator and Director of Nursing with experiences including acute-hospital care and skilled long-term care in assisted and supportive living settings.

Jo Ellen currently serves as President of the Supportive Living Facility Cabinet for LeadingAge Illinois, the largest elder care association in Illinois. She is a member of Argentum's COO Roundtable and Vistage, an international executive development group. She has been a member and volunteer of numerous organizations including Leading Age Illinois and the Affordable Assisted Living Coalition.

Jo Ellen attended the University of Illinois and holds both MBA and BS degrees in Nursing from Millikin University.

More information about the Managing Agent can be found at <http://www.gardant.com>.

Management Agreement. The Borrower and the Managing Agent will enter into a Residential Care Facility Property Management Agreement (the "**Management Agreement**") on or before the date of issuance of the Bonds.

Pursuant to the Management Agreement, the Managing Agent will receive the following fees:

Lease-up Fee. If 100% of the tax credit certified units are certified as occupied by tax credit eligible tenants ("**Qualified**") on or before the 91st day of initial operations, then the Managing Agent will receive a one-time payment of \$30,000, or if 100% of the tax credit certified units are Qualified on or before the 181st day of initial operation, then the Managing Agent will receive a one-time payment of \$20,000.

Management Fee During Lease-up Phase. Prior to the earlier of (a) 94% occupancy for three months and 100% tax credit certification at the Facility and (b) the end of the 20th

month following the first resident takes occupancy (the “**Lease Up Date**”), compensation to the Managing Agent, in addition to reimbursement for operating expenses at the Facility (including without limitation salaries and benefits for employees at the Facility) consists of a fee (the “**Management Fee**”), payable monthly in arrears on the first day of each month. The Management Fee shall be equal to the greater of \$6,500 per month or 5% of the Net Revenue of the Facility (as defined in the Management Agreement), including revenue from supportive services, for the immediately preceding month.

Management Fee after Lease-up Phase. After the Lease Up Date, monthly Management Fee compensation to the Managing Agent will be based on Facility Net Operating Income (as such term is defined in the Borrower’s Operating Agreement) compared to the Net Operating Income stated in APPENDIX B to this Official Statement (the “**Initially Forecasted NOI**”) with both elements of the comparison to be adjusted to eliminate property taxes and replacement reserves. In addition to reimbursement for operating expenses at the Facility, the Management Fee will be as follows:

- If Facility actual Net Operating Income for a year is less than or equal to 95% of the Initially Forecasted NOI for such year, the Management Fee shall be four percent (4%) of the Net Revenue of the Facility (as defined in the Management Agreement);
- If Facility actual Net Operating Income for a year is between 95% and 105% of the Initially Forecasted NOI for such year, the Management Fee shall be five percent (5%) of the Net Revenue of the Facility (as defined in the Management Agreement);
- If Facility actual Net Operating Income for a year is greater than or equal to 105% of the Initially Forecasted NOI for such year, the Management Fee shall be six percent (6%) of the Net Revenue of the Facility (as defined in the Management Agreement); and
- Following the end of each calendar quarter, the Management Fee payable will be reconciled based upon year-to-date actual Net Operating Income versus Initially Forecasted NOI adjusted for the partial year period.
- The comparisons of actual Net Operating Income and Initially Forecasted NOI shall be adjusted to exclude property taxes and deposits to replacement reserves.

Other Fees and Reimbursements. The Management Fee shall be in addition to any and all other reimbursements of costs incurred by the Managing Agent, including, without limitation, travel expenses incurred on behalf of the Facility, supply items purchased on behalf of the Facility and budgeted or otherwise approved Employment Costs and tax contests. Reimbursement of costs for filing and expenses related to preparing or contracting for filing reports or requests to the Indiana State Department of Health or the Indiana Family and Social Services Administration, Indiana Health Coverage Programs (“**IHCP**”) and reimbursement of costs incurred by the Managing Agent in representing Borrower in connection with any and all audits, reviews and Medicaid reimbursement disputes, if applicable, will be separately negotiated and agreed to by and between the Borrower and the Managing Agent at the time of their occurrence. Notwithstanding the

foregoing, the Managing Agent shall be solely responsible for costs incurred as a result of the Managing Agent's or Borrower's cooperation with and defense of investigations, audits, findings, orders, overpayments, or other adverse event by the government or other third party, including but not limited to repayments, penalties, fines, and other monetary expenditures, as a result of the Managing Agent's negligent or fraudulent acts.

Pursuant to the terms of the Management Agreement, the Managing Agent also intends to enter into a Service Provider Agreement (the "**Service Provider Agreement**") with Hellenic Senior Living Service Provider of Elkhart, LLC, an Indiana limited liability company (the "**Service Provider**"), pursuant to which the Service Provider will agree to assist the Borrower in providing supportive services to the residents of the Project. The Service Provider will not receive a separate fee for its services under the Service Provider Agreement, but will be reimbursed for its expenses incurred in providing its services.

The Loan Agreement provides that if the Debt Service Coverage Ratio for any fiscal year ending on December 31, 2021, or thereafter, is less than 1.10, the Borrower will, at the request of the holders of a majority of the principal amount of the Bonds then outstanding, hire an independent consultant with recognized expertise in the area of assisted/supportive living facilities to recommend, in a written report, appropriate steps to increase coverage, and improve the operations and the value of the Project. In addition, if requested by the holders of a majority of the principal amount of the Bonds then outstanding, the Borrower will be required under Section 6.11 of the Loan Agreement to retain new management for the Project if (i) management does not implement the recommendation of a consultant retained as described in the preceding sentence, and (ii) the Debt Service Coverage Ratio for any Bond Year commencing not less than 12 months after delivery of the written report referred to in the preceding sentence is less than 1.10 to 1.00.

ASSISTED LIVING PROJECTS IN INDIANA AND THE HCBS WAIVER PROGRAM

Assisted Living Services

The assisted living services contemplated at the Project ("**ALS**") will consist of personal care and services, homemaker, chore, attendant care and companion services, medication oversight (to the extent permitted under state law) and therapeutic social and recreational programming, provided in a home-like environment. The Project is intended primarily to offer ALS to persons over 65 years of age. ALS will include on-site response staff to meet scheduled or unpredictable needs in a way that promotes maximum dignity and independence, and to provide supervision, safety and security. Residents may also receive case management services, specialized medical equipment and supplies and health care coordination through the applicable HCBS Waiver Program (as defined below). Other individuals or agencies may also furnish care directly, or under arrangement with the Project.

Individuals will reside in their own living units (which may include dually occupied units when both occupants request the arrangement) which will include kitchenette, toilet facilities, and a sleeping area, not necessarily designated as a separate bedroom from the living area. Living units will be so constructed that they will be able to be locked at the discretion of the resident, except when a physician or mental health professional has certified in writing that the resident is sufficiently impaired as to be a danger to self or others if given the opportunity to lock the door.

(This requirement does not apply where it conflicts with fire code.) Each living unit will be separate and distinct from each other. The Project will have a central dining room, living room, and common activity centers, which may also serve as living rooms or dining rooms. Care will be furnished in a way that fosters the independence of each individual to facilitate aging in place. Routines of care provision and ALS delivery will be resident-driven to the maximum extent possible.

General Regulatory Environment

Facilities that provide assisted living services are subject to regulatory oversight. This section describes certain aspects of federal and state regulation.

It is intended that the Project will be enrolled in Indiana's Home and Community-Based Services ("HCBS") Medicaid Waiver program ("**HCBS Waiver Program**"). When so enrolled, the Project will be eligible to receive payments from Indiana Medicaid in respect of Project residents who are eligible Medicaid beneficiaries. The HCBS Waiver Program is administered by the Division of Aging ("**DOA**") of the Indiana Family and Social Services Administration ("**FSSA**") based upon rules and guidance issued by the Centers for Medicare & Medicaid Services ("**CMS**"). The DOA administers two (2) HCBS Waiver Programs: the Aged and Disabled Waiver and the Traumatic Brain Injury Waiver. The Project intends to participate only in the Aged and Disabled Waiver Program.

Under current program guidance by the DOA, for enrollment as a Medicaid Waiver provider of assisted living services, a provider is required to be licensed by the Indiana State Department of Health ("**ISDH**") as a residential care facility ("**RCF**"). As long as it remains a requirement of participation in the HCBS Waiver Program as a provider of assisted living services, it is contemplated that the Project will be licensed as an RCF.

On January 18, 2017, FSSA published and sought public input on its sixth version of a statewide transition plan ("**STP**") intended to conform with the new federal requirements for HCBS Waiver Programs. The sixth version of the STP was submitted to CMS for review on March 30, 2017. This version is available for review on the FSSA web page. On May 9, 2017, CMS extended the implementation deadline of the new federal requirement to March 17, 2022.

The recently submitted STP included the following statements regarding the Medicaid waiver assisted living provider program:

"410 IAC 16 contains licensing requirements for residential care facility (RCF); currently Medicaid waiver assisted living providers are required to be licensed as an RCF. DOA will establish an MOU with ISDH to waive certain provisions of the RCF license for Medicaid waiver providers and/or participants as permitted by IC 16-28-1-10. DOA will design, submit to CMS, and upon approval, implement a new Medicaid HCBS program. This program will include a congregate, residential option for consumers. It may or may not be called assisted living. DOA will work with stakeholders and obtain technical assistance to evaluate the appropriate vehicle for this new program, possibly a Community First Choice or 1915(i) state plan service. DOA will also engage with stakeholders to redefine the service definitions

and requirements for the new program. A residential care facility license will not be required to participate in the new program. Standards will be developed to support a new certification system for these providers that will be administered through DOA and not ISDH.”

The STP states that FSSA expects to submit a proposal to CMS for the new HCBS Waiver Program by January of 2018 and to start the new program by July 2018.

The Project will be subject to the operating requirements applicable to RCFs and to facilities offering services reimbursable by the HCBS Waiver Program.

The Project also will be registered with FSSA as a “Housing with Services Establishment,” described in greater detail below.

Indiana Licensure for Residential Care Facilities

Under current Indiana law, a facility offering a broad range of healthcare and related supported living services (including direct assistance in the delivery of medication) is required to be licensed as an RCF. RCF licensure is the responsibility of ISDH. RCFs are required to comply with regulations set forth in 410 Indiana Administrative Code 16.2-5.1 *et seq.*

To obtain initial licensure, an RCF applicant is required to submit an application to ISDH. The application requests information on the operating history of the applicant and the principals associated with the applicant, and solicits information concerning the applicant’s ability to provide working capital during the initial operating period. The application is reviewed by ISDH and the applicant is advised of the agency’s decision. An applicant may appeal an unfavorable decision.

After the application is reviewed, the RCF applicant must participate in an on-site survey by ISDH and if applicable, correct any deficiencies identified in that survey. Once in operation, an RCF is subject periodic surveys by ISDH. In the event a survey is unfavorable, a variety of sanctions are available to ISDH including fines, nonrenewal of an expiring license and revocation of an existing license.

The Federal Medicaid Program

Congress created the federal Medicaid program in 1965 to provide federal cost-sharing assistance to states offering health care services to low-income people. At the federal level, administration of the Medicaid program is overseen by CMS. The Social Security Act outlines certain basic requirements for states participating in Medicaid, but gives participating states flexibility to develop their own specific programs.

Nursing home care (in Medicaid parlance, “skilled nursing facility care”) and home health care for individuals entitled to skilled nursing facility care have been basic required services under Medicaid since the inception of the program. In fiscal year 2013, Medicaid provided funds for 51% of national nursing home expenditures.

HCBS Waivers under Section 1915(c) of the Social Security Act

The Social Security Act requires that, as a baseline, state Medicaid programs offer reimbursement for long-term care services provided in qualified skilled nursing facilities. Section 1915(c) of the federal Social Security Act also creates the possibility for reimbursement of long-term care services provided outside of skilled nursing facility settings; that is, by waiving the requirement that services be provided in a skilled nursing facility. A state wishing to implement a waiver program must receive approval from CMS. The state of Indiana received approval for the HCBS Waiver Program. The HCBS Waiver Program is intended to help seniors and people with disabilities to live, work and become active members in their communities by providing supportive services as alternatives receiving such services in institutional settings.

Enrollment in the HCBS Waiver Program

Licensed healthcare providers desiring to enroll in the HCBS Waiver Program must apply for certification and enrollment. Becoming a waiver provider begins with the FSSA certification approval process and is finalized with the enrollment in the Medicaid program (also referred to as the Indiana Health Coverage Programs, “**IHCP**”). The DOA determines if an applicant is appropriate for certification as a waiver provider. The enrollment process is administered by a subcontractor of FSSA (a “fiscal intermediary”).

A prospective provider applies to the DOA. The DOA determines whether an applicant meets the applicable requirements and notifies the applicant of its determination. An applicant may appeal a negative determination. If the DOA approves the application, the provider is notified by letter and directed to contact the fiscal intermediary to complete the IHCP provider enrollment process.

The provider is required to submit an enrollment application to IHCP enrollment within 90 days after receiving the DOA’s notice of certification. The provider may not receive payment from HCBS Waiver Program until the IHCP enrollment process is complete.

Enrolled providers are subject to the regulations set forth in 455 Indiana Administrative Code 2-1-1 *et seq.* and 3-1-1 *et seq.*

Particular Waiver Programs

The following is a general description of two HCBS Waiver Programs as of the date of this Official Statement. This description is qualified in its entirety by reference to the Indiana Code, Title 455 of the Indiana Administrative Code, and the rules and regulations promulgated thereunder and under Section 1915(c) of the Social Security Act.

The DOA administers two HCBS Waiver Programs for persons who meet eligibility for nursing facility services: (i) the Aged and Disabled waiver (“**A&D waiver**”), and (ii) the Traumatic Brain Injury waiver (“**TBI waiver**”). The Project intends to participate only in the Aged and Disabled Waiver Program.

The A&D Waiver Program

The A&D Waiver Program is designed to provide reimbursement for services that provide alternatives to nursing facility admission for Medicaid-eligible persons over the age of 65 and persons of all ages with disabilities. A&D waiver-covered services include:

- Adult Day Service
- Adult Family Care
- Assisted Living
- Attendant Care
- Self-Directed Attendant Care
- Case Management
- Community Transition
- Pest Control
- Respite
- Specialized Medical Equipment and Supplies
- Environmental Modifications
- Environmental Modification Assessments
- Health Care Coordination
- Homemaker
- Home-Delivered Meals
- Nutritional Supplements
- Personal Emergency Response System
- Transportation
- Vehicle Modifications
- Structured Family Caregiving

The TBI Waiver Program

The TBI waiver provides home and community-based services to individuals with traumatic brain injury who, but for the provision of such services, would require institutional care. The Project does not intend to participate in the TBI Waiver Program.

Eligibility Requirements for Persons Receiving Waiver Services

A potential recipient of services under the HCBS Waiver Program must be Medicaid eligible; i.e., he or she must meet financial and medical guidelines, including meeting criteria for aged, blind, or disabled. In general, for a person to be eligible under an HCBS waiver program: (i) the individual must meet Medicaid financial eligibility criteria for the specific HCBS waiver program, (ii) the individual must require institutionalization in the absence of the HCBS waiver; and (iii) the HCBS waiver service package must be at least cost neutral, meaning that the cost of waiver services (and other Medicaid services) does not exceed the cost of the comparable institutional services (and other Medicaid services).

To be eligible for the A&D waiver, the prospective recipient must meet skilled nursing facility level of care standards. The following table shows the current eligibility requirements the A&D waiver program:

<u>A&D WAIVER</u>	
Financial Eligibility	<ul style="list-style-type: none"> • Maximum of 300% of SSI • Parental income and resources disregarded for children under 18 • Spousal impoverishment protections similar to those for skilled nursing facilities
Medical Eligibility	<ul style="list-style-type: none"> • Nursing Facility Level of Care

For calendar year 2017, 300% of SSI is an annual income of \$26,460. Reviews of prospective recipients' eligibility are currently performed by Area Agencies on Aging, non-governmental organizations that perform such reviews under arrangement with FSSA. Waiver service providers are responsible for verifying recipient eligibility before initiating services. When eligibility is established, the levels of care authorized for the recipient and other key information start date are posted on a state website.

Payments for Medicaid-Eligible Residents

Waiver providers receive a per diem rate amount for waiver residents. The precise rate paid in respect of an individual is based on the needs. Rates are determined on an all-inclusive *per diem* basis; and there is no separate program reimbursement for room and board. The waiver provider may bill the resident for room and board, but the amount may not exceed the Supplemental Security Income ("SSI") rate in effect at the time room and board services are provided, less the amount of the personal needs allowance for room and board for Medicaid eligible individuals.

The below chart illustrates the waiver rates in effect as of July 2017.

LOC	Service	Description	A&D Rate	Type
AL1	Assisted Living Waiver	Waiver LoC 1	\$71.27	Per Day
AL2	Assisted Living Waiver	Waiver LoC 2	\$78.54	Per Day
AL3	Assisted Living Waiver	Waiver LoC 3	\$86.68	Per Day

A waiver resident is entitled to retain a personal needs allowance (currently \$52.00 a month) out of his or her income.

The below table shows SSI benefit rates currently paid to an eligible individual, or eligible couple when both partners are eligible.

SSI	2015	2016	2017
Maximum Award for Household of One (1)	\$733	\$733	\$735
Maximum Award for Household of Two (2)	\$1,100	\$1,100	\$1,103

Room and Board. The amount a Medicaid waiver provider can charge a Medicaid resident for Room and Board is dependent on the resident's monthly income. A Medicaid resident is entitled to retain from their income a Personal Needs Allowance, which is currently \$52 a month.

Providers may bill residents up to the maximum Federal Supplemental Security Income (SSI) amount, after assuring the resident is able to retain the Personal Needs Allowance. The current maximum SSI amount is \$735. As such, the current amount a provider can charge a Medicaid resident ranges from \$683 to \$735 a month.

Example One:

Maximum SSI	\$735
Resident's Monthly Income	\$735
Less Personal Needs Allowance	\$ 52
Equals	\$683
Room and Board	\$683

Example Two:

Maximum SSI	\$735
Resident's Monthly Income	\$787
Less Personal Needs Allowance	\$ 52
Equals	\$735
Room and Board	\$735

Example Three:

Maximum SSI	\$735
Resident's Monthly Income	\$797
Less Personal Needs Allowance	\$ 52
Equals	\$745
Room and Board	\$735

As noted above, ALS waiver payments are made on a per diem basis for services provided; there is no separate ALS waiver payment for room and board. Additionally, payment is not provided for personal care services provided to medically unstable or medically complex

participants as a substitute for care provided by a registered nurse, licensed practical nurse, licensed physician, or other health professional.

Similarly, separate payments are not made for homemaker, respite, environmental modifications, vehicle modifications, transportation, personal emergency response systems, attendant care, adult family care, adult day services, home delivered meals, nutritional supplements, pest control, and community transition services furnished to a participant selecting ALS.

Housing with Services Establishment

In addition to licensure by ISDH and waiver certification by FSSA, the Project is subject to the requirements of Ind. Code 12-10-15, which requires that persons offering room, board and certain medical or support services to five (5) or more residents must register as a “Housing with Services Establishment.” This registration is made with FSSA and consists of a statement disclosing the persons who own and operate the facility, the rates and charges of the facility, the range of services offered at the facility, and general terms concerning residency. This is a disclosure filing. It does not involve review by the agency.

THE PROJECT

Population Served

The Project target population will be elderly clients who need and wish to receive affordable assisted living services. Assisted living provides a special combination of housing, supportive services and healthcare designed to respond to individual’s needs. The Project will be targeted toward seniors living in Elkhart County, Indiana. Seventy percent of the Project’s units will be dedicated to Medicaid Waiver recipients and thirty percent will be dedicated to spend down/private pay residents. All of the Project will be reserved for persons meeting the income eligibility requirements for multifamily properties financed with proceeds from the sale of tax-exempt bonds and equity from the sale of low-income housing tax credits (“LIHTC”).

All of the units will be intended and equipped for residents aged 55 years or older. The Project will offer eighty-four (84) one-bedroom units and fifty-two (52) efficiency units as described in the table below.

Unit Type and Size	# of Units	Unit Size (S.F.)	Total Monthly Charges	
Studio < 60% AMI - FSSA Supported	52	350	<i>from</i>	\$2,842
			<i>to</i>	3,361
One Bedroom <60% AMI - FSSA Supported	63	514-522	<i>from</i>	\$2,842
			<i>to</i>	3,361
One Bedroom <60% AMI Private Pay - Spend down	21	514-522		\$4,249

Rents are subject to FSSA’s regulations on maximum payments for room and board. All utilities except telephone and cable television are included in the rent. Medicaid recipients at or

below 60% of area median income (“**AMI**”) will initially pay \$600 per month in rent for a studio and \$643 per month in rent for a one-bedroom apartment. Room and board is expected to average \$709 per month. Medicaid covered services will be reimbursed at \$71.27 per day (Level 1 acuity), \$78.54 per day (Level 2 acuity), \$86.68 per day (Level 3 acuity), and approximately \$119 per day for private pay residents resulting in total monthly charges when combined with revenue from room and board as reflected in the chart above.

As of April 4, 2017, the income eligibility requirements for Elkhart County, Indiana limit annual income to \$24,480 for a one-person household and \$27,960 for a two-person household. All of the units are for residents ages 55 years or older. However, Medicaid-eligible households must be 65 or older.

A key feature of the Project is that residency and assisted living services will be affordable for persons meeting the income eligibility requirements for multifamily properties financed with tax-exempt bonds and LIHTC. Depending on each individual’s financial situation, Medicaid and Social Security income can contribute towards the cost of rent and services. For many elderly people, their need for assisted living or long-term care and its associated significant expense can impoverish them to the point of qualifying - often for the first time in their life - for Medicaid payment of long-term care services. If a senior “spends down” their assets and becomes eligible for Medicaid coverage, the Project’s participation in the Medicaid HCBS waiver program can allow the person become or remain a resident of the Project, giving comfort that financial need will not lead to their displacement.

Affordable Assisted Living Services

The assisted living philosophy is to provide safe, decent and affordable housing in an atmosphere that maintains the independence and dignity of all seniors and meets the needs of the residents with respect and kindness. The Project will be designed to encourage “aging in place” so residents will be provided with products, programs, services and conveniences which allow them to remain at home as they get older. The assisted living philosophy includes these elements:

- Cost effective quality of care that is personalized for individual needs;
- Fostering independence of each resident;
- Treating each resident with dignity and respect;
- Promoting the individuality of each resident;
- Allowing each resident the choice of care and lifestyle;
- Protecting each resident’s rights to privacy;
- Nurturing the spirit of each resident;
- Involving family and friends as appropriate in the care planning and implementation;
- Providing a safe residential environment; and

- Making the assisted living program a valuable community asset

The Project will be a full service assisted living facility that will operate 24 hours per day, 7 days per week, and serving 3 meals per day. The service staff will assist residents with the activities of daily living (ambulating, toileting, grooming, bathing, transferring, eating, etc.). The service staff will also work to coordinate healthcare services like physical therapy, home health nursing and hospice, each with outside providers. The assisted living services will also include weekly housekeeping and laundry services and a regular schedule of social, educational, exercise and entertainment activities, including community field trips.

The Project's assisted living service program goals will include these elements:

- Improve or maintain the cognitive and physical health of residents as demonstrated by the reduction of falls, emergency room admissions, 911 calls, hospitalization, and the number of prescription drugs they take;
- Reduce number of residents moving out of the facility by allowing residents to age in place with appropriate services and supervision;
- Improve or maintain the cognitive wellbeing of residents by facilitating the involvement in community activities through a comprehensive activity program and providing transportation; and
- Improve client's well-being and health conditions with a program of health monitoring and education.

Site Acquisition

The Borrower acquired the site upon which the Project will be located on August 31, 2017 for a purchase price of \$420,000. The Borrower has fee simple title to the property as of the date of this Official Statement.

Physical Development

The Project will be a 136-unit assisted living facility for the elderly located in a single, to-be-constructed, 3-story building containing 52 studio and 84 one bedroom apartments. Fourteen (14) of the units are considered to be handicap accessible units and an additional three (3) units hearing impaired for a total of seventeen (17) accessible units. The Project will be located at 2528 Bypass Road in Elkhart, Indiana.

The building's exterior elevations will be clad in brick and fiber cement board and stone. The 103,960 square foot building will sit on approximately 9.1 acres. The Project will be a three-story building with two elevators. It will be designed specifically to meet the needs of elderly residents.

The building will have a lobby area, kitchen with dietician's office, main dining room, private dining room, business center/computer room, laundry room, library, marketing office, men's and women's restrooms, fitness room, beauty/barber shop, television room, vending room, multi-purpose lounge, activities room/chapel, and general store.

The Project will have 92 standard surface parking spaces and 5 handicapped spaces. As an assisted living facility, residents typically will not have cars. It is anticipated that there will be an adequate number of spaces for employees and visitors.

Exterior amenities will include a patio adjacent to the dining room, gazebo and walking trails.

Each unit will have a living room, bedroom, full bath, and a kitchenette equipped with a sink, refrigerator and microwave oven; carpet and blinds also will be included. Units are equipped with in-unit air-conditioning/heating and an emergency call system.

Building Permits and Zoning

On April 3, 2017, the Common Council of the City of Elkhart adopted an Ordinance rezoning the Project site as a Planned Unit Development meeting the R-4, Multiple Family Dwelling District requirements and standards and incorporating the site plan for the Project by reference. On September 5, 2017, the City of Elkhart Planning Commission granted full approval of the site plan for the Project and on September 8, 2017, the Borrower received a letter from the City of Elkhart stating that the Project meets all requirements for permit issuance and that all permits will be issued upon payment of required fees.

The Borrower expects that building permits will be delivered on or about the date of issuance of the Bonds upon payment of the fee to receive such permits.

Construction

The Borrower has entered into an “AIA Standard Form of Agreement Between Owner and Architect” (the “**Architect’s Contract**”) with Gleason Architects, P.C. (the “**Architect**”) pursuant to which the Architect has provided and will provide architectural services with respect to the Project. The amount to be paid by the Borrower under the Architect’s Contract is a sum of \$398,800 for basic services, including through the following phases: (i) design-development, (ii) construction document and (iii) contract administration. See “Architect and General Contractor” below for a description of the Architect.

A certificate of occupancy for all units in the Project is expected by March, 2019.

The Borrower has executed an “AIA Standard Agreement Between Owner and Contractor (Form A102 - 2007)” (the “**Construction Contract**”) with Shiel Sexton Company, Inc. (the “**General Contractor**”). See “Architect and General Contractor” below for a description of the General Contractor. Provided the General Contractor is able to commence work on or before November 1, 2017, the Construction Contract provides for payment by the Borrower of the Contract Sum not to exceed \$16,335,273 subject to certain mutually agreeable revisions due to any change orders under the Construction Contract (the “**Guaranteed Maximum Price**”) The General Contractor’s fee shall be 5% (inclusive of profit and overhead) of the cost of the work including for any changes in the work plus an additional 0.58% for insurance reimbursement. Under the Construction Contract, the General Contractor is required to purchase and maintain workers’ compensation and employer’s liability, general liability and automobile liability insurance as described therein and to furnish bonds covering the faithful performance of the

General Contractor and payment of obligations arising thereunder. If at the time of completion, the actual Contract Sum is less than the Guaranteed Maximum Price the remaining amount shall be retained by the Borrower. Any delay in the timing of construction of the Project will obviously delay ALS certification by FSSA and the execution of the IHCP Provider Agreement which, in turn, will further delay the receipt of anticipated Revenues. Cost certifications and contracts to complete the above-referenced elements have been accounted for in the sources and uses of funds for the Project under construction and soft costs. See “ESTIMATED SOURCES AND USES OF FUNDS” below.

Architect and General Contractor

Architect. Gleason Architects, P.C., with over 16 years of experience, is a seven person architectural and engineering firm that designs all types of commercial and residential projects specializing in senior care and special need facilities, multi-family residential, retail centers, professional and medical office, churches and distribution facilities. Gleason Architects, P.C. specializes in supportive living, assisted living, independent living and skilled nursing facilities with a number of completed projects throughout Illinois and Indiana.

The principal and staff have experience in a broad range of building types including senior care, healthcare, affordable housing, aircraft hangers, retail, automotive, office/warehouse, professional offices, churches, distribution facilities, restaurants, recreation, and multiple and single family residential projects.

Gleason Architects, P.C. are members of the American Institute of Architects, Life Service Network, The Affordable Assisted Living Coalition, Construction Specifications Institute, Precast Concrete Institute, the International Council of Shopping Centers and other organizations.

Projects in healthcare, supportive and assisted senior living include:

- Oak Hill Supportive Living Community, Round Lake Beach, IL
- St. Anthony's, Lansing, IL
- Belvedere Affordable Assisted Living, Merrillville, IN
- Heart Health Care, Chicago, IL
- Renaissance Square, West Chicago, IL
- Heritage Woods of Batavia, Batavia, IL
- Harvest View, Herscher, IL
- Heritage Woods of McHenry, McHenry, IL
- Tabor Hills Supportive Living, Naperville, IL
- Deer Path Supportive Living, Huntley, IL
- Heritage Woods of Bolingbrook, Bolingbrook, IL
- Evergreen Place Assisted Living, Normal, IL

- Fox Meadows Senior Living, McLeansboro, IL
- Heritage Woods of South Elgin, South Elgin, IL
- Castle Manor of St. Clara's, Lincoln, IL

In addition to the senior living facilities, Gleason Architects, P.C. has designed commercial developments including Dunkin' Donuts, Jersey Mike Subs, Subways, Merlin 200,000 Mile Shops, Tuffy Auto Service Centers, as well as several commercial centers around Illinois.

Owner / Principal

Thad Gleason is a licensed architect in the states of Illinois and California and has over 30 years of experience in architectural and structural design. He attended the University of Illinois at Chicago and graduated with a Bachelor of Architecture degree in 1981. After a three-year apprenticeship, he received his license to practice architecture in 1986.

He has served as staff designer for the Illinois Central Gulf Railroad where he prepared plans for railroad bridges and other structures. He has experience as an architectural engineer with an established downtown Chicago engineering firm where he handled various engineering projects including:

- Addition and rooftop heliport at Children's Memorial Hospital, Chicago, IL
- Miscellaneous restoration and renovation work at Northwestern University in Chicago and Evanston, Illinois
- A new 110 foot tall freestanding scoreboard for The Ohio State University football stadium, Columbus, Ohio
- Interior remodel of the Peoples Gas Building, Chicago, Illinois

Mr. Gleason has over seven years of experience as chief architectural designer for an architectural firm in Southern California where he designed and managed over 80 commercial and office projects.

General Contractor. The General Contractor for the Project is Shiel Sexton Company, Inc., Shiel Sexton Company, Inc. provides construction management, general contracting, and design-build services. The company also offers interiors construction, cost consulting, facility maintenance, and real estate development services. It handles commercial office, green building, healthcare, higher education, historic renovation and restoration, hospitality, industrial, interior work, K-12 education, multi-family, public works, and science and technology projects. Shiel Sexton Company, Inc. was founded in 1962, has a staff of over 300 professionals and is based in Indianapolis, Indiana. It has an office in Charlotte, North Carolina.

GENERAL CONTRACTOR'S ASSISTED LIVING/SENIOR CARE EXPERIENCE

Project Name	Location	Square Footage	Construction Completion Year
Indiana Masonic Home	Franklin, Indiana	25,646	2015
Oasis at 30 th	Indianapolis, Indiana	118,000	2015
Ashton Creek	Fort Wayne, Indiana	62,000	2012
Forum at the Crossing	Indianapolis, Indiana	32,000	2012
Wellbrooke of Wabash	Wabash, Indiana	67,000	2012
Marquette CCRC	Indianapolis, Indiana	180,000	2012
Astoria	Winter Haven, Florida	100,000	2009
Avon Healthcare	Avon, Indiana	206,745	2007

Market Considerations

Evelyn Howard, Howard & Associates, Bethesda, Maryland (the “**Market Consultant**”) prepared a Market Demand Study (the “**Market Study**”) for the Project dated April 4, 2017. The Market Study makes certain conclusions with respect to the proposed Project. Ms. Howard has specialized in market demand analysis and market positioning for the various types of seniors housing since 1987. She covers affordable and market rate assisted living, Alzheimer's care, seniors apartments, active adult communities, continuing care retirement communities, and nursing homes. She helps developers plan residential products and services best suited for their market place.

Ms. Howard assesses a product's market quantitatively and qualitatively. She assesses consumer attitudes and preferences through focus groups, interviews, and survey assessments. Markets include Arizona cities, Arkansas towns, Atlanta, Baltimore, Boston, Chicago, Denver, Gainesville, Fort Myers, Indianapolis, Miami, New Jersey cities, New York City, Pittsburgh, Raleigh, Salt Lake City, St. Louis, Washington, D.C., among other metro and non-metro areas throughout the country.

Her studies have been submitted for financings to Fannie Mae, HUD, Lloyds of London, Citigroup, Virginia Housing Development Authority, New Jersey Housing and Mortgage Finance Agency, HUD regional offices, and Standard & Poor's, among many others. She is on the approved list as a market feasibility analyst at Fannie Mae, State housing finance agencies, and several real estate syndication and mortgage firms.

The Market Study was performed to satisfy the requirements of the Indiana Housing and Community Development Authority (“**IHCDA**”) in allocating federal low income housing tax credits for the Project. The Market Study analyzes the Project as an affordable senior assisted living facility.

In the Market Study, the Market Consultant concluded that the Project is in a very favorable market position and there is no competition in the relevant market area for an affordable assisted living residence. The Market Study notes that the market area has 6 market rate assisted living

residences with an aggregated 347 units but that these properties do not accept Medicaid Waiver. Another difference between the Project and existing assisted living residences in the market area is that the Project will have 62% of its units as one-bedroom units compared to the existing properties that have a majority of studio units. The Market Study states that one-bedroom units are highly sought and typically have a waitlist. Additionally, the Market Study concludes that the Project's unit features and amenities equal or surpass those of the market area's properties.

A copy of the Market Study is attached as APPENDIX D to this Official Statement. Potential investors should consider the Market Study in its entirety, as the foregoing is merely a summary of some of the Market Study's conclusions.

Environmental

Jones Petrie Rafinski Corp. (the "**Environmental Consultant**") has delivered a Phase I Environmental Site Assessment for the Project site dated March 6, 2017 (the "**Environmental Report**"). The Project site consists of vacant and undeveloped land, with no associated structures and no ongoing operations. Historically the site was utilized for the manufacture of motor homes and van conversions, dating from the 1950s through the mid-1990s. The Indiana Department of Environmental Management documented the historical presence of two underground storage tank (UST) systems associated with the Motor Home Plant and an additional UST system associated with the Van Conversion Plant. IDEM Notification Forms indicate a last use of April, 1976 and a date of removal of December, 1988. There were no reported spills or releases associated with any of the UST systems and all USTs were identified as Permanently Out of Service. However, in the absence of closure documentation, the Environmental Report considered the historical UST systems to be a Recognized Environmental Condition.

On April 28, 2017, the Environmental Consultant delivered its report of site investigation activities (the "**Additional Investigation**") related to the Project site. Such Additional Investigation were undertaken with respect to Recognized Environmental Conditions identified in the Environmental Report. Field screening and laboratory analysis of soil samples performed as part of the Additional Investigation did not exhibit chemicals of concern (COCs) concentrations exceeding the laboratory detection limits or applicable screening levels. However, soil borings and ground water samples taken during the Additional Investigation detected several PAHs above the laboratory detection limits and certain other chemicals were reported at concentrations that exceeded their respective IDEM RCG ground water screening level. Based on the results of the field screening and soil analysis, the preliminary suspected source (historical UST system) for the identified ground water contamination has not been identified. Given the extremely shallow ground water table, the potential exists that the presence of the PAHs in ground water is attributable to leaching from the overlying asphalt surface. The presence of PAHs in ground water, while exceeding their applicable screening levels, does not pose a vapor intrusion concern to future structures located at the site. Furthermore, future development at the site will rely on a municipal water service, therefore there would be no exposure to the ground water. Also regarding such development, no contamination has been identified that exceeds excavation direct contact (for excavation activities), or residential direct contact. Furthermore, the area of contamination is currently beneath an impervious material, and would likely remain under a similar impervious material (i.e. concrete slab and/or paved parking area) upon completion of site development.

The preceding discussion is merely a summary of the Environmental Report. A full copy of the Environmental Report may be obtained from the Borrower or the Underwriter upon request.

Operations

The Project will be managed by Gardant Management Solutions, Inc., as Managing Agent, pursuant to the Management Agreement, which will supervise, direct and control the day-to-day business activities, management and operation, expansion, repair and renovation of the Project and all phases of its operations.

Project Pro Forma

Attached as APPENDIX B hereto are Project development budgets and forecasts of revenues and expenses of the Project (collectively, the “**Project Pro Forma**”) for ten years and a monthly forecast of revenues and expenses during the Project lease-up period. The Project Pro Forma has been prepared by the Managing Agent in consultation with the Borrower. The Managing Agent has prepared the information in the Project Pro Forma relating to unit mix and other revenue, operating expenses and reserves, and cash flow projections and will certify that, based on its experience working with assisted living facilities in the Indiana/Illinois region, such information and the assumptions on which it is based are reasonable in light of the size, type and function of the Project described herein.

No Warranty by Issuer

The Issuer makes no warranty or representation, whether express or implied, with respect to the Project or the location, use, operation, design, workmanship, merchantability, fitness, suitability or use for particular purpose, condition or durability thereof or title thereto.

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ESTIMATED SOURCES AND USES OF FUNDS

Set forth below is a summary of the estimated sources and uses of funds (exclusive of accrued interest on the Bonds but including Underwriter's discount) for the Project and uses of the proceeds of the Bonds and other moneys made available to or from the Borrower. Numbers may not add up due to rounding.

SOURCES OF FUNDS:

	Tax-Exempt Bond Proceeds*	Equity*	Total*
Bond Proceeds	\$ 18,825,000	\$ -	\$ 18,825,000
Tax Credit Equity	-	7,718,287	7,718,287
NOI During Lease-Up	-	302,798	302,798
<i>TOTAL SOURCES OF FUNDS</i>	<u>\$ 18,825,000</u>	<u>\$ 8,021,085</u>	<u>\$ 26,846,085</u>

USES OF FUNDS:

Land Acquisition	\$ 455,000	\$ -	\$ 455,000
Construction Costs			
Hard Costs	12,681,749	2,613,573	15,295,322
FF&E and Personal Property	887,296	-	887,296
Hard Cost Contingency	700,000	-	700,000
Total Hard Costs	14,269,045	2,613,573	16,882,618
Soft Costs	1,269,455	350,000	1,619,455
Property Costs	385,000	-	385,000
Capitalized Interest	1,770,000	-	1,770,000
Tax Credit Costs	-	151,719	151,719
Reserves			
Pre-Opening Expense & Marketing Costs	-	375,000	375,000
Lease Up Reserve	-	700,000	700,000
Operating Reserve	-	1,275,000	1,275,000
Debt Service Reserve Fund (Surety Bond)	-	572,987	572,987
Medicaid Delay Reserve	-	160,000	160,000
Tax & Insurance Escrow	-	100,000	100,000
Developer Fee	300,000	1,158,500	1,458,500
Soft Cost Contingency	-	150,000	150,000
Costs of Issuance	376,500	414,306	790,806
<i>TOTAL USES OF FUNDS</i>	<u>\$ 18,825,000</u>	<u>\$ 8,021,085</u>	<u>\$ 26,846,085</u>

* Preliminary, subject to change.

DEBT SERVICE

The annual debt service schedule for the Bonds is as follows:

Bond Year Ending	Principal*	Interest*	Debt Service*
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			

* Preliminary, subject to change.

THE ISSUER

The City of Elkhart, Indiana (the “**Issuer**”) is a municipal corporation and political subdivision of the State of Indiana. The Issuer is authorized by Indiana Code Title 36, Article 7, Chapters 11.9 and 12 (the “**Act**”) to issue revenue bonds payable solely from the revenues and receipts from any project and secured by a pledge of said revenues and receipts. Under the Act, the Issuer may also issue bonds to refund outstanding bonds issued under the Act. The taxing power of the Issuer may not be used to pay the Bonds.

The Issuer is not in any event to be liable for the payment of the principal of, premium or interest on the Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever undertaken by the Issuer and neither the Bonds nor any of the Issuer’s agreements or obligations are to be construed to constitute an indebtedness of the Issuer or the State within the meaning of any constitutional or statutory provision whatsoever.

The Common Council of the Issuer adopted the Bond Ordinance authorizing the issuance of the Bonds. The responsibility for the operation of the Project will rest entirely with the Borrower and not the Issuer.

The Issuer is not in any event to be liable for the payment of the principal of, premium, if any, or interest on the Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever undertaken by the Issuer, and neither the Bonds nor any of the Issuer’s agreements or obligations are to be construed to constitute an indebtedness of the Issuer or the State within the meaning of any constitutional or statutory provision whatsoever.

The Issuer acts as a conduit issuer and also issues obligations for its own purposes. Each bond issue or note issue the Issuer issues as a conduit issuer is an independent and separate obligation of the Issuer secured solely by the amounts pledged under the related trust indenture.

THE OBLIGATIONS OF THE ISSUER WITH RESPECT TO THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE ISSUER BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER PAYABLE BY THE ISSUER SOLELY FROM THE SECURITY FOR THE BONDS. NOTHING CONTAINED IN THE BONDS OR IN THE INDENTURE SHALL BE CONSIDERED AS ASSIGNING OR PLEDGING ANY FUNDS OR ASSETS OF THE ISSUER OTHER THAN THE TRUST ESTATE. THE BONDS ARE NOT A DEBT OF THE ISSUER, THE STATE OF INDIANA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY PROVISION OF THE CONSTITUTION OR LAWS OF THE STATE. NO FAILURE OF THE ISSUER TO COMPLY WITH ANY TERM, CONDITION, COVENANT OR AGREEMENT IN THE INDENTURE OR IN ANY DOCUMENT EXECUTED BY THE ISSUER IN CONNECTION WITH THE PROJECT, OR THE ISSUANCE, SALE AND DELIVERY OF THE BONDS SHALL SUBJECT THE ISSUER TO LIABILITY FOR ANY CLAIM FOR DAMAGES, COSTS OR OTHER CHARGE EXCEPT TO THE EXTENT THAT THE SAME CAN BE PAID OR RECOVERED FROM THE TRUST ESTATE. THE ISSUER SHALL NOT BE REQUIRED TO ADVANCE ANY MONEYS DERIVED FROM ANY SOURCE OTHER THAN THE TRUST ESTATE FOR ANY OF THE PURPOSES OF THE INDENTURE, ANY OF THE OTHER BOND DOCUMENTS OR ANY OF THE LOAN DOCUMENTS, WHETHER FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION

PRICE OF, OR INTEREST ON, THE BONDS, THE PAYMENT OF ANY FEES OR ADMINISTRATIVE EXPENSES OR OTHERWISE.

No agreement or obligation contained in the Indenture shall be deemed to be an agreement or obligation of any director, officer, employee, servant or agent of the Issuer in his or her individual capacity, and neither the directors of the Issuer nor any officer thereof executing any Bond shall be liable personally on such Bond or be subject to any personal liability or accountability by reason of the issuance thereof. No member, officer, employee, commissioner, servant or agent of the Issuer shall incur any personal liability with respect to any other action taken by him or her pursuant to the Indenture.

EXCEPT FOR INFORMATION CONCERNING THE ISSUER IN THIS SECTION AND “LITIGATION—THE ISSUER,” NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE ISSUER, AND THE ISSUER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

RISKS TO BONDHOLDERS

AN INVESTMENT IN THE BONDS IS SUBJECT TO A NUMBER OF SIGNIFICANT RISK FACTORS. THE FOLLOWING IS A DISCUSSION OF SOME, BUT NOT NECESSARILY ALL, OF THE POSSIBLE RISK FACTORS WHICH SHOULD BE CAREFULLY EVALUATED BY PROSPECTIVE INVESTORS PRIOR TO PURCHASING ANY OF THE BONDS. PROSPECTIVE PURCHASERS SHOULD CAREFULLY EVALUATE THE RISKS AND MERITS OF AN INVESTMENT IN THE BONDS AND SHOULD CONSULT WITH THEIR OWN LEGAL AND FINANCIAL ADVISORS BEFORE PURCHASING ANY OF THE BONDS. THE BONDS SHOULD ONLY BE PURCHASED BY INVESTORS WHO HAVE ADEQUATE EXPERIENCE TO EVALUATE THE MERITS AND THE RISKS OF THE BONDS AND WHO ARE ABLE TO BEAR THE RISK OF LOSS OF ALL OR A PORTION OF THEIR INVESTMENT IN THE BONDS.

Uncertainty of Revenues

The payments of principal and interest to be made by the Borrower to the Issuer under the Loan Agreement are expected to be the primary source of Revenues for payment of the principal and interest on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” above. The availability of cash to the Borrower in amounts necessary to pay principal and interest under the Loan Agreement will be dependent upon, among other things, the construction and equipping of the Project being conducted in a workmanlike and timely manner, the maintenance of high occupancy levels of eligible residents at the Project, the reputation of the Project in the community, the licensure of the Project as a Residential Care Facility and initial certification and continued certification of the Project under the IHCP, the continuation of the IHCP by the State, the retention of competent administrative and operating personnel and staff to conduct day-to-day operation of the Project and stability in the expenses and taxes associated with the Project. No representation or assurance can be made that Revenues will be realized in amounts sufficient to pay, when due, the payments of principal and interest due under the Loan Agreement. The realization of future Revenues and control of expenses is dependent upon, among other things,

the capabilities of management and future economic and other conditions which are unpredictable. Any of these factors may adversely affect Revenues and the payment of principal of and interest due on the Bonds.

Tax Exempt Status and Continuing Legal Requirements

As described more fully below under “TAX MATTERS,” failure to comply with certain legal requirements may cause interest on the Bonds to become subject to federal income taxation, either from the date of the happening of certain events or retroactive to the Issuance Date of the Bonds.

Vacancies

The economic feasibility of the Project depends in large part upon the Project being substantially occupied. There can be no assurance that occupancy will meet or exceed the levels needed for feasibility of the Project. Occupancy of the Project may be affected by neighborhood factors, by the condition of the properties, by competition from existing assisted living facilities or from new assisted living facilities which may be constructed in the area served by the Project, and by other factors. Because of the age and physical condition of the residents, quarterly nursing evaluations of the residents will be conducted. It is expected that there could be a substantial annual turnover of residents, some of whom will be moved to nursing home facilities. Due to such turnover, a steady influx of new residents will be necessary to maintain Revenues at a sufficient level to pay debt service on the Bonds. No assurance can be given that difficulties in keeping the Project substantially occupied by residents will not be encountered.

Large Principal Payment at Maturity; Refinancing Risk

The principal repayment schedule provides that a portion of the principal of the Bonds will be paid in advance of maturity through mandatory sinking fund redemption payments, but that a large portion of the principal of the Bonds will come due at maturity on _____, 20___. See “DEBT SERVICE” above. There is no assurance that the Borrower will be able to successfully effect a refinancing of the Bonds and the Project on or prior to the maturity date. Failure to do so would represent a significant risk to the Bondholders as, in such event, there are not otherwise likely to be sufficient funds on hand to pay the Bonds in full on such date.

Mortgaged Property

The Project has been pledged by the Borrower as security for the Bonds pursuant to the Mortgage. In the event of a default by the Borrower under the Mortgage, and the foreclosure by the Trustee on the Project, the proceeds of a sale of the Project under such circumstances may be less than that obtainable if the sale were not forced and, in any event, may not be sufficient to pay principal of and interest due on the Bonds.

Risk of Future Competition

Maintenance of required occupancy levels could be significantly impaired as a result of competition from other assisted living facilities, currently existing or developed in the future. It is impossible at this point to predict the number of similar projects that may come into existence in

the next several years that may create competition for the Project. A market study has been done pursuant to the requirement of FSSA. See “THE PROJECT - Market Considerations” above and in APPENDIX D hereto.

Ongoing Maintenance, Repair and Replacement

The success of the Project will be dependent upon the Project being maintained and repaired at adequate levels to ensure that the Project remains certified by FSSA. While the Borrower has budgeted for ongoing repairs and maintenance and replacements, there can be no assurance that the budgeted level will be funded by the Borrower, or, if funded, that it will be sufficient to maintain occupancy and rate levels sufficient to pay debt service on the Bonds.

Construction Risk

Projects that include construction are subject to cost overruns and scheduling delays that may develop due to unforeseen circumstances. Such circumstances or events could include, among others, financial failure of the contractor, construction manager or subcontractors, materials cost escalation and failure or delay in receiving the certificate of occupancy from the City of Elkhart, Indiana. No assurance can be given that the Project can be completed on schedule and on budget or that such certificate of occupancy will be received.

Risk of Natural Disaster or Condemnation

In the event of a natural disaster or other casualty severely damaging the Project, there can be no assurance that the Project will be rebuilt or that insurance proceeds will be sufficient to pay off the Bonds. In such case, generation of rates under the IHCP Provider Agreement and the resident contracts and payment of principal of and interest on the Bonds would be adversely affected. In the event of condemnation proceedings against the Project no assurance can be given that the condemnation proceeds will be sufficient to pay principal of and interest due on the Bonds.

Other Risk Factors

The occurrence of any of the following events, or other unanticipated events, could adversely affect the operation of the Project:

- (a) Inability to control increases in real estate taxes, operating costs, including salaries, wages and fringe benefits, supplies and other expenses;
- (b) Unionization, employee strikes and other adverse labor actions which could result in a substantial increase in expenditures without a corresponding increase in Revenues; and
- (c) Adoption of other federal, state or local legislation or regulations having an adverse effect on the future operating or financial performance of the Borrower.

Suitability of Investment

An investment in the Bonds involves a high degree of risk and should only be considered by investors who have adequate experience to evaluate the merits and the risks of the Bonds and who are able to bear the risk of loss of all or a portion of their investment in the Bonds. The interest rate borne by the Bonds (as compared to prevailing interest rates on more secure bonds such as those that constitute general obligations of fiscally sound municipalities) is intended to compensate the investor for assuming this element of additional risk. Furthermore, the tax-exempt feature of the Bonds is more valuable to high tax bracket investors than to investors who are in low tax brackets, and so the value of the interest compensation to any particular investor will vary with the investor's tax rate. Prospective investors should carefully examine this Official Statement, including the Appendices hereto, and their own financial condition, as well as consult their own independent financial advisor, in order to make a judgment as to their ability to bear the economic risk of such an investment, and to determine whether or not the Bonds are an appropriate investment for them.

Lack of Rating and Market for the Bonds

The Bonds have not been rated by any recognized rating agency. The absence of a credit rating could adversely affect the ability of Bondholders to sell the Bonds or the price at which the Bonds can be sold. Additionally, it is not anticipated that an active secondary market for the Bonds will exist after the Bonds are issued. The Underwriter will not be obligated to repurchase any of the Bonds.

Redemption of Bonds Upon a Determination of Taxability

The Bonds may become subject to redemption prior to maturity upon the occurrence of a Determination of Taxability. Other than a redemption premium for the Bonds for a mandatory redemption upon a Determination of Taxability, no provision is made for any increase or other adjustment in the rate of interest payable on the Bonds in the event of a Determination of Taxability. The Indenture provides, in such event, for mandatory redemption of the Outstanding Bonds. As a practical matter, such redemption may be accomplished upon the terms specified in the Indenture only if the Borrower is able to successfully refinance the Project. There is no assurance that such necessary alternative financing can be obtained by the Borrower.

Environmental Hazards

The Project site has been used primarily for recreational use and there are no obvious signs of waste materials or underground storage tanks on or under the Project site. The Environmental Consultant concluded that there are no recognized environmental conditions with regard to the Project site.

See "THE PROJECT - Environmental" for a more complete description of the Environmental Report and the Project site. Copies of the Environmental Report can be obtained from the Borrower or the Underwriter upon request.

Risk of Early Redemption

The Bonds are subject to early redemption at the option of the Borrower, from moneys remaining on deposit in the Bond Proceeds Account of the Construction and Acquisition Fund on the completion of the Project, upon casualty to or condemnation of the Project, pursuant to sinking fund requirements, upon a Determination of Taxability and from other Project funding sources and as otherwise described above under “THE BONDS - Redemption.” Any person who purchases a Bond should consider the fact that the redemption price for the redeemed Bonds may be more or less than the market price of the Bonds at such time.

Medicaid Programs

Indiana Legislation

In 2013, Indiana passed House Enrolled Act 1328 (“**Act 1328**”). Act 1328 mandated a report due to the Health Finance Committee by December 15, 2013 on an estimate of the cost savings if those who are eligible for Medicaid based on the individual’s aged, blind, or disabled status (“**ABD**”) were enrolled in a risk-based managed care program, a managed fee-for-services program, or a home and community based services management program. The ABD population is currently in the fee-for-service program, so any movement of this population will not necessarily have a direct impact on the HCBS Medicaid Waiver Program for ALS. Alternatively, it is possible movement towards a home and community based services management program may potentially expand opportunities under the HCBS Medicaid Waiver Program for ALS. No assurances can be given about the impact of this legislation or the report to be issued as a result thereof.

Federal Rules

The Centers for Medicare & Medicaid Services (“**CMS**”) issued a final rule effective March 17, 2014, governing Home and Community-Based Medicaid waivers. The purpose of this rule is to ensure that individuals receiving Medicaid Home and Community-Based Services do so in settings that are integrated in and support full access to the greater community. This includes opportunities to seek employment and work in competitive and integrated settings, engage in community life, control personal resources and receive services in the community to the same degree as individuals who do not receive Home and Community-Based Medicaid waivers. All states are required to review their current Home and Community-Based Services programs and to develop transition plans providing an assessment, strategies, and timelines for compliance with the new rule. FSSA engaged in this process and issued a draft Transition Plan in December of 2014, and a Final Transition Plan in March of 2017. While it is not anticipated that the changes noted in the Transition Plan will have a negative effect on the Project, no assurance can be given about the impact of this rule on the Project.

IHCP Provider Agreement and Assisted Living Program

Licensure and Certification. If and when the Project becomes licensed as a Residential Care Facility by ISDH and certified by FSSA as a Medicaid waiver provider, the Borrower will enter into an IHCP Provider Agreement with FSSA. Although the Borrower is confident that the Project will be so licensed and certified, there is no guarantee the Project will become licensed by ISDH and certified by FSSA, or that there will not be unanticipated delays in such licensure and

certification. See “ASSISTED LIVING PROJECTS AND THE HCBS WAIVER PROGRAM-Indiana Licensure for Residential Care Facilities” herein.

Termination or Suspension of the IHCP Provider Agreement. The IHCP Provider Agreement may be terminated or suspended for various reasons including failure to comply with the requirements of the ALS program and the Borrower’s obligations under the IHCP Provider Agreement. If the IHCP Provider Agreement is terminated or suspended, the financial viability of the Project would be adversely affected.

Possible Changes to ALS and A&D Waiver Program. The success of the Project relies heavily on providing ALS under the A&D waiver program. The Borrower cannot predict the terms of the legislation, if any, which may be enacted which may restructure and change FSSA, ISDH, DOA, OMPP or any of the other agencies and divisions governing the ALS Program or of the Indiana Health Coverage Program itself. Actions by FSSA in the future could have the effect of limiting upward adjustments in Provider Agreement Payments or of decreasing Provider Agreement Payments then in effect. The Borrower cannot predict whether any legislation, judicial decisions or actions would result in a repeal of the legislation and regulations relating to the ALS program or would adversely affect the receipt of Provider Agreement Payments or the amount of Provider Agreement Payments and thus the timely payment of debt service on the Bonds. See “ASSISTED LIVING PROJECTS AND THE HCBS WAIVER PROGRAM – Particular Waiver Programs” herein.

Timeliness of Payments. The timeliness of Provider Agreement Payments is subject to a number of factors beyond the control of the Borrower including State budgetary issues and federal Medicaid payments to the State. Therefore, there can be no assurance that payments under the IHCP Provider Agreement will be received in a timely enough manner to make required debt service payments on the Bonds.

In addition, as discussed in “ASSISTED LIVING PROJECTS IN INDIANA AND THE HCBS WAIVER PROGRAM - General Regulatory Environment” herein, the licensing requirements applicable to the Project may change in connection with the final STP implemented by FSSA.

Reductions in Medicaid Reimbursement Rates and Changes in the Medicaid Program

A significant portion of revenues for the Project comes from Medicaid payments. Medicaid is a state-administered program financed by both state funds and matching federal funds. Medicaid spending has increased rapidly in recent years, becoming a significant component of state budgets. This, combined with slower state revenue growth, has led both the federal government and many states to institute measures aimed at controlling the growth of Medicaid spending, and in some instances reducing aggregate Medicaid spending. These state and federal efforts are expected to continue for the foreseeable future. The Medicaid program and its reimbursement rates and rules are subject to frequent change at both the federal and state- by-state level. These changes include statutory and regulatory changes, rate adjustments (including retroactive adjustments), administrative or executive orders and government funding restrictions, all of which may materially adversely affect the rates at which services offered at the Project are reimbursed by state Medicaid plans. To generate funds to pay for the increasing costs of the Medicaid program, many states utilize financial arrangements commonly referred to as provider taxes. Under provider tax

arrangements, states collect taxes from healthcare providers and then use the revenue to pay the providers as a Medicaid expenditure, which allows the states to then claim additional federal matching funds on the additional reimbursements. Current federal law provides for a cap on the maximum allowable provider tax as a percentage of the provider's total revenue. There can be no assurance that federal law will continue to provide matching federal funds on state Medicaid expenditures funded through provider taxes, or that the current caps on provider taxes will not be reduced. Any discontinuance or reduction in federal matching of provider tax-related Medicaid expenditures could have a significant and adverse effect on states' Medicaid expenditures, and as a result could have a material and adverse effect on Project revenues and results of operations.

Retroactive Reduction of Revenues

Payments received from Medicaid and other payors can be retroactively adjusted after examination during the claims settlement process or as a result of post-payment audits. Payors may disallow requests for reimbursement, or recoup amounts previously reimbursed, based on determinations by the payors or their third-party audit contractors that certain costs are not reimbursable because either adequate or additional documentation was not provided or because certain services were not covered or deemed to not be medically necessary. Significant adjustments, recoupments or repayments of Medicaid revenue, and the costs associated with complying with investigative audits by regulatory and governmental authorities, could adversely affect the Project's financial condition and results of operations. From time to time, either based on information provided by third parties and/or the results of internal audits, providers of Medicaid-eligible services are made aware of payments from payor sources that were either wholly or partially in excess of the amount that should have been paid for the service provided. Overpayments may result from a variety of factors, including insufficient documentation supporting the services rendered or medical necessity of the services, other failures to document the satisfaction of the necessary conditions of payment, or in some cases for providing services that are deemed to be worthless. Providers are required by law in most instances to refund the full amount of the overpayment after becoming aware of it, and failure to do so within requisite time limits imposed by the law could lead to significant fines and penalties being imposed on providers. Furthermore, initial billing of and payments for services that are unsupported by the requisite documentation and satisfaction of any other conditions of payment, regardless of awareness of the failure at the time of the billing or payment, could expose the Borrower to significant fines and penalties, including pursuant to the federal False Claims Act ("FCA") and the Federal Civil Monetary Penalties Law ("FCMPL"). Violations of the FCA could lead to any combination of a variety of criminal, civil and administrative fines and penalties. The FCA provides for civil fines ranging from \$10,957 to \$21,916 per claim plus treble damages. The FCMPL similarly provides for civil monetary payments of up to \$10,957 per claim plus up to treble damages. The Borrower could also be subject to exclusion from participation in the Medicare program in some circumstances as well, in addition to any monetary or other fines, penalties or sanctions that the Borrower may incur under applicable federal and/or state law. The Borrower's repayment of any such amounts, as well as any fines, penalties or other sanctions that the Borrower may incur, could be significant and could have a material and adverse effect on results of operations and financial condition.

Billing and Collection

The reimbursement process is time consuming and complex, and there can be delays before the Borrower receives payment. Government reimbursement, facility credentialing, Medicaid recipient eligibility and service authorization procedures are often complicated and burdensome, and delays can result from, among other things, securing documentation and coordinating necessary eligibility paperwork between agencies. Similar issues arise in seeking payment from private payors. These reimbursement and procedural issues occasionally cause a need to have to resubmit claims several times and manage other administrative requests before payment is remitted. Missed filing deadlines can cause rejections of claims. If there is a billing error, the process to resolve the error may be time-consuming and costly. To the extent that complexity associated with billing for services causes delays in cash collections, the Borrower assumes the financial risk of increased carrying costs associated with the aging of accounts receivable as well as increased potential for write-offs. No assurance can be provided that the Borrower will be able to collect payment for claims at current levels in future periods. The risks associated with third-party payors and the inability to monitor and manage accounts receivable successfully could have a material adverse effect on the Borrower's liquidity, cash flows and operating results.

Inspections, Reviews, Audits and Investigations

As a result of the Borrower's participation in the Medicaid program, the Borrower is subject to various governmental inspections, reviews, audits and investigations to verify compliance with the program and applicable laws and regulations. An adverse inspection, review, audit or investigation could result in:

- refunding amounts the Borrower has been paid pursuant to the Medicaid program;
- state or federal agencies imposing fines, penalties and other sanctions;
- temporary suspension of payment for new residents;
- decertification or exclusion from participation in the Medicaid program;
- self-disclosure of violations to applicable regulatory authorities;
- damage to our reputation; and
- the revocation of the Project or provider's license.

If adverse inspections, reviews, audits or investigations occur and any of the results noted above occur, it could have a material adverse effect on the Borrower's business and operating results. Furthermore, the legal, document production and other costs associated with complying with these inspections, reviews, audits or investigations could be significant.

Nonrecourse Obligations

The Borrower's obligations under the Loan Agreement are strictly nonrecourse obligations. The Borrower does not have any obligation to fund operating deficits to cover any losses in the event of a default on the Bonds or otherwise to invest its own funds in the Project or to continue the Project in operation.

Information Not Verified

Information concerning the Borrower, the Investor Member, the Managing Member, the Operating Agreement Guarantor, the Managing Agent and the Project has been obtained from the Borrower, the Investor Member, the Managing Member, the Operating Agreement Guarantor and the Managing Agent and has not been independently verified by the Underwriter. Much of the information regarding the Project involves predictions of future events, such as the expected occupancy levels and amount of operating expenses for the Project. Such information is, by its nature, not subject to verification.

Taxability of Bonds

If the Borrower and the Issuer do not comply with certain of their covenants in the Indenture, the Loan Agreement (such as the agreement in Section 4.2(d) thereof to pay to the United States of America all amounts due and owing as arbitrage rebate on the Bonds in accordance with the Arbitrage Certificate), the Tax Representation Certificate dated the Issuance Date executed by the Borrower, the Arbitrage Certificate dated the Issuance Date executed by the Issuer (such certificates collectively referred to as the “**Arbitrage Certificate**”) and the Land Use Restriction Agreement dated as of October 1, 2017, a summary of which is attached hereto as APPENDIX C (the “**Land Use Restriction Agreement**”), among the Issuer, the Borrower and the Trustee (relating to, without limitation, leasing at least 40% of the units in the Project to low or moderate income persons), or if certain representations or warranties made by the Borrower in the Loan Agreement, the Arbitrage Certificate, the Land Use Restriction Agreement or in certain certificates of the Borrower are false, then the interest on the Bonds may become includable in gross income for federal income tax purposes retroactively to the Issuance Date of the Bonds. If the Bonds are declared to be taxable, the Bonds are subject to mandatory redemption at a redemption price equal to 105% of the principal amount thereof. See “THE BONDS - Redemption - Mandatory Redemption upon Determination of Taxability” above.

Compliance with Securities Laws

The Bonds may be sold by owners only in compliance with the registration provisions, or certain exemptions therefrom, of the Securities Act of 1933 and applicable state securities acts (which may be prohibitively expensive if registration is required and may not be possible in any event). In some states, specific conditions must be met or approval of a state securities commission is required in order to qualify for an exemption from registration.

NO REPRESENTATION OR ASSURANCE CAN BE MADE OR GIVEN THAT REVENUES WILL BE REALIZED BY THE BORROWER IN AMOUNTS NECESSARY TO MAKE THE PAYMENTS REQUIRED UNDER THE LOAN AGREEMENT OR TO MAKE OTHER PAYMENTS IN AMOUNTS SUFFICIENT TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS. FUTURE REVENUES AND EXPENSES ARE SUBJECT TO, AMONG OTHER THINGS, THE CAPABILITIES OF THE BORROWER AND FUTURE ECONOMIC AND OTHER CONDITIONS WHICH ARE UNPREDICTABLE. IF THE BORROWER IS UNABLE TO GENERATE REVENUES SUFFICIENT TO FULFILL ITS OBLIGATIONS, THE TRUSTEE MAY TAKE POSSESSION OF THE PROJECT AND ATTEMPT TO SELL OR LEASE THE

PROJECT ON TERMS THAT WILL PAY MATURING PRINCIPAL AND INTEREST ON THE BONDS SECURED THEREBY. IT IS POSSIBLE THAT THE BONDHOLDERS COULD SUFFER A LOSS OF PART OR ALL OF THEIR INVESTMENTS IF THE ASSETS OF THE BORROWER ARE INSUFFICIENT TO ENABLE IT TO PERFORM IN FULL UNDER THE LOAN AGREEMENT AND THE TRUSTEE IS UNABLE TO SELL OR LEASE THE PROJECT FOR AN AMOUNT WHICH, WHEN ADDED TO WHATEVER CONTRIBUTIONS ARE MADE BY THE BORROWER, IF ANY, IS SUFFICIENT TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS WHEN DUE.

THE FOREGOING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE BONDS.

INDENTURE

The Bonds are issued under the Indenture between the Issuer and the Trustee. Certain provisions of the Indenture are summarized within this Official Statement in connection with the discussions regarding the Bonds and the security and sources of payment therefor. A summary of the terms and provisions of the Indenture is attached to this Official Statement as APPENDIX C.

LOAN AGREEMENT

In connection with the issuance of the Bonds, the Borrower and the Issuer have entered into the Loan Agreement. A summary of the terms and provisions of the Loan Agreement is attached to this Official Statement as APPENDIX C.

CONTINUING DISCLOSURE

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission, the Borrower has entered into a Continuing Disclosure Agreement dated as of October 1, 2017 (the “**Continuing Disclosure Agreement**”) with the Trustee, as Dissemination Agent (the “**Dissemination Agent**”) under which it agrees to provide certain continuing disclosure concerning the Project. The information provided by the Borrower will be submitted by the Dissemination Agent to the Municipal Securities Rulemaking Board (the “**MSRB**”) through its Electronic Municipal Market Access system (“**EMMA**”). See APPENDIX E for the form of Continuing Disclosure Agreement.

The Borrower has not been subject to any continuing disclosure obligations in the past 5 years, however certain affiliates of the Borrower are subject to continuing disclosure obligations in connection with other projects. Those affiliates have, from time to time, filed a few reports late, however the late filings have been remedied. The Borrower and its affiliates are having and expect to have U.S. Bank National Association serve as their dissemination agent now and in the future.

TAX MATTERS

In the opinion of Barnes & Thornburg LLP, South Bend, Indiana, Bond Counsel, under existing laws, interest on the Bonds is excludable from gross income for federal income tax

purposes under Section 103 of the Code except for interest on any Bond for any period during which such Bond is held by a person who is a “substantial user” of the Project or a “related person” within the meaning of Section 147(a) of the Code. Further, under existing law, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and is not taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. The opinion of Bond Counsel is based on certain certifications, covenants and representations of the Issuer and the Borrower and is conditioned on continuing compliance therewith. In the opinion of Bond Counsel, under existing laws, interest on the Bonds is exempt from income taxation in the State of Indiana for all purposes except for the State financial institutions tax. See “APPENDIX A - Form of Bond Counsel Opinion.”

The Code imposes certain requirements that must be met subsequent to the issuance of the Bonds as a condition for the interest on state and local government obligations to be and remain excludable from gross income for federal income tax purposes. Noncompliance with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue, regardless of the date on which noncompliance occurs. Should the Bonds bear interest that is not excluded from gross income for federal income tax purposes, the market value of the Bonds would be materially and adversely affected.

The Bonds are not “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Indiana Code 6-5.5 imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5), which, in general, include all corporations which are transacting the business of a financial institution in the State. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code.

Although Bond Counsel will render an opinion in the form attached as APPENDIX A hereto that interest on the Bonds is excludable from gross income for federal income tax purposes and exempt from State income tax, the accrual or receipt of interest on the Bonds may otherwise affect an owner’s federal or state tax liability. The nature and extent of these other tax consequences will depend upon the owner’s particular tax status and the owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any other tax consequences.

The foregoing does not purport to be a comprehensive discussion of all of the tax consequences of owning the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the Bonds.

A form of the opinion of Bond Counsel is attached hereto as APPENDIX A. Copies of such opinion will be available at the time of the initial delivery of the Bonds.

ORIGINAL ISSUE DISCOUNT

The initial public offering prices of the Bonds maturing on October 1, 20__, through and including _____, 20__ (collectively, the “**Discount Bonds**”), are less than the principal amounts thereof payable at maturity. As a result, the Discount Bonds will be considered to be

issued with original issue discount. The difference between the initial public offering price of each maturity of the Discount Bonds, as set forth on the inside front cover page of this Official Statement (assuming it is the first price at which a substantial amount of that maturity is sold) (the “**Issue Price**” for such maturity), and the amount payable at its maturity, will be treated as “original issue discount.” The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Discount Bond on the basis of the yield to maturity determined on the basis of compounding at the end of each six-month period (or shorter period from the date of the original issue) ending on April 1 and October 1 (with straight line interpolation between compounding dates). An owner who purchases a Discount Bond in the initial public offering at the Issue Price for such maturity will treat the accrued amount of original issue discount as interest which is excludable from the gross income of the owner of that Discount Bond for federal income tax purposes.

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discount Bonds, that the amount of original issue discount accruing each period will be added to the owner’s tax basis for the Discount Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale, redemption or payment at maturity). Owners of Discount Bonds who dispose of Discount Bonds prior to maturity should consult their tax advisors concerning the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bonds prior to maturity.

The original issue discount that accrues in each year to an owner of a Discount Bond may result in certain collateral federal income tax consequences. Owners of any Discount Bonds should be aware that the accrual of original issue discount in each year may result in a tax liability from these collateral tax consequences even though the owners of such Discount Bonds will not receive a corresponding cash payment until a later year.

Owners who purchase Discount Bonds in the initial public offering but at a price different from the Issue Price for such maturity should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bonds such as the Discount Bonds. Owners who do not purchase Discount Bonds in the initial public offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discount Bonds. It is possible under the applicable provisions governing the determination of state or local income taxes that accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

AMORTIZABLE BOND PREMIUM

The initial public offering prices of the Bonds maturing on October 1, 20__, through and including _____, 20__ (collectively, the “**Premium Bonds**”), are greater than the principal

amounts thereof payable at maturity or on an earlier call date. As a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the “**Bond Premium**”). An owner who acquires a Premium Bond in the initial public offering will be required to adjust the owner’s basis in the Premium Bond downward as a result of the amortization of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon the disposition of the Premium Bonds (including sale, redemption or payment at maturity). The amount of amortizable Bond Premium will be computed on the basis of the taxpayer’s yield to maturity, with compounding at the end of each accrual period. Rules for determining (1) the amount of amortizable Bond Premium and (2) the amount amortizable in a particular year are set forth in Section 171(b) of the Code. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Bond Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning the Premium Bonds. Owners of the Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of such Premium Bonds and with respect to the state and local tax consequences of owning and disposing of the Premium Bonds.

Special rules governing the treatment of Bond Premium, which are applicable to dealers in tax-exempt securities, are found in Section 75 of the Code. Dealers in tax-exempt securities are urged to consult their own tax advisors concerning the treatment of Bond Premium.

UNDERWRITING

The Bonds are being purchased, subject to certain conditions, by Piper Jaffray & Co. (the “**Underwriter**”), at a purchase price of \$_____, which is the par amount of the Bonds of \$_____, less the Underwriter’s discount of \$_____, plus/less[net] original issue premium/discount of \$_____]. The Bond Purchase Agreement provides that all of the Bonds will be purchased by the Underwriter if any of such Bonds are purchased.

The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the inside preliminary pages of this Official Statement. The Underwriter may allow concessions to certain dealers (including dealers in a selling group of the Underwriter and other dealers depositing the Bonds into investment trusts), who may re-allow concessions to other dealers. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

Piper Jaffray & Co. has entered into a Distribution Agreement (the “**Distribution Agreement**”) with Charles Schwab & Co., Inc. (“**CS&Co.**”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Bonds from Piper Jaffray & Co. at the original issue price less a negotiated portion of the selling concession applicable to any of the Bonds that CS&Co. sells.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriter and its affiliates have, from time to time, performed, and may in the

future perform, various financial advisory and investment banking services for the Issuer or the Borrower, for which it received or will receive customary fees and expenses.

In the ordinary course of its various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for its own account and for the accounts of its customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer or the Borrower.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

LITIGATION

The Issuer

There is not now pending (as to which the Issuer has received service of process) or, to the actual knowledge of the Issuer, threatened, any litigation against the Issuer restraining or enjoining the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings or Issuer under which the Bonds are to be issued. There is no litigation against the Issuer pending (as to which the Issuer has received service of process) or, to the actual knowledge of the Issuer, threatened, which in any manner questions the right of the Issuer to enter into the Indenture, the Loan Agreement or the Bond Purchase Agreement (as defined in the Loan Agreement) or to secure the Bonds in the manner provided in the Indenture, the Bond Ordinance and the Act.

The Borrower

There is no litigation against the Borrower pending (as to which the Borrower has received service of process) or, to the actual knowledge of the Borrower, threatened, which in any manner questions the right of the Borrower to enter into the Loan Agreement or the Bond Purchase Agreement or to secure the Bonds in the manner provided in the Indenture, the Bond Ordinance and the Act.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving opinion of Barnes & Thornburg LLP, South Bend, Indiana, Bond Counsel. The form of such opinion is attached hereto as APPENDIX A. Certain legal matters are being passed upon for the Issuer by Vlado Vranjes, Esq., Corporation Counsel to the Issuer. Certain legal matters are being passed upon for the Underwriter by Hall, Render, Killian, Heath & Lyman, P.C., Indianapolis, Indiana, counsel to the Underwriter. Certain legal matters are being passed upon for the Borrower by Quarles & Brady LLP, Indianapolis, Indiana, counsel to the Borrower.

FORWARD-LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the Borrower, that are not purely historical, are forward-looking statements, including statements regarding the Borrower's expectations, intentions or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Borrower on the date hereof; and the Borrower assumes no obligation to update any such forward-looking statements. Actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to numerous risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including employees, patients, suppliers and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Borrower. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement are accurate.

NO RATING

The Bonds are not rated. See "RISKS TO BONDHOLDERS - Lack of Rating and Market for the Bonds" above.

MISCELLANEOUS

The references to any documents herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters relating to the Bonds, the security for the payment of the Bonds, and the rights and obligations of the owners thereof.

The information contained in this Official Statement has been compiled from official and other sources deemed to be reliable and, while not guaranteed as to completeness or accuracy, are believed to be correct as of its date.

Any statement made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, is set forth as such and not as a representation of fact; no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implications that there has been no change in the affairs of the Issuer or the Borrower since the date hereof.

AUTHORIZATION

This Official Statement has been approved for distribution to prospective purchasers and the Underwriter. The Issuer does not sign the Official Statement; the Issuer requires the Borrower to sign the Official Statement.

The execution and delivery of this Official Statement has been duly authorized by the Borrower.

HELLENIC SENIOR LIVING OF ELKHART, LLC, an
Indiana limited liability company

By: **Hellenic Senior Living - Elkhart MM, Inc.**,
an Indiana corporation, its Managing Member

By: _____
Arthur N. Poly, CEO and President

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APPENDIX A

FORM OF OPINION OF BOND COUNSEL

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October ____, 2017

City of Elkhart, Indiana
Elkhart, Indiana

Piper Jaffray & Co.
Chicago, Illinois

U.S. Bank National Association, as Trustee
Indianapolis, Indiana

Re: City of Elkhart, Indiana, Multifamily Housing Revenue Bonds
(Hellenic Senior Living of Elkhart Project), Series 2017

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Elkhart, Indiana (the “Issuer”) of \$_____ aggregate principal amount of the City of Elkhart, Indiana, Multifamily Housing Revenue Bonds (Hellenic Senior Living of Elkhart Project), Series 2017 (the “Bonds”), dated the date hereof and issued pursuant to Indiana Code 36-7-11.9 and 36-7-12, as amended, an ordinance adopted by the Common Council of the Issuer on August 7, 2017 (the “Ordinance”) and a Trust Indenture, dated as of October 1, 2017 (the “Indenture”), between the Issuer and U.S. Bank National Association, as trustee, to fund the loan of the proceeds of the Bonds to Hellenic Senior Living of Elkhart, LLC (the “Borrower”) pursuant to a Loan Agreement, dated as of October 1, 2017 (the “Loan Agreement”), between the Issuer and the Borrower. In such capacity, we have examined the law and such certified proceedings, certifications and such other documents and papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer and the Borrower contained in the Ordinance; the Indenture; the Loan Agreement; the Land Use Restriction Agreement, dated as of October 1, 2017 (the “Land Use Restriction Agreement”), among the Issuer, the Trustee, and the Borrower; the certified proceedings and other certifications of public officials furnished to us; and certifications, representations and other information furnished to us by or on behalf of the Issuer, the Borrower and others, including, without limitation, certifications contained in the tax and arbitrage certificates of the Issuer and the Borrower dated the date hereof, without undertaking to verify the same by independent investigation. We have also relied upon the legal opinion of Vlado Vranjes, Corporation Counsel of the Issuer, dated the date hereof, and the legal opinion of Quarles & Brady LLP, Indianapolis, Indiana, counsel to the Borrower, as to the matters stated therein.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Issuer is a political subdivision validly existing under the laws of the State of Indiana (the "State"), with the corporate power to adopt the Ordinance and enter into the Indenture, the Loan Agreement, and the Land Use Restriction Agreement and perform its obligations thereunder and to issue the Bonds.

2. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special and limited obligations of the Issuer, payable solely from the sources provided therefor in the Ordinance and Indenture, and enforceable in accordance with their terms.

3. The Ordinance has been duly adopted, and the Indenture, the Loan Agreement and the Land Use Restriction Agreement have been duly authorized, executed and delivered by the Issuer and are valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms.

4. Under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on this date (the "Code"), interest on the Bonds is excludable from gross income for federal income tax purposes, except for interest on any Bond for any period during which such Bond is held by a "substantial user" of the facilities financed by the Bonds or a "related person" within the meaning of Section 147(a) of the Code. The opinion set forth in this paragraph is subject to the condition that the Issuer and the Borrower comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer and the Borrower have covenanted or represented that they will comply with such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

5. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and is not taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

6. Interest on the Bonds is exempt from income taxation in the State for all purposes except the State financial institutions tax.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Preliminary Official Statement dated October ____, 2017, the Official Statement dated October ____, 2017, or any other offering material related to the Bonds, and we express no opinion relating thereto.

We express no opinion regarding any tax consequences arising with respect to the Bonds, other than as expressly set forth herein.

With respect to the enforceability of any document or instrument, this opinion is subject to the qualifications that: (i) enforceability of such document or instrument may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance and similar laws relating to or affecting the enforcement of creditors' rights; (ii) the enforceability of equitable rights and remedies provided for in such document or instrument is subject to judicial discretion, and the enforceability of such document or instrument may be limited by general principles of equity; (iii) the enforceability of such document or instrument may be limited by public policy; and (iv) certain remedial, waiver and other provisions of such document or instrument may be unenforceable, provided, however, that in our opinion the unenforceability of those provisions would not, subject to the other qualifications set forth herein, affect the validity of such document or instrument or prevent the practical realization of the benefits thereof.

This opinion is given only as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

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APPENDIX B

PROJECT PRO FORMA

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Pro Forma: Elkhart, IN 136 AL Units
Presented by Gardant Management Solutions
Tuesday, September 19, 2017

Items to note and assumptions:

- A 60 month Pro Forma, with the open date of January 1, 2019
 - Lease-up Year 2019 reflects an N.O.I. of approx \$607,865
 - Continued Lease-up Year 2020 reflects an N.O.I. of approx \$1,660,815
 - Stabilized Year 2021 reflects an N.O.I. of approx \$1,730,180 with a GM of 34.2%
 - Stabilized Year 2022 reflects an N.O.I. of approx \$1,675,714 with a GM of 32.7%
 - Stabilized Year 2023 reflects an N.O.I. of approx \$1,650,480 with a GM of 31.9%
 - The Assisted Living lease-up period stabilized in 18 months to a stabilized occupancy of 93.3%.
 - Assisted Living private pay rates will start at a blended rate of \$3,740 in 2017 dollars.
 - It is assumed that 45% of residents will be charged the base Indiana rent, while the remaining 55% of residents will be charged the base rent plus \$52, as their income is above the SSI.
 - Assisted Living Medicaid percentage is 85%.
 - Private Pay Rate increase of 3% annually in January
 - Indiana is implementing an increase in Medicaid Daily Service Rates of 5% in July 2017. The Medicaid Daily Service Rates reflect this rate with 5% increases to bring to 2019 dollars. These rates receive a 0.5% annual increase thereafter.
 - It is anticipated that 50% of residents will be at Tier 1, 40% at Tier 2, and 10% at Tier 3.
 - Operating Expenses are based upon GMS's experienced standard per unit cost, except where specific apply. Inflation reflected averages 2% and 3% on salaries and wages and insurances.
 - Property taxes are estimated at \$30,000 in 2017 dollars per ownership. AHEPA is a not-for-profit organization.
 - Personal property taxes are estimated at approximately \$9,200 in 2016 dollars. This is based on a FF&E amount of \$800,000, and the location of the property being located in Concord township, where the 2016 rate was 2.88%.
 - Salaries and Wages are reflected using GMS's staffing ratios and labor rate experiences, and or researched.
 - General and Professional Liability Insurance is reflected at the GMS volume rated premiums with Arthur Gallagher.
 - Debt Service has been provided. It will be financed with bonds.
 - Replacement reserves of \$500 per unit per year have been estimated starting in 2021. The \$500 will increase 3% each year after.

Elkhart, IN 136 AL Units
Operating Pro Forma 2019-2033

Revenue Growth 2.0%
Expense Growth 3.0%

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>
Total AL Units	Lease-up	Lease-up	127	127	127	127	127	127	127	127	127	127	127	127	127
Total AL Residents	Lease-up	Lease-up	132	132	132	132	132	132	132	132	132	132	132	132	132
AL - Projected Occupancy	77.9%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%
AL- Census Days	26,741	45,026	46,355	46,355	46,355	46,482	46,355	46,355	46,355	46,482	46,355	46,355	46,355	46,482	46,355
Revenue:															
Room Rent	641,342	1,095,912	1,148,304	1,165,932	1,183,560	1,207,231	1,231,376	1,256,003	1,281,123	1,306,746	1,332,881	1,359,538	1,386,729	1,414,464	1,442,753
Second Occupant Fee	28,000	48,616	50,940	52,440	54,000	55,080	56,182	57,305	58,451	59,620	60,813	62,029	63,270	64,535	65,826
Services - Resident	530,840	762,408	787,944	814,032	841,032	857,853	875,010	892,510	910,360	928,567	947,139	966,081	985,403	1,005,111	1,025,213
Services - Medicaid	1,564,848	2,754,516	2,866,220	2,880,425	2,895,006	2,952,906	3,011,964	3,072,204	3,133,648	3,196,321	3,260,247	3,325,452	3,391,961	3,459,800	3,528,996
Additional Care Services	97,691	172,706	179,580	180,520	181,472	185,101	188,803	192,580	196,431	200,360	204,367	208,454	212,623	216,876	221,213
Food Stamps	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Medicaid Approval Delay	(31,811)	(55,974)	(58,413)	(58,703)	(59,001)	(60,181)	(61,385)	(62,612)	(63,865)	(65,142)	(66,445)	(67,774)	(69,129)	(70,512)	(71,922)
Rent & Service Income	2,830,910	4,778,184	4,974,575	5,034,646	5,096,069	5,197,990	5,301,950	5,407,989	5,516,149	5,626,472	5,739,001	5,853,781	5,970,857	6,090,274	6,212,080
Other Income	48,718	81,991	84,636	84,636	84,636	86,329	88,055	89,816	91,613	93,445	95,314	97,220	99,165	101,148	103,171
Rent Concessions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	2,879,628	4,860,175	5,059,211	5,119,282	5,180,705	5,284,319	5,390,005	5,497,806	5,607,762	5,719,917	5,834,315	5,951,002	6,070,022	6,191,422	6,315,250
Expense:															
Administrative	419,881	486,743	503,483	511,323	519,411	534,994	551,044	567,575	584,602	602,140	620,204	638,811	657,975	677,714	698,046
Operating	46,248	63,076	64,323	65,605	66,924	68,932	71,000	73,130	75,324	77,583	79,911	82,308	84,777	87,321	89,940
Maintenance	42,502	72,541	74,308	106,116	107,128	110,342	113,652	117,062	120,574	124,191	127,917	131,754	135,707	139,778	143,971
Materials and Supplies	23,931	40,172	42,276	43,092	43,968	45,287	46,646	48,045	49,486	50,971	52,500	54,075	55,697	57,368	59,089
Utilities	123,343	190,567	202,051	206,093	210,217	216,524	223,019	229,710	236,601	243,699	251,010	258,540	266,297	274,286	282,514
Taxes and Insurance	79,040	80,701	82,355	84,004	85,653	88,223	90,869	93,595	96,403	99,295	102,274	105,342	108,503	111,758	115,110
Salaries, Wages, Contr Labor Dept'l & Ben	1,370,121	1,987,679	2,068,951	2,130,454	2,194,386	2,260,218	2,328,024	2,397,865	2,469,801	2,543,895	2,620,212	2,698,818	2,779,783	2,863,176	2,949,071
Culinary Expenses	166,698	277,881	291,285	296,881	302,537	311,613	320,961	330,590	340,508	350,723	361,245	372,082	383,244	394,742	406,584
Replacement Reserve	-	-	68,000	70,040	72,080	74,242	76,470	78,764	81,127	83,560	86,067	88,649	91,309	94,048	96,869
Total Operating Expense	2,271,763	3,199,360	3,397,031	3,513,608	3,602,304	3,710,373	3,821,685	3,936,335	4,054,425	4,176,058	4,301,340	4,430,380	4,563,291	4,700,190	4,841,196
Net Operating Income	607,865	1,660,815	1,662,180	1,605,674	1,578,401	1,573,946	1,568,321	1,561,470	1,553,336	1,543,859	1,532,976	1,520,622	1,506,730	1,491,232	1,474,055
Mortgage	1,035,375	1,035,375	1,175,375	1,172,675	1,174,700	1,171,175	1,172,375	1,173,025	1,173,125	1,172,675	1,171,675	1,175,125	1,172,750	1,174,825	1,171,075
Debt Service Coverage	0.59	1.60	1.41	1.37	1.34	1.34	1.34	1.33	1.32	1.32	1.31	1.29	1.28	1.27	1.26

Elkhart, IN 136 AL Units
Yearly Summary

Year	Revenue	Expenses	NOI	Gross Margin	PUPA
2019	\$ 2,879,628	\$ 2,271,763	\$ 607,865	21.1%	\$ 16,704
2020	4,860,175	3,199,360	1,660,815	34.2%	23,525
2021	5,059,211	3,329,031	1,730,180	34.2%	24,478
2022	5,119,282	3,443,568	1,675,714	32.7%	25,320
2023	5,180,705	3,530,224	1,650,480	31.9%	25,958

Elkhart, IN 136 AL Units															
2019 Operating Pro Forma, Year 1															
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Total AL Units			31	41	49	57	65	72	79	86	92	97	102	106	
Total MC Units			0	0	0	0	0	0	0	0	0	0	0	0	
Total IL Units			0	0	0	0	0	0	0	0	0	0	0	0	
Total Units			31	41	49	57	65	72	79	86	92	97	102	106	
Total AL Residents			32	43	51	59	68	75	82	89	96	101	106	110	
Total MC Residents			0	0	0	0	0	0	0	0	0	0	0	0	
Total IL Residents			0	0	0	0	0	0	0	0	0	0	0	0	
AL - Projected Occupancy			22.8%	30.1%	36.0%	41.9%	47.8%	52.9%	58.1%	63.2%	67.6%	71.3%	75.0%	77.9%	
MC- Projected Occupancy			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
IL - Projected Occupancy			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
AL- Census Days			961	1,148	1,519	1,710	2,015	2,160	2,449	2,666	2,760	3,007	3,060	3,286	26,741
MC- Census Days			-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue:															
AL Room Rent			22,698	29,978	35,802	41,678	47,554	52,624	57,798	62,868	67,288	70,954	74,620	77,480	641,342
MC Room Rent			-	-	-	-	-	-	-	-	-	-	-	-	-
IL Room Rent			-	-	-	-	-	-	-	-	-	-	-	-	-
AL Second Occupant Fee			800	1,600	1,600	1,600	2,400	2,400	2,400	2,400	3,200	3,200	3,200	3,200	28,000
IL Second Occupant Fee			-	-	-	-	-	-	-	-	-	-	-	-	-
AL Services - Resident			12,960	19,440	25,868	32,400	38,828	45,360	51,788	58,268	61,482	61,482	61,482	61,482	530,840
MC Services - Resident			-	-	-	-	-	-	-	-	-	-	-	-	-
AL Services - Medicaid			60,256	70,549	91,500	101,506	118,280	125,263	140,597	151,754	157,658	174,072	179,256	194,157	1,564,848
MC Services - Medicaid			-	-	-	-	-	-	-	-	-	-	-	-	-
AL Additional Care Services			3,950	4,620	5,570	6,518	7,190	7,866	8,583	9,521	9,654	10,913	11,001	12,305	97,691
MC Additional Care Services			-	-	-	-	-	-	-	-	-	-	-	-	-
IL Additional Care Services			-	-	-	-	-	-	-	-	-	-	-	-	-
Food Stamps			-	-	-	-	-	-	-	-	-	-	-	-	-
Medicaid Approval Delay			(1,208)	(1,566)	(1,827)	(2,100)	(2,361)	(2,589)	(2,807)	(3,035)	(3,253)	(3,481)	(3,699)	(3,885)	(31,811)
Rent & Service Income			99,456	124,621	158,513	181,602	211,891	230,924	258,359	281,776	296,029	317,140	325,860	344,739	2,830,910
Other															
Beauty Salon			480	645	765	885	1,020	1,125	1,230	1,335	1,440	1,515	1,590	1,650	13,680
Cable			620	820	980	1,140	1,300	1,440	1,580	1,720	1,840	1,940	2,040	2,120	17,540
Internet Access			-	-	-	-	-	-	-	-	-	-	-	-	-
Community Fee			-	-	-	-	-	-	-	-	-	-	-	-	-
Telephone Connection			434	574	686	798	910	1,008	1,106	1,204	1,288	1,358	1,428	1,484	12,278
Telephone Usage			23	31	37	43	49	54	59	65	69	73	77	80	660
Meal Program Revenue			160	215	255	295	340	375	410	445	480	505	530	550	4,560
Interest Income			-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income - Reserves			-	-	-	-	-	-	-	-	-	-	-	-	-
Property Lease Income			-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income			1,717	2,285	2,723	3,161	3,619	4,002	4,385	4,769	5,117	5,391	5,665	5,884	48,718
Rent Concessions			-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue			101,173	126,906	161,236	184,763	215,510	234,926	262,744	286,545	301,146	322,531	331,525	350,623	2,879,628
Expense:															
Administrative															
Marketing			11,560	11,560	11,560	11,560	11,560	11,560	11,560	11,560	5,780	5,780	5,780	5,780	115,600
Commission Payments			861	861	2,361	861	861	2,361	861	861	2,361	861	861	2,361	16,332
Office Expenses															
Equipment Rental			765	765	765	765	765	765	765	765	765	765	765	765	9,180
Postage and Delivery			119	119	122	142	162	180	197	215	230	242	255	265	2,248
Computer Expenses															
Computer Equipment			-	-	-	-	-	-	-	-	-	-	-	-	-
Clinical Software			1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,318	16,718
Culinary Software			-	-	-	-	-	-	-	-	-	-	-	-	-
Education & Training Software			-	578	-	-	578	-	-	578	-	-	578	-	2,312
Internet Service			153	153	153	153	153	153	153	153	153	153	153	153	1,836
IT Support & Hosting			306	306	306	306	306	306	306	306	306	306	306	306	3,672
Maintenance Software			68	68	68	68	68	68	68	68	68	68	68	68	816
Marketing Software			1,347	347	347	347	347	347	347	347	347	347	347	347	5,164
Miscellaneous			546	36	36	36	36	36	36	36	36	36	36	36	942
Property Mgmt Software			804	804	804	804	804	804	804	804	804	804	804	804	9,648
Tax Credit Mgmt Software			2,576	365	365	365	365	365	365	365	365	365	365	365	6,591
Property Management Fees			6,500	6,500	8,062	9,238	10,776	11,746	13,137	14,327	15,057	16,127	16,576	17,531	145,577
Property Management Fees - TC			-	-	-	-	-	-	-	-	-	-	-	-	-
Service Provider Fees			-	-	-	-	-	-	-	-	-	-	-	-	-
Social Programming			190	190	196	228	260	288	316	344	368	388	408	424	3,600
Social Prog - Movie License Fees			347	-	-	-	-	-	-	-	-	-	-	-	347
Social Prog - Music License Fees			-	-	-	451	-	-	-	-	-	-	-	-	451
Prof Fees-Consulting			-	-	-	-	-	-	-	-	-	-	-	-	-
Prof Fees-Legal			-	-	-	-	-	-	-	-	-	-	-	-	-
Prof Fees-Audit			1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	13,260
Prof Fees-Contract Labor Serv Prov			-	-	-	-	-	-	-	-	-	-	-	-	-
Prof Fees-Contract Labor			107	107	107	107	107	107	107	107	107	107	107	107	1,284
Telephone															
Basic Connection			1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	12,240
Usage			97	97	100	116	133	147	161	175	188	198	208	216	1,836
Mobile Phone			61	61	61	61	61	61	61	61	61	61	61	61	732
Bad Debt															
Bad Debt - Resident			-	-	-	-	-	-	-	-	-	-	-	-	-
Bad Debt - Medicaid Pending Denial			-	-	-	-	-	-	-	-	-	-	-	-	-
Other Administrative															
Background Checks			92	92	92	92	92	92	92	92	92	92	92	92	1,104
Bank Service Charges			-	-	-	-	-	-	-	-	-	-	-	-	-
Media Management			128	128	128	128	128	128	128	128	128	128	128	128	1,536
Beauty Shop			367	493	585	677	780	861	941	1,021	1,102	1,159	1,216	1,262	10,464
Contributions			-	-	-	-	-	-	-	-	-	-	-	-	-
Dues and Subscriptions			5,209	77	77	77	77	77	77	77	77	77	332	77	6,311
Help Wanted Ads			250	250	250	250	250	150	150	150	153	153	153	153	2,312
Home Office Rent			-	-	-	-	-	-	-	-	-	-	-	-	-
Property Lease			-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses / Permits			1,196	43	43	43	43	43	43	43	43	43	43	193	1,819
Lodging			100	100	100	100	100	100	100	100	100	100	100	100	1,200
Meals			50	50	50	50	50	50	50	50	50	50	50	50	600
Travel			1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	14,400
Training / Education			230	230	230	230	230	230	230	230	230	230	230	230	2,760
Uniforms			77	77	77	77	77	77	77	77	77	77	77	77	924
Admin Meeting			61	61	61	61	61	61	61	61	61	61	61	61	732
Miscellaneous			1,117	117	733	141	160	178	195	212	227	239	252	1,762	5,333
Administrative			40,009	29,360	32,564	32,259	34,115	36,066	36,113	38,038	34,061	33,742	35,137	38,417	419,881
Operating Expenses															
Cable			867	867	867	1,734	1,734	1,734	2,601	2,601	2,601	3,468	3,468	3,468	26,010

Elkhart, IN 136 AL Units														
2019 Operating Pro Forma, Year 1														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
Total AL Units	31	41	49	57	65	72	79	86	92	97	102	106		
Total MC Units	0	0	0	0	0	0	0	0	0	0	0	0		
Total IL Units	0	0	0	0	0	0	0	0	0	0	0	0		
Total Units	31	41	49	57	65	72	79	86	92	97	102	106		
Total AL Residents	32	43	51	59	68	75	82	89	96	101	106	110		
Total MC Residents	0	0	0	0	0	0	0	0	0	0	0	0		
Total IL Residents	0	0	0	0	0	0	0	0	0	0	0	0		
AL - Projected Occupancy	22.8%	30.1%	36.0%	41.9%	47.8%	52.9%	58.1%	63.2%	67.6%	71.3%	75.0%	77.9%		
MC- Projected Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
IL - Projected Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
AL - Census Days	961	1,148	1,519	1,710	2,015	2,160	2,449	2,666	2,760	3,007	3,060	3,286	26,741	
MC- Census Days	-	-	-	-	-	-	-	-	-	-	-	-	-	
Exterminating	153	153	153	153	408	153	153	153	153	153	408	153	2,346	
Rubbish Removal	624	624	624	624	624	624	624	624	624	624	624	624	7,488	
Vehicle & Equip Oper Expense	255	255	255	255	255	255	255	255	255	255	255	255	3,060	
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	
Water Softener	612	612	612	612	612	612	612	612	612	612	612	612	7,344	
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	
Operating	2,511	2,511	2,511	3,378	3,633	3,378	4,245	4,245	4,245	5,112	5,367	5,112	46,248	
Maintenance Expenses														
Security & Monitoring Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	
Grounds Maintenance	-	-	-	800	800	800	800	800	800	800	-	-	5,600	
Carpeting O/S Services	-	-	-	-	-	-	-	-	-	-	-	-	-	
Elevator Maint O/S Services	-	-	-	-	-	-	-	-	-	-	-	-	-	
Heating & A/C Maint O/S Service	-	-	-	-	-	-	-	-	-	-	-	-	-	
Snow Removal O/S Services	1,800	1,800	1,800	-	-	-	-	-	-	-	1,800	1,800	9,000	
Plumbing Maint O/S Services	137	137	141	914	187	207	227	247	265	279	293	305	3,339	
Electrical Maint O/S Services	-	-	-	-	-	-	-	-	-	-	-	-	-	
Painting & Decor O/S Service	51	51	52	61	70	77	85	92	99	104	109	114	965	
Office Equip Repairs	-	-	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous Maint Repairs	1,848	1,848	1,854	1,889	1,923	1,953	1,983	2,014	2,039	2,061	2,082	2,100	23,598	
Maintenance	3,836	3,836	3,847	3,664	2,980	3,037	3,095	3,153	3,203	3,244	4,284	4,319	42,502	
Materials and Supplies														
Office Supplies	291	291	312	361	416	459	502	545	588	618	649	673	5,705	
Nursing Supplies	128	128	137	158	182	201	220	239	258	271	284	295	2,501	
Housekeeping Supplies-Other	459	459	492	569	655	723	790	858	925	974	1,022	1,060	8,986	
Laundry Supplies	136	136	146	169	194	214	234	254	274	288	303	314	2,662	
Maintenance Supplies	216	216	222	258	294	326	358	389	417	439	462	480	4,077	
Materials and Supplies	1,230	1,230	1,309	1,515	1,741	1,923	2,104	2,285	2,462	2,590	2,720	2,822	23,931	
Utilities														
Electric	11,478	8,829	7,063	6,622	6,180	6,544	6,667	7,258	8,362	10,076	11,257	15,140	105,476	
Gas	819	758	607	455	334	353	388	422	493	649	910	1,040	7,228	
Water	532	532	548	637	782	947	1,040	1,132	1,080	1,084	1,140	1,185	10,639	
City Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Utilities	12,829	10,119	8,218	7,714	7,296	7,844	8,095	8,812	9,935	11,809	13,307	17,365	123,343	
Taxes and Insurance														
Property Taxes	2,601	2,601	2,601	2,601	2,601	2,601	2,601	2,601	2,601	2,601	2,601	2,601	31,212	
Gen & Prof Liability	3,173	3,173	3,173	3,173	3,173	3,173	3,173	3,237	3,237	3,237	3,237	3,237	38,396	
Medicaid Provider Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous Taxes & Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	
Personal Property Tax	786	786	786	786	786	786	786	786	786	786	786	786	9,432	
Taxes and Insurance	6,560	6,560	6,560	6,560	6,560	6,560	6,560	6,624	6,624	6,624	6,624	6,624	79,040	
Salaries, Wages, Contr Labor Dept'l & Benefits														
Salaries & Wages														
Administrative	18,180	16,420	18,180	17,593	18,180	17,593	18,180	18,180	17,593	18,180	17,593	19,180	215,052	
Nursing	23,963	22,598	31,553	32,361	41,694	41,048	45,632	45,110	48,016	51,594	53,762	58,305	495,636	
Marketing	4,497	4,062	4,497	4,352	4,497	4,352	4,497	4,497	4,352	4,497	4,352	4,747	53,199	
Dietary	12,178	13,810	16,100	16,477	18,919	18,513	20,565	20,355	21,506	21,695	22,654	27,464	230,236	
Social Programming	3,023	2,731	3,023	2,926	3,023	2,926	3,023	3,023	2,926	3,023	5,079	5,498	42,449	
Housekeepers	2,645	2,561	3,079	3,614	4,409	4,182	5,474	5,172	5,511	5,994	6,045	6,657	55,343	
Maintenance	3,424	3,092	3,424	3,313	3,424	3,313	3,424	3,424	3,313	3,424	4,768	5,198	43,541	
Total Salaries & Wages	67,910	65,274	79,856	80,636	94,146	91,927	100,795	99,761	103,217	110,632	114,253	127,049	1,135,456	
Contr Labor Dept'l														
Contr Labor Admin	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contr Labor Nursing	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contr Labor Mktg	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contr Labor Dietary	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contr Labor Soc Prog	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contr Labor Hskpng	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contr Labor Maint	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Contr Labor Dept'l	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payroll Taxes														
Medicare Company	985	946	1,158	1,169	1,365	1,333	1,462	1,447	1,497	1,604	1,657	1,842	16,465	
Social Security Company	4,210	4,047	4,951	4,999	5,837	5,699	6,249	6,185	6,399	6,859	7,084	7,877	70,396	
Federal Unemployment Company	407	392	479	242	282	276	302	299	310	332	343	381	4,045	
State Unemployment Company	1,698	1,632	1,996	1,613	1,648	1,379	1,260	998	774	553	428	318	14,297	
Workers Compensation Insurance	3,004	3,004	3,004	3,004	3,004	3,094	3,094	3,094	3,094	3,094	3,094	3,094	36,678	
Other Benefits														
Pension (401K) Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	
employee count for health ins	3	4	4	5	6	6	7	8	9	9	10	11		
Health Insurance	3,803	4,621	4,880	5,759	6,864	6,824	7,847	8,693	9,620	9,751	10,681	11,773	91,116	
Life Insurance	139	139	139	139	139	139	139	139	139	139	139	139	1,668	
Contr Labor Dept'l Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payroll Processing	-	-	-	-	-	-	-	-	-	-	-	-	-	
Salaries, Wages, Contr Labor Dept'l & Ben	82,156	80,055	96,463	97,561	113,285	110,671	121,148	120,616	125,050	132,964	137,679	152,473	1,370,121	
Culinary Expenses														
Raw Food	4,998	6,067	7,966	8,919	10,622	11,337	12,809	13,902	14,512	15,776	16,023	17,182	140,113	
Disposable Supplies	332	332	356	412	474	523	572	621	670	705	740	767	6,504	
Dishes/Cookware/Utensils	87	87	93	108	124	137	150	162	175	184	194	201	1,702	
Dietary Cleaning Supplies	19	19	21	24	28	31	33	36	39	41	43	45	379	
Equipment Supplies	29	29	31	36	42	46	50	54	59	62	65	67	570	
Wash ware Supplies	212	212	227	263	303	334	366	397	428	450	472	490	4,154	
Dietician Services	796	796	796	796	796	796	796	796	796	796	796	796	9,552	
Equipment Repairs	104	104	107	288	143	668	336	189	202	376	224	742	3,484	
Equipment Lease	-	-	-	-	-	-	-	-	-	-	-	-	-	
Uniforms	20	20	20	20	20	20	20	20	20	20	20	20	240	
Culinary Expenses	6,597	7,666	9,617	10,866	12,552	13,892	15,132	16,177	16,901	18,410	18,577	20,310	166,698	
Total Operating Expense	155,728	141,337	161,089	163,518	182,162	183,371	196,493	199,950	202,481	214,496	223,695	247,442	2,271,763	
Net Operating Income	(54,555)	(14,431)	147	21,245	33,348	51,555	66,251	86,595	98,664	108,036	107,829	103,181	607,865	
Financing Expenses														

Elkhart, IN 136 AL Units														
2019 Operating Pro Forma, Year 1														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
Total AL Units	31	41	49	57	65	72	79	86	92	97	102	106		
Total MC Units	0	0	0	0	0	0	0	0	0	0	0	0		
Total IL Units	0	0	0	0	0	0	0	0	0	0	0	0		
Total Units	31	41	49	57	65	72	79	86	92	97	102	106		
Total AL Residents	32	43	51	59	68	75	82	89	96	101	106	110		
Total MC Residents	0	0	0	0	0	0	0	0	0	0	0	0		
Total IL Residents	0	0	0	0	0	0	0	0	0	0	0	0		
AL - Projected Occupancy	22.8%	30.1%	36.0%	41.9%	47.8%	52.9%	58.1%	63.2%	67.6%	71.3%	75.0%	77.9%		
MC- Projected Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
IL - Projected Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
AL- Census Days	961	1,148	1,519	1,710	2,015	2,160	2,449	2,666	2,760	3,007	3,060	3,286	26,741	
MC- Census Days	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	
Letter of Credit Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mezzanine Loan - Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mezzanine Loan - Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mortgage - Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mortgage - Interest	-	-	517,688	-	-	-	-	-	517,688	-	-	-	-	1,035,375
Mortgage Service Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mortgage Insurance Prem	-	-	-	-	-	-	-	-	-	-	-	-	-	
Financing Expenses	-	-	517,688	-	-	-	-	-	517,688	-	-	-	-	1,035,375
Equity Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	
Tax Credit Compliance Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	
Replacement Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	
Replacement Reserve - FFE	-	-	-	-	-	-	-	-	-	-	-	-	-	
Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	
Partnership Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	
Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	
Equity Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net Cash Flows	(54,555)	(14,431)	(517,540)	21,245	33,348	51,555	66,251	86,595	(419,023)	108,036	107,829	103,181	(427,510)	
Debt Coverage Ratio														
													GM	21.1%
													PUPA	16,704
													DCR	0.59

Elkhart, IN 136 AL Units														
2020 Operating Pro Forma, Year 2														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
Total AL Units	110	114	118	121	124	127	127	127	127	127	127	127	127	
Total MC Units	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total IL Units	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Units	110	114	118	121	124	127	127	127	127	127	127	127	127	
Total AL Residents	114	119	123	126	129	132	132	132	132	132	132	132	132	
Total MC Residents	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total IL Residents	0	0	0	0	0	0	0	0	0	0	0	0	0	
AL - Projected Occupancy	80.9%	83.8%	86.8%	89.0%	91.2%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	
MC - Projected Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
IL - Projected Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
AL - Census Days	3,410	3,306	3,658	3,630	3,844	3,810	3,937	3,937	3,810	3,937	3,810	3,937	45,026	
MC - Census Days	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revenue:														
AL Room Rent	81,706	84,662	87,618	89,809	92,052	94,295	94,295	94,295	94,295	94,295	94,295	94,295	1,095,912	
MC Room Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	
IL Room Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	
AL Second Occupant Fee	3,296	4,120	4,120	4,120	4,120	4,120	4,120	4,120	4,120	4,120	4,120	4,120	48,616	
IL Second Occupant Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	
AL Services - Resident	63,534	63,534	63,534	63,534	63,534	63,534	63,534	63,534	63,534	63,534	63,534	63,534	762,408	
MC Services - Resident	-	-	-	-	-	-	-	-	-	-	-	-	-	
AL Services - Medicaid	204,101	199,326	222,041	221,392	235,499	234,415	242,228	242,228	234,415	242,228	234,415	242,228	2,754,516	
MC Services - Medicaid	-	-	-	-	-	-	-	-	-	-	-	-	-	
AL Additional Care Services	12,600	12,669	13,999	13,769	14,942	14,681	15,171	15,171	14,681	15,171	14,681	15,171	172,706	
MC Additional Care Services	-	-	-	-	-	-	-	-	-	-	-	-	-	
IL Additional Care Services	-	-	-	-	-	-	-	-	-	-	-	-	-	
Food Stamps	-	-	-	-	-	-	-	-	-	-	-	-	-	
Medicaid Approval Delay	(4,078)	(4,264)	(4,442)	(4,573)	(4,713)	(4,844)	(4,844)	(4,844)	(4,844)	(4,844)	(4,844)	(4,844)	(55,974)	
Rent & Service Income	361,159	360,047	386,870	388,051	405,434	406,201	414,504	414,504	406,201	414,504	406,201	414,504	4,778,184	
Other														
Beauty Salon	1,710	1,785	1,845	1,890	1,935	1,980	1,980	1,980	1,980	1,980	1,980	1,980	23,025	
Cable	2,200	2,280	2,360	2,420	2,480	2,540	2,540	2,540	2,540	2,540	2,540	2,540	29,520	
Internet Access	-	-	-	-	-	-	-	-	-	-	-	-	-	
Community Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	
Telephone Connection	1,540	1,596	1,652	1,694	1,736	1,778	1,778	1,778	1,778	1,778	1,778	1,778	20,664	
Telephone Usage	83	86	89	91	93	95	95	95	95	95	95	95	1,107	
Meal Program Revenue	570	595	615	630	645	660	660	660	660	660	660	660	7,675	
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest Income - Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property Lease Income	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Income	6,103	6,342	6,561	6,725	6,889	7,053	7,053	7,053	7,053	7,053	7,053	7,053	81,991	
Rent Concessions	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue	367,262	366,389	393,431	394,776	412,323	413,254	421,557	421,557	413,254	421,557	413,254	421,557	4,860,175	
Expense:														
Administrative														
Marketing	5,896	5,896	5,896	5,896	5,896	5,896	5,896	5,896	5,896	5,896	5,896	5,896	70,752	
Commission Payments	879	879	2,409	879	879	2,409	879	879	2,409	879	879	2,409	16,668	
Office Expenses														
Equipment Rental	780	780	780	780	780	780	780	780	780	780	780	780	9,360	
Postage and Delivery	281	291	301	309	316	324	324	324	324	324	324	324	3,766	
Computer Expenses														
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	
Clinical Software	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	16,128	
Culinary Software	-	-	-	-	-	-	-	-	-	-	-	-	-	
Education & Training Software	-	666	-	-	666	-	-	666	-	-	666	-	2,664	
Internet Service	156	156	156	156	156	156	156	156	156	156	156	156	1,872	
IT Support & Hosting	312	312	312	312	312	312	312	312	312	312	312	312	3,744	
Maintenance Software	69	69	69	69	69	69	69	69	69	69	69	69	828	
Marketing Software	354	354	354	354	566	566	566	566	566	566	566	566	5,944	
Miscellaneous	557	37	37	37	37	37	37	37	37	37	37	37	964	
Property Mgmt Software	821	821	821	821	821	821	821	821	821	821	821	821	9,852	
Tax Credit Mgmt Software	372	372	372	372	372	372	372	372	372	372	372	372	4,464	
Property Management Fees	18,363	18,319	19,672	19,739	20,616	20,663	21,078	21,078	20,663	21,078	20,663	21,078	243,010	
Property Management Fees - TC	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service Provider Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	
Social Programming	449	465	481	494	506	518	518	518	518	518	518	518	6,021	
Social Prog - Movie License Fees	354	-	-	-	-	-	-	-	-	-	-	-	354	
Social Prog - Music License Fees	-	-	-	461	-	-	-	-	-	-	-	-	461	
Prof Fees-Consulting	-	-	-	-	-	-	-	-	-	-	-	-	-	
Prof Fees-Legal	-	-	-	-	-	-	-	-	-	-	-	-	-	
Prof Fees-Audit	1,127	1,127	1,127	1,127	1,127	1,127	1,127	1,127	1,127	1,127	1,127	1,127	13,525	
Prof Fees-Contract Labor Serv Prov	-	-	-	-	-	-	-	-	-	-	-	-	-	
Prof Fees-Contract Labor	109	109	109	109	109	109	109	109	109	109	109	109	1,308	
Telephone														
Basic Connection	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	12,480	
Usage	229	237	246	252	258	264	264	264	264	264	264	264	3,070	
Mobile Phone	62	62	62	62	62	62	62	62	62	62	62	62	744	
Bad Debt														
Bad Debt - Resident	-	-	-	-	-	-	-	-	-	-	-	-	-	
Bad Debt - Medicaid Pending Denial	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Administrative														
Background Checks	94	94	94	94	94	94	94	94	94	94	94	94	1,128	
Bank Service Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	
Media Management	131	131	131	131	131	131	131	131	131	131	131	131	1,572	
Beauty Shop	1,335	1,393	1,440	1,475	1,511	1,546	1,546	1,546	1,546	1,546	1,546	1,546	17,976	
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dues and Subscriptions	5,314	79	79	79	79	79	79	79	79	79	339	79	6,443	
Help Wanted Ads	156	156	156	156	156	156	156	156	156	156	156	156	1,872	
Home Office Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property Lease	-	-	-	-	-	-	-	-	-	-	-	-	-	
Licenses / Permits	1,220	44	44	44	44	44	44	44	44	44	44	197	1,857	
Lodging	102	102	102	102	102	102	102	102	102	102	102	102	1,224	
Meals	51	51	51	51	51	51	51	51	51	51	51	51	612	
Travel	1,224	1,224	1,224	1,224	1,224	1,224	1,224	1,224	1,224	1,224	1,224	1,224	14,688	
Training / Education	235	235	235	235	235	235	235	235	235	235	235	235	2,820	
Uniforms	79	79	79	79	79	79	79	79	79	79	79	79	948	
Admin Meeting	62	62	62	62	62	62	62	62	62	62	62	62	744	
Miscellaneous	1,297	287	909	305	312	320	320	320	320	320	320	1,850	6,880	
Administrative	44,854	37,273	40,194	38,650	40,012	40,992	39,877	40,543	40,992	39,877	40,388	43,091	486,743	
Operating Expenses														
Cable	3,537	3,537	3,537	3,537	3,537	3,537	3,537	3,537	3,537	3,537	3,537	3,537	42,444	

Elkhart, IN 136 AL Units														
2020 Operating Pro Forma, Year 2														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
Total AL Units	110	114	118	121	124	127	127	127	127	127	127	127		
Total MC Units	0	0	0	0	0	0	0	0	0	0	0	0		
Total IL Units	0	0	0	0	0	0	0	0	0	0	0	0		
Total Units	110	114	118	121	124	127	127	127	127	127	127	127		
Total AL Residents	114	119	123	126	129	132	132	132	132	132	132	132		
Total MC Residents	0	0	0	0	0	0	0	0	0	0	0	0		
Total IL Residents	0	0	0	0	0	0	0	0	0	0	0	0		
AL - Projected Occupancy	80.9%	83.8%	86.8%	89.0%	91.2%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%		
MC- Projected Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
IL - Projected Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
AL- Census Days	3,410	3,306	3,658	3,630	3,844	3,810	3,937	3,937	3,810	3,937	3,810	3,937	45,026	
MC- Census Days	-	-	-	-	-	-	-	-	-	-	-	-		
Exterminating	155	155	155	155	415	155	155	155	155	155	415	155	2,380	
Rubbish Removal	637	637	637	637	637	637	637	637	637	637	637	637	7,644	
Vehicle & Equip Oper Expense	260	260	260	260	260	260	260	260	260	260	260	260	3,120	
Transportation	-	-	-	-	-	-	-	-	-	-	-	-		
Water Softener	624	624	624	624	624	624	624	624	624	624	624	624	7,488	
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-		
Operating	5,213	5,213	5,213	5,213	5,473	5,213	5,213	5,213	5,213	5,213	5,473	5,213	63,076	
Maintenance Expenses														
Security & Monitoring Expense	590	590	590	590	590	590	590	590	590	590	590	590	7,080	
Grounds Maintenance	-	-	-	816	816	816	816	816	816	816	-	-	5,712	
Carpeting O/S Services	224	233	241	247	253	259	259	259	259	259	259	259	3,011	
Elevator Maint O/S Services	728	728	728	728	728	728	728	728	728	728	728	728	8,736	
Heating & A/C Maint O/S Service	278	288	298	306	314	321	321	321	321	321	321	321	3,731	
Snow Removal O/S Services	1,836	1,836	1,836	-	-	-	-	-	-	-	1,836	1,836	9,180	
Plumbing Maint O/S Services	323	335	347	1,120	364	373	373	373	373	373	373	373	5,100	
Electrical Maint O/S Services	162	167	173	178	182	187	187	187	187	187	187	187	2,171	
Painting & Decor O/S Service	120	124	129	132	135	139	139	139	139	139	139	139	1,613	
Office Equip Repairs	-	-	-	-	-	-	-	-	-	-	-	-		
Miscellaneous Maint Repairs	2,127	2,144	2,162	2,175	2,188	2,201	2,201	2,201	2,201	2,201	2,201	2,201	26,207	
Maintenance	6,388	6,445	6,504	6,292	5,570	5,614	5,614	5,614	5,614	5,614	6,634	6,634	72,541	
Materials and Supplies														
Office Supplies	712	743	768	787	805	824	824	824	824	824	824	824	9,583	
Nursing Supplies	312	325	336	344	353	361	361	361	361	361	361	361	4,197	
Housekeeping Supplies-Other	1,121	1,170	1,209	1,239	1,268	1,298	1,298	1,298	1,298	1,298	1,298	1,298	15,093	
Laundry Supplies	333	347	359	368	376	385	385	385	385	385	385	385	4,478	
Maintenance Supplies	508	527	545	559	573	587	587	587	587	587	587	587	6,821	
Materials and Supplies	2,986	3,112	3,217	3,297	3,375	3,455	3,455	3,455	3,455	3,455	3,455	3,455	40,172	
Utilities														
Electric	18,938	15,098	12,502	12,019	11,496	11,774	10,933	10,933	11,774	13,456	14,297	18,501	161,721	
Gas	1,352	1,298	1,075	826	621	636	636	636	694	867	1,157	1,272	11,070	
Water	1,254	1,300	1,345	1,379	1,521	1,704	1,704	1,704	1,521	1,448	1,448	1,448	17,776	
City Tax	-	-	-	-	-	-	-	-	-	-	-	-		
Utilities	21,544	17,696	14,922	14,224	13,638	14,114	13,273	13,273	13,989	15,771	16,902	21,221	190,567	
Taxes and Insurance														
Property Taxes	2,659	2,659	2,659	2,659	2,659	2,659	2,659	2,659	2,659	2,659	2,659	2,659	31,908	
Gen & Prof Liability	3,241	3,241	3,241	3,241	3,241	3,241	3,241	3,306	3,306	3,306	3,306	3,306	39,217	
Medicaid Provider Tax	-	-	-	-	-	-	-	-	-	-	-	-		
Miscellaneous Taxes & Insurance	-	-	-	-	-	-	-	-	-	-	-	-		
Personal Property Tax	798	798	798	798	798	798	798	798	798	798	798	798	9,576	
Taxes and Insurance	6,698	6,698	6,698	6,698	6,698	6,698	6,698	6,763	6,763	6,763	6,763	6,763	80,701	
Salaries, Wages, Contr Labor Dept'l & Benefits														
Salaries & Wages														
Administrative	18,725	17,516	18,725	18,121	18,725	18,121	18,725	18,725	18,121	18,725	18,121	19,725	222,075	
Nursing	67,636	59,064	64,124	62,617	68,982	65,345	69,851	66,312	67,654	66,606	67,654	70,933	796,778	
Marketing	4,632	4,333	4,632	4,482	4,632	4,482	4,632	4,632	4,482	4,632	4,482	4,882	54,935	
Dietary	29,626	25,736	27,909	27,377	30,071	28,401	30,435	28,955	29,469	28,955	29,479	31,040	347,453	
Social Programming	5,406	5,057	5,406	5,232	5,406	5,232	5,406	5,406	5,232	5,406	5,232	5,656	64,077	
Housekeepers	7,626	6,321	7,121	7,275	7,485	7,754	8,562	7,298	7,973	7,616	7,639	8,466	91,136	
Maintenance	5,167	4,726	5,095	4,982	5,024	4,982	5,167	5,024	4,982	5,095	4,911	5,417	60,572	
Total Salaries & Wages	138,818	122,753	133,012	130,086	140,325	134,317	142,778	136,352	137,913	137,035	137,518	146,119	1,637,026	
Contr Labor Dept'l														
Contr Labor Admin	-	-	-	-	-	-	-	-	-	-	-	-		
Contr Labor Nursing	-	-	-	-	-	-	-	-	-	-	-	-		
Contr Labor Mktg	-	-	-	-	-	-	-	-	-	-	-	-		
Contr Labor Dietary	-	-	-	-	-	-	-	-	-	-	-	-		
Contr Labor Soc Prog	-	-	-	-	-	-	-	-	-	-	-	-		
Contr Labor Hskpng	-	-	-	-	-	-	-	-	-	-	-	-		
Contr Labor Maint	-	-	-	-	-	-	-	-	-	-	-	-		
Total Contr Labor Dept'l	-	-	-	-	-	-	-	-	-	-	-	-		
Payroll Taxes														
Medicare Company	2,013	1,780	1,929	1,886	2,035	1,948	2,070	1,977	2,000	1,987	1,994	2,119	23,738	
Social Security Company	8,607	7,611	8,247	8,065	8,700	8,328	8,852	8,454	8,551	8,496	8,526	9,059	101,496	
Federal Unemployment Company	833	737	798	390	421	403	428	409	414	411	413	438	6,095	
State Unemployment Company	3,470	3,069	3,325	2,602	2,456	2,015	1,785	1,364	1,034	685	516	365	22,686	
Workers Compensation Insurance	3,187	3,187	3,187	3,187	3,187	3,187	3,187	3,187	3,187	3,187	3,187	3,187	38,244	
Other Benefits														
Pension (401K) Fee	-	-	-	-	-	-	-	-	-	-	-	-		
employee count for health ins	11	12	12	12	12	12	12	12	12	12	12	12		
Health Insurance	12,268	12,873	13,055	13,003	13,185	13,078	13,229	13,115	13,142	13,127	13,135	13,288	156,498	
Life Insurance	158	158	158	158	158	158	158	158	158	158	158	158	1,896	
Contr Labor Dept'l Benefits	-	-	-	-	-	-	-	-	-	-	-	-		
Payroll Processing	-	-	-	-	-	-	-	-	-	-	-	-		
Salaries, Wages, Contr Labor Dept'l & Ben	169,354	152,168	163,711	159,377	170,467	163,434	172,487	165,016	166,399	165,086	165,447	174,733	1,987,679	
Culinary Expenses														
Raw Food	18,168	17,741	19,602	19,432	20,558	20,358	21,036	21,036	20,358	21,036	20,358	21,036	240,719	
Disposable Supplies	812	847	876	897	918	940	940	940	940	940	940	940	10,930	
Dishes/Cookware/Utensils	213	222	230	235	241	246	246	246	246	246	246	246	2,863	
Dietary Cleaning Supplies	48	50	51	53	54	55	55	55	55	55	55	55	641	
Equipment Supplies	71	74	77	78	80	82	82	82	82	82	82	82	954	
Wash ware Supplies	519	541	560	573	587	600	600	600	600	600	600	600	6,980	
Dietician Services	812	812	812											

Elkhart, IN 136 AL Units														
2020 Operating Pro Forma, Year 2														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
Total AL Units	110	114	118	121	124	127	127	127	127	127	127	127	127	
Total MC Units	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total IL Units	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Units	110	114	118	121	124	127	127	127	127	127	127	127	127	
Total AL Residents	114	119	123	126	129	132	132	132	132	132	132	132	132	
Total MC Residents	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total IL Residents	0	0	0	0	0	0	0	0	0	0	0	0	0	
AL - Projected Occupancy	80.9%	83.8%	86.8%	89.0%	91.2%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	
MC - Projected Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
IL - Projected Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
AL - Census Days	3,410	3,306	3,658	3,630	3,844	3,810	3,937	3,937	3,810	3,937	3,810	3,937	45,026	
MC - Census Days	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	
Letter of Credit Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mezzanine Loan - Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mezzanine Loan - Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mortgage - Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mortgage - Interest	-	-	517,688	-	-	-	-	-	517,688	-	-	-	1,035,375	
Mortgage Service Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mortgage Insurance Prem	-	-	-	-	-	-	-	-	-	-	-	-	-	
Financing Expenses	-	-	517,688	-	-	-	-	-	517,688	-	-	-	1,035,375	
Equity Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	
Tax Credit Compliance Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	
Replacement Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	
Replacement Reserve - FFE	-	-	-	-	-	-	-	-	-	-	-	-	-	
Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	
Partnership Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	
Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	
Equity Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net Cash Flows	89,316	117,221	(387,207)	138,492	143,543	149,827	150,702	157,605	(370,255)	155,540	144,795	135,862	625,440	
Debt Coverage Ratio													GM	34.2%
													PUPA	23,525
													DCR	1.60

Elkhart, IN 136 AL Units														
2021 Operating Pro Forma, Year 3														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
Total AL Units	127	127	127	127	127	127	127	127	127	127	127	127	127	
Total MC Units	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total IL Units	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Units	127	127	127	127	127	127	127	127	127	127	127	127	127	
Total AL Residents	132	132	132	132	132	132	132	132	132	132	132	132	132	
Total MC Residents	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total IL Residents	0	0	0	0	0	0	0	0	0	0	0	0	0	
AL - Projected Occupancy	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	
MC - Projected Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
IL - Projected Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
AL - Census Days	3,937	3,556	3,937	3,810	3,937	3,810	3,937	3,937	3,810	3,937	3,810	3,937	46,355	
MC - Census Days	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revenue:														
AL Room Rent	95,692	95,692	95,692	95,692	95,692	95,692	95,692	95,692	95,692	95,692	95,692	95,692	1,148,304	
MC Room Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	
IL Room Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	
AL Second Occupant Fee	4,245	4,245	4,245	4,245	4,245	4,245	4,245	4,245	4,245	4,245	4,245	4,245	50,940	
IL Second Occupant Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	
AL Services - Resident	65,662	65,662	65,662	65,662	65,662	65,662	65,662	65,662	65,662	65,662	65,662	65,662	787,944	
MC Services - Resident	-	-	-	-	-	-	-	-	-	-	-	-	-	
AL Services - Medicaid	243,432	219,876	243,432	235,580	243,432	235,580	243,432	243,432	235,580	243,432	235,580	243,432	2,866,220	
MC Services - Medicaid	-	-	-	-	-	-	-	-	-	-	-	-	-	
AL Additional Care Services	15,252	13,776	15,252	14,760	15,252	14,760	15,252	15,252	14,760	15,252	14,760	15,252	179,580	
MC Additional Care Services	-	-	-	-	-	-	-	-	-	-	-	-	-	
IL Additional Care Services	-	-	-	-	-	-	-	-	-	-	-	-	-	
Food Stamps	-	-	-	-	-	-	-	-	-	-	-	-	-	
Medicaid Approval Delay	(4,868)	(4,868)	(4,868)	(4,868)	(4,868)	(4,868)	(4,868)	(4,868)	(4,868)	(4,868)	(4,868)	(4,868)	(58,413)	
Rent & Service Income	419,415	394,383	419,415	411,071	419,415	411,071	419,415	419,415	411,071	419,415	411,071	419,415	4,974,575	
Other														
Beauty Salon	1,980	1,980	1,980	1,980	1,980	1,980	1,980	1,980	1,980	1,980	1,980	1,980	23,760	
Cable	2,540	2,540	2,540	2,540	2,540	2,540	2,540	2,540	2,540	2,540	2,540	2,540	30,480	
Internet Access	-	-	-	-	-	-	-	-	-	-	-	-	-	
Community Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	
Telephone Connection	1,778	1,778	1,778	1,778	1,778	1,778	1,778	1,778	1,778	1,778	1,778	1,778	21,336	
Telephone Usage	95	95	95	95	95	95	95	95	95	95	95	95	1,140	
Meal Program Revenue	660	660	660	660	660	660	660	660	660	660	660	660	7,920	
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest Income - Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property Lease Income	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Income	7,053	7,053	7,053	7,053	7,053	7,053	7,053	7,053	7,053	7,053	7,053	7,053	84,636	
Rent Concessions	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue	426,468	401,436	426,468	418,124	426,468	418,124	426,468	426,468	418,124	426,468	418,124	426,468	5,059,211	
Expense:														
Administrative														
Marketing	6,011	6,011	6,011	6,011	6,011	6,011	6,011	6,011	6,011	6,011	6,011	6,011	72,132	
Commission Payments	898	898	2,459	898	898	2,459	898	898	2,459	898	898	2,459	17,020	
Office Expenses														
Equipment Rental	796	796	796	796	796	796	796	796	796	796	796	796	9,552	
Postage and Delivery	330	330	330	330	330	330	330	330	330	330	330	330	3,960	
Computer Expenses														
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	
Clinical Software	1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371	16,452	
Culinary Software	-	-	-	-	-	-	-	-	-	-	-	-	-	
Education & Training Software	-	666	-	-	666	-	-	666	-	-	666	-	2,664	
Internet Service	159	159	159	159	159	159	159	159	159	159	159	159	1,908	
IT Support & Hosting	318	318	318	318	318	318	318	318	318	318	318	318	3,816	
Maintenance Software	70	70	70	70	70	70	70	70	70	70	70	70	840	
Marketing Software	577	577	577	577	577	577	577	577	577	577	577	577	6,924	
Miscellaneous	568	38	38	38	38	38	38	38	38	38	38	38	986	
Property Mgmt Software	838	838	838	838	838	838	838	838	838	838	838	838	10,056	
Tax Credit Mgmt Software	379	379	379	379	379	379	379	379	379	379	379	379	4,548	
Property Management Fees	21,323	20,072	21,323	20,906	21,323	20,906	21,323	21,323	20,906	21,323	20,906	21,323	252,957	
Property Management Fees - TC	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service Provider Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	
Social Programming	529	529	529	529	529	529	529	529	529	529	529	529	6,348	
Social Prog - Movie License Fees	361	-	-	-	-	-	-	-	-	-	-	-	361	
Social Prog - Music License Fees	-	-	-	470	-	-	-	-	-	-	-	-	470	
Prof Fees-Consulting	-	-	-	-	-	-	-	-	-	-	-	-	-	
Prof Fees-Legal	-	-	-	-	-	-	-	-	-	-	-	-	-	
Prof Fees-Audit	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,146	13,796	
Prof Fees-Contract Labor Serv Prov	-	-	-	-	-	-	-	-	-	-	-	-	-	
Prof Fees-Contract Labor	111	111	111	111	111	111	111	111	111	111	111	111	1,332	
Telephone														
Basic Connection	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	12,732	
Usage	269	269	269	269	269	269	269	269	269	269	269	269	3,228	
Mobile Phone	63	63	63	63	63	63	63	63	63	63	63	63	756	
Bad Debt														
Bad Debt - Resident	-	-	-	-	-	-	-	-	-	-	-	-	-	
Bad Debt - Medicaid Pending Denial	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Administrative														
Background Checks	96	96	96	96	96	96	96	96	96	96	96	96	1,152	
Bank Service Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	
Media Management	134	134	134	134	134	134	134	134	134	134	134	134	1,608	
Beauty Shop	1,577	1,577	1,577	1,577	1,577	1,577	1,577	1,577	1,577	1,577	1,577	1,577	18,924	
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dues and Subscriptions	5,420	81	81	81	81	81	81	81	81	81	346	81	6,576	
Help Wanted Ads	159	159	159	159	159	159	159	159	159	159	159	159	1,908	
Home Office Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property Lease	-	-	-	-	-	-	-	-	-	-	-	-	-	
Licenses / Permits	1,245	45	45	45	45	45	45	45	45	45	45	201	1,896	
Lodging	104	104	104	104	104	104	104	104	104	104	104	104	1,248	
Meals	52	52	52	52	52	52	52	52	52	52	52	52	624	
Travel	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	14,976	
Training / Education	240	240	240	240	240	240	240	240	240	240	240	240	2,880	
Uniforms	81	81	81	81	81	81	81	81	81	81	81	81	972	
Admin Meeting	63	63	63	63	63	63	63	63	63	63	63	63	756	
Miscellaneous	1,366	326	938	326	326	326	326	326	326	326	326	1,887	7,125	
Administrative	48,967	39,912	42,670	40,550	41,163	41,641	40,497	41,163	41,641	40,497	41,011	43,771	503,483	
Operating Expenses														
Cable	3,608	3,608	3,608	3,608	3,608	3,608	3,608	3,608	3,608	3,608	3,608	3,608	43,296	

Elkhart, IN 136 AL Units															
2021 Operating Pro Forma, Year 3															
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
	Total AL Units		127	127	127	127	127	127	127	127	127	127	127	127	
	Total MC Units		0	0	0	0	0	0	0	0	0	0	0	0	
	Total IL Units		0	0	0	0	0	0	0	0	0	0	0	0	
	Total Units		127	127	127	127	127	127	127	127	127	127	127	127	
	Total AL Residents		132	132	132	132	132	132	132	132	132	132	132	132	
	Total MC Residents		0	0	0	0	0	0	0	0	0	0	0	0	
	Total IL Residents		0	0	0	0	0	0	0	0	0	0	0	0	
	AL - Projected Occupancy		93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	
	MC- Projected Occupancy		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
	IL - Projected Occupancy		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
	AL- Census Days		3,937	3,556	3,937	3,810	3,937	3,810	3,937	3,937	3,810	3,937	3,810	3,937	46,355
	MC- Census Days		-	-	-	-	-	-	-	-	-	-	-	-	
	Exterminating		158	158	158	158	423	158	158	158	158	158	423	158	2,427
	Rubbish Removal		649	649	649	649	649	649	649	649	649	649	649	649	7,788
	Vehicle & Equip Oper Expense		265	265	265	265	265	265	265	265	265	265	265	265	3,180
	Transportation		-	-	-	-	-	-	-	-	-	-	-	-	
	Water Softener		636	636	636	636	636	636	636	636	636	636	636	636	7,632
	Miscellaneous		-	-	-	-	-	-	-	-	-	-	-	-	
	Operating		5,316	5,316	5,316	5,316	5,581	5,316	5,316	5,316	5,316	5,316	5,581	5,316	64,323
	Maintenance Expenses														
	Security & Monitoring Expense		601	601	601	601	601	601	601	601	601	601	601	601	7,215
	Grounds Maintenance		-	-	-	832	832	832	832	832	832	832	-	-	5,824
	Carpeting O/S Services		264	264	264	264	264	264	264	264	264	264	264	264	3,168
	Elevator Maint O/S Services		743	743	743	743	743	743	743	743	743	743	743	743	8,916
	Heating & A/C Maint O/S Service		328	328	328	328	328	328	328	328	328	328	328	328	3,936
	Snow Removal O/S Services		1,873	1,873	1,873	-	-	-	-	-	-	-	1,873	1,873	9,365
	Plumbing Maint O/S Services		381	381	381	1,161	381	381	381	381	381	381	381	381	5,352
	Electrical Maint O/S Services		190	190	190	190	190	190	190	190	190	190	190	190	2,280
	Painting & Decor O/S Service		141	141	141	141	141	141	141	141	141	141	141	141	1,692
	Office Equip Repairs		-	-	-	-	-	-	-	-	-	-	-	-	
	Miscellaneous Maint Repairs		2,213	2,213	2,213	2,213	2,213	2,213	2,213	2,213	2,213	2,213	2,213	2,213	26,560
	Maintenance		6,735	6,735	6,735	6,474	5,694	5,694	5,694	5,694	5,694	5,694	6,735	6,735	74,308
	Materials and Supplies														
	Office Supplies		840	840	840	840	840	840	840	840	840	840	840	840	10,080
	Nursing Supplies		368	368	368	368	368	368	368	368	368	368	368	368	4,416
	Housekeeping Supplies-Other		1,324	1,324	1,324	1,324	1,324	1,324	1,324	1,324	1,324	1,324	1,324	1,324	15,888
	Laundry Supplies		393	393	393	393	393	393	393	393	393	393	393	393	4,716
	Maintenance Supplies		598	598	598	598	598	598	598	598	598	598	598	598	7,176
	Materials and Supplies		3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	42,276
	Utilities														
	Electric		22,302	17,155	13,724	12,866	12,009	12,009	11,151	11,151	12,009	13,724	14,582	18,871	171,553
	Gas		1,593	1,475	1,180	885	649	649	649	649	708	885	1,180	1,298	11,800
	Water		1,477	1,477	1,477	1,477	1,590	1,739	1,739	1,739	1,552	1,477	1,477	1,477	18,698
	City Tax		-	-	-	-	-	-	-	-	-	-	-	-	
	Utilities		25,372	20,107	16,381	15,228	14,248	14,397	13,539	13,539	14,269	16,086	17,239	21,646	202,051
	Taxes and Insurance														
	Property Taxes		2,717	2,717	2,717	2,717	2,717	2,717	2,717	2,717	2,717	2,717	2,717	2,717	32,604
	Gen & Prof Liability		3,309	3,309	3,309	3,309	3,309	3,309	3,309	3,376	3,376	3,376	3,376	3,376	40,043
	Medicaid Provider Tax		-	-	-	-	-	-	-	-	-	-	-	-	
	Miscellaneous Taxes & Insurance		-	-	-	-	-	-	-	-	-	-	-	-	
	Personal Property Tax		809	809	809	809	809	809	809	809	809	809	809	809	9,708
	Taxes and Insurance		6,835	6,835	6,835	6,835	6,835	6,835	6,835	6,902	6,902	6,902	6,902	6,902	82,355
	Salaries, Wages, Contr Labor Dept'l & Benefits														
	Salaries & Wages														
	Administrative		19,286	17,420	19,286	18,664	19,286	18,664	19,286	19,286	18,664	19,286	18,664	20,286	228,078
	Nursing		75,303	62,146	68,617	66,157	71,960	67,317	71,960	68,314	69,695	68,617	69,695	73,067	832,848
	Marketing		4,771	4,309	4,771	4,617	4,771	4,617	4,771	4,771	4,617	4,771	4,617	5,021	56,424
	Dietary		32,882	27,021	29,822	28,895	31,357	29,261	31,357	29,832	30,361	29,832	30,371	31,973	362,964
	Social Programming		5,567	5,029	5,567	5,388	5,567	5,388	5,567	5,567	5,388	5,567	5,388	5,817	65,800
	Housekeepers		8,243	7,180	8,171	7,834	7,881	7,988	8,477	7,845	8,213	7,518	8,213	8,720	96,283
	Maintenance		5,175	4,751	5,322	5,132	5,175	5,132	5,249	5,249	5,132	5,175	5,132	5,572	62,196
	Total Salaries & Wages		151,227	127,856	141,556	136,687	145,997	138,367	146,667	140,864	142,070	140,766	142,080	150,456	1,704,593
	Contr Labor Dept'l														
	Contr Labor Admin		-	-	-	-	-	-	-	-	-	-	-	-	
	Contr Labor Nursing		-	-	-	-	-	-	-	-	-	-	-	-	
	Contr Labor Mrktg		-	-	-	-	-	-	-	-	-	-	-	-	
	Contr Labor Dietary		-	-	-	-	-	-	-	-	-	-	-	-	
	Contr Labor Soc Prog		-	-	-	-	-	-	-	-	-	-	-	-	
	Contr Labor Hskpng		-	-	-	-	-	-	-	-	-	-	-	-	
	Contr Labor Maint		-	-	-	-	-	-	-	-	-	-	-	-	
	Total Contr Labor Dept'l		-	-	-	-	-	-	-	-	-	-	-	-	
	Payroll Taxes														
	Medicare Company		2,193	1,854	2,053	1,982	2,117	2,006	2,127	2,043	2,060	2,041	2,060	2,182	24,718
	Social Security Company		9,376	7,927	8,776	8,475	9,052	8,579	9,093	8,734	8,808	8,727	8,809	9,328	105,684
	Federal Unemployment Company		907	767	849	410	438	415	440	423	426	422	426	451	6,374
	State Unemployment Company		3,781	3,196	3,539	2,734	2,555	2,076	1,833	1,409	1,066	704	533	376	23,802
	Workers Compensation Insurance		3,283	3,283	3,283	3,283	3,283	3,283	3,283	3,283	3,283	3,283	3,283	3,283	39,396
	Other Benefits														
	Pension (401K) Fee		-	-	-	-	-	-	-	-	-	-	-	-	
	employee count for health ins		12	12	12	12	12	12	12	12	12	12	12	12	
	Health Insurance		13,700	13,284	13,528	13,441	13,607	13,471	13,619	13,516	13,537	13,514	13,537	13,686	162,440
	Life Insurance		162	162	162	162	162	162	162	162	162	162	162	162	1,944
	Contr Labor Dept'l Benefits		-	-	-	-	-	-	-	-	-	-	-	-	
	Payroll Processing		-	-	-	-	-	-	-	-	-	-	-	-	
	Salaries, Wages, Contr Labor Dept'l & Ben		184,629	158,329	173,746	167,174	177,211	168,359	177,224	170,434	171,412	169,619	170,890	179,924	2,068,951
	Culinary Expenses														
	Raw Food		21,454	19,377	21,454	20,761	21,454	20,761	21,454	21,454	20,761	21,454	20,761	21,454	252,599
	Disposable Supplies		959	959	959	959	959	959	959	959	959	959	959	959	11,508
	Dishes/Cookware/Utensils		252	252	252	252	252	252	252	252	252	252	252	252	3,024
	Dietary Cleaning Supplies		57	57	57	57	57	57	57	57	57	57	57	57	684
	Equipment Supplies		83	83	83	83	83	83	83	83	83	83	83	83	996
	Wash ware Supplies		613	613	613	613	613	613	613	613	613	613	613	613	7,356
	Dietician Services		825	825	825	825	825	825	825	825	825	825	825		

Elkhart, IN 136 AL Units															
2021 Operating Pro Forma, Year 3															
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total		
Total AL Units	127	127	127	127	127	127	127	127	127	127	127	127	127		
Total MC Units	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total IL Units	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total Units	127	127	127	127	127	127	127	127	127	127	127	127	127		
Total AL Residents	132	132	132	132	132	132	132	132	132	132	132	132	132		
Total MC Residents	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total IL Residents	0	0	0	0	0	0	0	0	0	0	0	0	0		
AL - Projected Occupancy	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%		
MC - Projected Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
IL - Projected Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
AL - Census Days	3,937	3,556	3,937	3,810	3,937	3,810	3,937	3,937	3,810	3,937	3,810	3,937	46,355		
MC - Census Days	-	-	-	-	-	-	-	-	-	-	-	-	-		
Interest Expense													-		
Letter of Credit Fee													-		
Mezzanine Loan - Principal													-		
Mezzanine Loan - Interest													-		
Mortgage - Principal													140,000		
Mortgage - Interest			517,688							517,688			1,035,375		
Mortgage Service Fee													-		
Mortgage Insurance Prem													-		
Financing Expenses	-	-	517,688	-	-	-	-	-	657,688	-	-	-	1,175,375		
Equity Expenses															
Tax Credit Compliance Fee	-	-	-	-	-	-	-	-	-	-	-	-	-		
Replacement Reserve	5,667	5,667	5,667	5,667	5,667	5,667	5,667	5,667	5,667	5,667	5,667	5,663	68,000		
Replacement Reserve - FFE	-	-	-	-	-	-	-	-	-	-	-	-	-		
Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-		
Partnership Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-		
Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-		
Equity Expense	5,667	5,667	5,667	5,667	5,667	5,667	5,667	5,667	5,667	5,667	5,667	5,663	68,000		
Net Cash Flows	114,873	132,538	(376,644)	143,335	141,994	142,324	143,458	149,679	(517,846)	148,449	136,717	127,927	486,805		
Debt Coverage Ratio															
													GM	34.2%	
													PUPA	24,478	
													DCR	1.41	

Elkhart, IN 136 AL Units														
2022 Operating Pro Forma, Year 4														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
Total AL Units	127	127	127	127	127	127	127	127	127	127	127	127	127	
Total MC Units	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total IL Units	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Units	127	127	127	127	127	127	127	127	127	127	127	127	127	
Total AL Residents	132	132	132	132	132	132	132	132	132	132	132	132	132	
Total MC Residents	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total IL Residents	0	0	0	0	0	0	0	0	0	0	0	0	0	
AL - Projected Occupancy	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	
MC - Projected Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
IL - Projected Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
AL - Census Days	3,937	3,556	3,937	3,810	3,937	3,810	3,937	3,937	3,810	3,937	3,810	3,937	46,355	
MC - Census Days	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revenue:														
AL Room Rent	97,161	97,161	97,161	97,161	97,161	97,161	97,161	97,161	97,161	97,161	97,161	97,161	1,165,932	
MC Room Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	
IL Room Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	
AL Second Occupant Fee	4,370	4,370	4,370	4,370	4,370	4,370	4,370	4,370	4,370	4,370	4,370	4,370	52,440	
IL Second Occupant Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	
AL Services - Resident	67,836	67,836	67,836	67,836	67,836	67,836	67,836	67,836	67,836	67,836	67,836	67,836	814,032	
MC Services - Resident	-	-	-	-	-	-	-	-	-	-	-	-	-	
AL Services - Medicaid	244,639	220,964	244,639	236,747	244,639	236,747	244,639	244,639	236,747	244,639	236,747	244,639	2,880,425	
MC Services - Medicaid	-	-	-	-	-	-	-	-	-	-	-	-	-	
AL Additional Care Services	15,332	13,848	15,332	14,837	15,332	14,837	15,332	15,332	14,837	15,332	14,837	15,332	180,520	
MC Additional Care Services	-	-	-	-	-	-	-	-	-	-	-	-	-	
IL Additional Care Services	-	-	-	-	-	-	-	-	-	-	-	-	-	
Food Stamps	-	-	-	-	-	-	-	-	-	-	-	-	-	
Medicaid Approval Delay	(4,892)	(4,892)	(4,892)	(4,892)	(4,892)	(4,892)	(4,892)	(4,892)	(4,892)	(4,892)	(4,892)	(4,892)	(58,703)	
Rent & Service Income	424,446	399,287	424,446	416,059	424,446	416,059	424,446	424,446	416,059	424,446	416,059	424,446	5,034,646	
Other:														
Beauty Salon	1,980	1,980	1,980	1,980	1,980	1,980	1,980	1,980	1,980	1,980	1,980	1,980	23,760	
Cable	2,540	2,540	2,540	2,540	2,540	2,540	2,540	2,540	2,540	2,540	2,540	2,540	30,480	
Internet Access	-	-	-	-	-	-	-	-	-	-	-	-	-	
Community Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	
Telephone Connection	1,778	1,778	1,778	1,778	1,778	1,778	1,778	1,778	1,778	1,778	1,778	1,778	21,336	
Telephone Usage	95	95	95	95	95	95	95	95	95	95	95	95	1,140	
Meal Program Revenue	660	660	660	660	660	660	660	660	660	660	660	660	7,920	
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest Income - Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property Lease Income	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Income	7,053	7,053	7,053	7,053	7,053	7,053	7,053	7,053	7,053	7,053	7,053	7,053	84,636	
Rent Concessions	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue	431,499	406,340	431,499	423,112	431,499	423,112	431,499	431,499	423,112	431,499	423,112	431,499	5,119,282	
Expense:														
Administrative														
Marketing	6,127	6,127	6,127	6,127	6,127	6,127	6,127	6,127	6,127	6,127	6,127	6,127	73,524	
Commission Payments	911	911	2,503	911	911	2,503	911	911	2,503	911	911	2,503	17,300	
Office Expenses														
Equipment Rental	812	812	812	812	812	812	812	812	812	812	812	812	9,744	
Postage and Delivery	337	337	337	337	337	337	337	337	337	337	337	337	4,044	
Computer Expenses														
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	
Clinical Software	1,398	1,398	1,398	1,398	1,398	1,398	1,398	1,398	1,398	1,398	1,398	1,398	16,776	
Culinary Software	-	-	-	-	-	-	-	-	-	-	-	-	-	
Education & Training Software	-	663	-	-	663	-	-	663	-	-	663	-	2,652	
Internet Service	162	162	162	162	162	162	162	162	162	162	162	162	1,944	
IT Support & Hosting	324	324	324	324	324	324	324	324	324	324	324	324	3,888	
Maintenance Software	71	71	71	71	71	71	71	71	71	71	71	71	852	
Marketing Software	588	588	588	588	588	588	588	588	588	588	588	588	7,056	
Miscellaneous	580	39	39	39	39	39	39	39	39	39	39	39	1,009	
Property Mgmt Software	857	857	857	857	857	857	857	857	857	857	857	857	10,284	
Tax Credit Mgmt Software	386	386	386	386	386	386	386	386	386	386	386	386	4,632	
Property Management Fees	21,575	20,317	21,575	21,156	21,575	21,156	21,575	21,575	21,156	21,575	21,156	21,575	255,966	
Property Management Fees - TC	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service Provider Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	
Social Programming	539	539	539	539	539	539	539	539	539	539	539	539	6,468	
Social Prog - Movie License Fees	368	-	-	-	-	-	-	-	-	-	-	-	368	
Social Prog - Music License Fees	-	-	-	480	-	-	-	-	-	-	-	-	480	
Prof Fees-Consulting	-	-	-	-	-	-	-	-	-	-	-	-	-	
Prof Fees-Legal	-	-	-	-	-	-	-	-	-	-	-	-	-	
Prof Fees-Audit	1,173	1,173	1,173	1,173	1,173	1,173	1,173	1,173	1,173	1,173	1,173	1,173	14,072	
Prof Fees-Contract Labor Serv Prov	-	-	-	-	-	-	-	-	-	-	-	-	-	
Prof Fees-Contract Labor	113	113	113	113	113	113	113	113	113	113	113	113	1,356	
Telephone														
Basic Connection	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	12,984	
Usage	275	275	275	275	275	275	275	275	275	275	275	275	3,300	
Mobile Phone	64	64	64	64	64	64	64	64	64	64	64	64	768	
Bad Debt														
Bad Debt - Resident	-	-	-	-	-	-	-	-	-	-	-	-	-	
Bad Debt - Medicaid Pending Denial	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Administrative														
Background Checks	98	98	98	98	98	98	98	98	98	98	98	98	1,176	
Bank Service Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	
Media Management	137	137	137	137	137	137	137	137	137	137	137	137	1,644	
Beauty Shop	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	19,296	
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dues and Subscriptions	5,529	83	83	83	83	83	83	83	83	83	353	83	6,712	
Help Wanted Ads	162	162	162	162	162	162	162	162	162	162	162	162	1,944	
Home Office Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property Lease	-	-	-	-	-	-	-	-	-	-	-	-	-	
Licenses / Permits	1,270	46	46	46	46	46	46	46	46	46	46	205	1,935	
Lodging	106	106	106	106	106	106	106	106	106	106	106	106	1,272	
Meals	53	53	53	53	53	53	53	53	53	53	53	53	636	
Travel	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	15,276	
Training / Education	245	245	245	245	245	245	245	245	245	245	245	245	2,940	
Uniforms	83	83	83	83	83	83	83	83	83	83	83	83	996	
Admin Meeting	64	64	64	64	64	64	64	64	64	64	64	64	768	
Miscellaneous	1,394	333	945	333	333	333	333	333	333	333	333	1,925	7,261	
Administrative	49,764	40,529	43,328	41,185	41,787	42,297	41,124	41,787	42,297	41,124	41,638	44,463	511,323	
Operating Expenses														
Cable	3,680	3,680	3,680	3,680	3,680	3,680	3,680	3,680	3,680	3,680	3,680	3,680	44,160	

Elkhart, IN 136 AL Units														
2022 Operating Pro Forma, Year 4														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
Total AL Units	127	127	127	127	127	127	127	127	127	127	127	127	127	
Total MC Units	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total IL Units	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Units	127	127	127	127	127	127	127	127	127	127	127	127	127	
Total AL Residents	132	132	132	132	132	132	132	132	132	132	132	132	132	
Total MC Residents	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total IL Residents	0	0	0	0	0	0	0	0	0	0	0	0	0	
AL - Projected Occupancy	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	
MC- Projected Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
IL - Projected Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
AL - Census Days	3,937	3,556	3,937	3,810	3,937	3,810	3,937	3,937	3,810	3,937	3,810	3,937	46,355	
MC- Census Days	-	-	-	-	-	-	-	-	-	-	-	-	-	
Exterminating	161	161	161	161	432	161	161	161	161	161	432	161	2,473	
Rubbish Removal	662	662	662	662	662	662	662	662	662	662	662	662	7,944	
Vehicle & Equip Oper Expense	270	270	270	270	270	270	270	270	270	270	270	270	3,240	
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	
Water Softener	649	649	649	649	649	649	649	649	649	649	649	649	7,788	
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	
Operating	5,422	5,422	5,422	5,422	5,693	5,422	5,422	5,422	5,422	5,422	5,693	5,422	65,605	
Maintenance Expenses														
Security & Monitoring Expense	613	613	613	613	613	613	613	613	613	613	613	613	7,359	
Grounds Maintenance	-	-	-	849	849	849	849	849	849	849	849	-	5,943	
Carpeting O/S Services	1,639	1,639	1,639	1,639	1,639	1,639	1,639	1,639	1,639	1,639	1,639	1,639	19,668	
Elevator Maint O/S Services	757	757	757	757	757	757	757	757	757	757	757	757	9,084	
Heating & A/C Maint O/S Service	334	334	334	334	334	334	334	334	334	334	334	334	4,008	
Snow Removal O/S Services	1,910	1,910	1,910	-	-	-	-	-	-	-	1,910	1,910	9,550	
Plumbing Maint O/S Services	389	389	389	1,185	389	389	389	389	389	389	389	389	5,464	
Electrical Maint O/S Services	194	194	194	194	194	194	194	194	194	194	194	194	2,328	
Painting & Decor O/S Service	144	144	144	144	144	144	144	144	144	144	144	144	1,728	
Office Equip Repairs	-	-	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous Maint Repairs	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	40,984	
Maintenance	9,396	9,396	9,396	9,131	8,335	8,335	8,335	8,335	8,335	8,335	9,396	9,396	106,116	
Materials and Supplies														
Office Supplies	856	856	856	856	856	856	856	856	856	856	856	856	10,272	
Nursing Supplies	374	374	374	374	374	374	374	374	374	374	374	374	4,488	
Housekeeping Supplies-Other	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	16,200	
Laundry Supplies	401	401	401	401	401	401	401	401	401	401	401	401	4,812	
Maintenance Supplies	610	610	610	610	610	610	610	610	610	610	610	610	7,320	
Materials and Supplies	3,591	3,591	3,591	3,591	3,591	3,591	3,591	3,591	3,591	3,591	3,591	3,591	43,092	
Utilities														
Electric	22,748	17,499	13,999	13,124	12,249	12,249	11,374	11,374	12,249	13,999	14,874	19,249	174,987	
Gas	1,624	1,504	1,203	902	662	662	662	662	722	902	1,203	1,323	12,031	
Water	1,507	1,507	1,507	1,507	1,621	1,774	1,774	1,774	1,583	1,507	1,507	1,507	19,075	
City Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Utilities	25,879	20,510	16,709	15,533	14,532	14,685	13,810	13,810	14,554	16,408	17,584	22,079	206,093	
Taxes and Insurance														
Property Taxes	2,774	2,774	2,774	2,774	2,774	2,774	2,774	2,774	2,774	2,774	2,774	2,774	33,288	
Gen & Prof Liability	3,377	3,377	3,377	3,377	3,377	3,377	3,377	3,377	3,445	3,445	3,445	3,445	40,864	
Medicaid Provider Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous Taxes & Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	
Personal Property Tax	821	821	821	821	821	821	821	821	821	821	821	821	9,852	
Taxes and Insurance	6,972	6,972	6,972	6,972	6,972	6,972	6,972	6,972	7,040	7,040	7,040	7,040	84,004	
Salaries, Wages, Contr Labor Dept'l & Benefits														
Salaries & Wages														
Administrative	19,865	17,943	19,865	19,224	19,865	19,224	19,865	19,865	19,224	19,865	19,224	20,865	234,894	
Nursing	77,567	64,014	70,680	68,147	74,124	69,342	74,124	70,368	71,792	70,680	71,792	75,257	857,887	
Marketing	4,914	4,438	4,914	4,755	4,914	4,755	4,914	4,914	4,755	4,914	4,755	5,164	58,106	
Dietary	33,876	27,838	30,724	29,768	32,305	30,146	32,305	30,734	31,279	30,734	31,289	32,933	373,931	
Social Programming	5,735	5,180	5,735	5,550	5,735	5,550	5,735	5,735	5,550	5,735	5,550	5,985	67,775	
Housekeepers	8,479	7,384	8,405	7,721	8,458	8,204	8,366	8,405	8,447	7,732	8,447	8,605	98,653	
Maintenance	5,331	4,893	5,482	5,210	5,406	5,285	5,331	5,482	5,285	5,331	5,285	5,656	63,977	
Total Salaries & Wages	155,767	131,690	145,805	140,375	150,807	142,506	150,640	145,503	146,332	144,991	146,342	154,465	1,755,223	
Contr Labor Dept'l														
Contr Labor Admin	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contr Labor Nursing	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contr Labor Mktg	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contr Labor Dietary	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contr Labor Soc Prog	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contr Labor Hskpng	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contr Labor Maint	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Contr Labor Dept'l	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payroll Taxes														
Medicare Company	2,259	1,910	2,114	2,035	2,187	2,066	2,184	2,110	2,122	2,102	2,122	2,240	25,451	
Social Security Company	9,658	8,165	9,040	8,703	9,350	8,835	9,340	9,021	9,073	8,989	9,073	9,577	108,824	
Federal Unemployment Company	935	790	875	421	452	428	452	437	439	435	439	463	6,566	
State Unemployment Company	3,894	3,292	3,645	2,808	2,639	2,138	1,883	1,455	1,097	725	549	386	24,511	
Workers Compensation Insurance	3,381	3,381	3,381	3,381	3,381	3,381	3,381	3,381	3,381	3,381	3,381	3,381	40,572	
Other Benefits														
Pension (401K) Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	
employee count for health ins	12	12	12	12	12	12	12	12	12	12	12	12	12	
Health Insurance	14,111	13,682	13,934	13,837	14,023	13,875	14,020	13,928	13,943	13,919	13,943	14,088	167,303	
Life Insurance	167	167	167	167	167	167	167	167	167	167	167	167	2,004	
Contr Labor Dept'l Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payroll Processing	-	-	-	-	-	-	-	-	-	-	-	-	-	
Salaries, Wages, Contr Labor Dept'l & Ben	190,172	163,077	178,961	171,727	183,006	173,396	182,067	176,002	176,554	174,709	176,016	184,767	2,130,454	
Culinary Expenses														
Raw Food	21,871	19,754	21,871	21,165	21,871	21,165	21,871	21,871	21,165	21,871	21,165	21,871	257,511	
Disposable Supplies	977	977	977	977	977	977	977	977	977	977	977	977	11,724	
Dishes/Cookware/Utensils	257	257	257	257	257	257	257	257	257	257	257	257	3,084	
Dietary Cleaning Supplies	58	58	58	58	58	58	58	58	58	58	58	58	696	
Equipment Supplies	85	85	85	85	85	85	85	85	85	85	85	85	1,020	
Wash ware Supplies	625	625	625	625	625	625	625	625	625	625	625	625	7,500	
Dietician Services	839	839	839	839	839	839	839	839	839	839	839	839	10,068	
Equipment Repairs	294	294	294	457	294	804	457	294	294	457	294	804	5,038	
Equipment Lease	-	-	-	-	-	-	-	-	-	-	-	-	-	
Uniforms	20	20	20	20	20	20	20	20	20	20	20	20	240	
Culinary Expenses	25,026	22,909	25,026	24,483	25,026	24,830	25,189	25,026	24,320	25,189	24,320	25,536	296,881	
Total Operating Expense	316,222	272,406	289,405	278,044	288,941	279,528	286,510	281,013	282,113	281,818	285,277	302,294	3,443,568	
Net Operating Income	115,277	133,934	142,094	145,068	142,558	143,584	144,989	150,486	140,999	149,681	137,835	129,205	1,675,714	
Financing Expenses														

Elkhart, IN 136 AL Units															
2022 Operating Pro Forma, Year 4															
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total		
Total AL Units	127	127	127	127	127	127	127	127	127	127	127	127	127		
Total MC Units	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total IL Units	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total Units	127	127	127	127	127	127	127	127	127	127	127	127	127		
Total AL Residents	132	132	132	132	132	132	132	132	132	132	132	132	132		
Total MC Residents	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total IL Residents	0	0	0	0	0	0	0	0	0	0	0	0	0		
AL - Projected Occupancy	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%		
MC - Projected Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
IL - Projected Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
AL - Census Days	3,937	3,556	3,937	3,810	3,937	3,810	3,937	3,937	3,810	3,937	3,810	3,937	46,355		
MC - Census Days	-	-	-	-	-	-	-	-	-	-	-	-	-		
Interest Expense													-		
Letter of Credit Fee													-		
Mezzanine Loan - Principal													-		
Mezzanine Loan - Interest													-		
Mortgage - Principal													145,000		
Mortgage - Interest			513,838							513,838			1,027,675		
Mortgage Service Fee													-		
Mortgage Insurance Prem													-		
Financing Expenses	-	-	513,838	-	-	-	-	-	658,838	-	-	-	1,172,675		
Equity Expenses															
Tax Credit Compliance Fee	-	-	-	-	-	-	-	-	-	-	-	-	-		
Replacement Reserve	5,837	5,837	5,837	5,837	5,837	5,837	5,837	5,837	5,837	5,837	5,837	5,833	70,040		
Replacement Reserve - FFE	-	-	-	-	-	-	-	-	-	-	-	-	-		
Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-		
Partnership Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-		
Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-		
Equity Expense	5,837	5,837	5,837	5,837	5,837	5,837	5,837	5,837	5,837	5,837	5,837	5,833	70,040		
Net Cash Flows	109,440	128,097	(377,580)	139,231	136,721	137,747	139,152	144,649	(523,675)	143,844	131,998	123,372	432,999		
Debt Coverage Ratio															
													GM	32.7%	
													PUPA	25,320	
													DCR	1.37	

Elkhart, IN 136 AL Units															
2023 Operating Pro Forma, Year 5															
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
	Total AL Units		127	127	127	127	127	127	127	127	127	127	127	127	
	Total MC Units		0	0	0	0	0	0	0	0	0	0	0	0	
	Total IL Units		0	0	0	0	0	0	0	0	0	0	0	0	
	Total Units		127	127	127	127	127	127	127	127	127	127	127	127	
	Total AL Residents		132	132	132	132	132	132	132	132	132	132	132	132	
	Total MC Residents		0	0	0	0	0	0	0	0	0	0	0	0	
	Total IL Residents		0	0	0	0	0	0	0	0	0	0	0	0	
	AL - Projected Occupancy		93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	
	MC- Projected Occupancy		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
	IL - Projected Occupancy		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
	AL- Census Days		3,937	3,556	3,937	3,810	3,937	3,810	3,937	3,937	3,810	3,937	3,810	3,937	46,355
	MC- Census Days		-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue:															
	AL Room Rent		98,630	98,630	98,630	98,630	98,630	98,630	98,630	98,630	98,630	98,630	98,630	98,630	1,183,560
	MC Room Rent		-	-	-	-	-	-	-	-	-	-	-	-	-
	IL Room Rent		-	-	-	-	-	-	-	-	-	-	-	-	-
	AL Second Occupant Fee		4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	54,000
	IL Second Occupant Fee		-	-	-	-	-	-	-	-	-	-	-	-	-
	AL Services - Resident		70,086	70,086	70,086	70,086	70,086	70,086	70,086	70,086	70,086	70,086	70,086	70,086	841,032
	MC Services - Resident		-	-	-	-	-	-	-	-	-	-	-	-	-
	AL Services - Medicaid		245,877	222,083	245,877	237,946	245,877	237,946	245,877	245,877	237,946	245,877	237,946	245,877	2,895,006
	MC Services - Medicaid		-	-	-	-	-	-	-	-	-	-	-	-	-
	AL Additional Care Services		15,413	13,921	15,413	14,915	15,413	14,915	15,413	15,413	14,915	15,413	14,915	15,413	181,472
	MC Additional Care Services		-	-	-	-	-	-	-	-	-	-	-	-	-
	IL Additional Care Services		-	-	-	-	-	-	-	-	-	-	-	-	-
	Food Stamps		-	-	-	-	-	-	-	-	-	-	-	-	-
	Medicaid Approval Delay		(4,917)	(4,917)	(4,917)	(4,917)	(4,917)	(4,917)	(4,917)	(4,917)	(4,917)	(4,917)	(4,917)	(4,917)	(59,001)
	Rent & Service Income		429,589	404,303	429,589	421,160	429,589	421,160	429,589	429,589	421,160	429,589	421,160	429,589	5,096,069
	Other:														
	Beauty Salon		1,980	1,980	1,980	1,980	1,980	1,980	1,980	1,980	1,980	1,980	1,980	1,980	23,760
	Cable		2,540	2,540	2,540	2,540	2,540	2,540	2,540	2,540	2,540	2,540	2,540	2,540	30,480
	Internet Access		-	-	-	-	-	-	-	-	-	-	-	-	-
	Community Fee		-	-	-	-	-	-	-	-	-	-	-	-	-
	Telephone Connection		1,778	1,778	1,778	1,778	1,778	1,778	1,778	1,778	1,778	1,778	1,778	1,778	21,336
	Telephone Usage		95	95	95	95	95	95	95	95	95	95	95	95	1,140
	Meal Program Revenue		660	660	660	660	660	660	660	660	660	660	660	660	7,920
	Interest Income		-	-	-	-	-	-	-	-	-	-	-	-	-
	Interest Income - Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-
	Property Lease Income		-	-	-	-	-	-	-	-	-	-	-	-	-
	Other Income		7,053	7,053	7,053	7,053	7,053	7,053	7,053	7,053	7,053	7,053	7,053	7,053	84,636
	Rent Concessions		-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Revenue		436,642	411,356	436,642	428,213	436,642	428,213	436,642	436,642	428,213	436,642	428,213	436,642	5,180,705
Expense:															
	Administrative														
	Marketing		6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	6,254	75,048
	Commission Payments		929	929	2,553	929	929	2,553	929	929	2,553	929	929	2,553	17,644
	Office Expenses														
	Equipment Rental		828	828	828	828	828	828	828	828	828	828	828	828	9,936
	Postage and Delivery		343	343	343	343	343	343	343	343	343	343	343	343	4,116
	Computer Expenses														
	Computer Equipment		-	-	-	-	-	-	-	-	-	-	-	-	-
	Clinical Software		1,426	1,426	1,426	1,426	1,426	1,426	1,426	1,426	1,426	1,426	1,426	1,426	17,112
	Culinary Software		-	-	-	-	-	-	-	-	-	-	-	-	-
	Education & Training Software		-	659	-	-	659	-	-	659	-	-	659	-	2,636
	Internet Service		165	165	165	165	165	165	165	165	165	165	165	165	1,980
	IT Support & Hosting		330	330	330	330	330	330	330	330	330	330	330	330	3,960
	Maintenance Software		72	72	72	72	72	72	72	72	72	72	72	72	864
	Marketing Software		599	599	599	599	599	599	599	599	599	599	599	599	7,188
	Miscellaneous		592	40	40	40	40	40	40	40	40	40	40	40	1,032
	Property Mgmt Software		874	874	874	874	874	874	874	874	874	874	874	874	10,488
	Tax Credit Mgmt Software		394	394	394	394	394	394	394	394	394	394	394	394	4,728
	Property Management Fees		21,832	20,568	21,832	21,411	21,832	21,411	21,832	21,832	21,411	21,832	21,411	21,832	259,036
	Property Management Fees - TC		-	-	-	-	-	-	-	-	-	-	-	-	-
	Service Provider Fees		-	-	-	-	-	-	-	-	-	-	-	-	-
	Social Programming		549	549	549	549	549	549	549	549	549	549	549	549	6,588
	Social Prog - Movie License Fees		375	-	-	-	-	-	-	-	-	-	-	-	375
	Social Prog - Music License Fees		-	-	-	490	-	-	-	-	-	-	-	-	490
	Prof Fees-Consulting		-	-	-	-	-	-	-	-	-	-	-	-	-
	Prof Fees-Legal		-	-	-	-	-	-	-	-	-	-	-	-	-
	Prof Fees-Audit		1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	14,353
	Prof Fees-Contract Labor Serv Prov		-	-	-	-	-	-	-	-	-	-	-	-	-
	Prof Fees-Contract Labor		115	115	115	115	115	115	115	115	115	115	115	115	1,380
	Telephone														
	Basic Connection		1,104	1,104	1,104	1,104	1,104	1,104	1,104	1,104	1,104	1,104	1,104	1,104	13,248
	Usage		280	280	280	280	280	280	280	280	280	280	280	280	3,360
	Mobile Phone		65	65	65	65	65	65	65	65	65	65	65	65	780
	Bad Debt														
	Bad Debt - Resident		-	-	-	-	-	-	-	-	-	-	-	-	-
	Bad Debt - Medicaid Pending Denial		-	-	-	-	-	-	-	-	-	-	-	-	-
	Other Administrative														
	Background Checks		100	100	100	100	100	100	100	100	100	100	100	100	1,200
	Bank Service Charges		-	-	-	-	-	-	-	-	-	-	-	-	-
	Media Management		140	140	140	140	140	140	140	140	140	140	140	140	1,680
	Beauty Shop		1,640	1,640	1,640	1,640	1,640	1,640	1,640	1,640	1,640	1,640	1,640	1,640	19,680
	Contributions		-	-	-	-	-	-	-	-	-	-	-	-	-
	Dues and Subscriptions		5,639	85	85	85	85	85	85	85	85	85	360	85	6,849
	Help Wanted Ads		165	165	165	165	165	165	165	165	165	165	165	165	1,980
	Home Office Rent		-	-	-	-	-	-	-	-	-	-	-	-	-
	Property Lease		-	-	-	-	-	-	-	-	-	-	-	-	-
	Licenses / Permits		1,295	47	47	47	47	47	47	47	47	47	47	209	1,974
	Lodging		108	108	108	108	108	108	108	108	108	108	108	108	1,296
	Meals		54	54	54	54	54	54	54	54	54	54	54	54	648
	Travel		1,298	1,298	1,298	1,298	1,298	1,298	1,298	1,298	1,298	1,298	1,298	1,298	15,576
	Training / Education		250	250	250	250	250	250	250	250	250	250	250	250	3,000
	Uniforms		85	85	85	85	85	85	85	85	85	85	85	85	1,020
	Admin Meeting		65	65	65	65	65	65	65	65	65	65	65	65	780
	Miscellaneous		1,421	339	951	339	339	339	339	339	339	339	339	1,963	7,386
	Administrative		50,582	41,166											

[illegible]

Elkhart, IN 136 AL Units															
2023 Operating Pro Forma, Year 5															
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total		
Total AL Units	127	127	127	127	127	127	127	127	127	127	127	127	127		
Total MC Units	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total IL Units	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total Units	127	127	127	127	127	127	127	127	127	127	127	127	127		
Total AL Residents	132	132	132	132	132	132	132	132	132	132	132	132	132		
Total MC Residents	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total IL Residents	0	0	0	0	0	0	0	0	0	0	0	0	0		
AL - Projected Occupancy	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%	93.4%		
MC - Projected Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
IL - Projected Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
AL - Census Days	3,937	3,556	3,937	3,810	3,937	3,810	3,937	3,937	3,810	3,937	3,810	3,937	46,355		
MC - Census Days	-	-	-	-	-	-	-	-	-	-	-	-	-		
Interest Expense													-		
Letter of Credit Fee													-		
Mezzanine Loan - Principal													-		
Mezzanine Loan - Interest													-		
Mortgage - Principal													155,000		
Mortgage - Interest			509,850							509,850			1,019,700		
Mortgage Service Fee													-		
Mortgage Insurance Prem													-		
Financing Expenses	-	-	509,850	-	-	-	-	-	664,850	-	-	-	1,174,700		
Equity Expenses															
Tax Credit Compliance Fee	-	-	-	-	-	-	-	-	-	-	-	-	-		
Replacement Reserve	6,007	6,007	6,007	6,007	6,007	6,007	6,007	6,007	6,007	6,007	6,007	6,003	72,080		
Replacement Reserve - FFE	-	-	-	-	-	-	-	-	-	-	-	-	-		
Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-		
Partnership Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-		
Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-		
Equity Expense	6,007	6,007	6,007	6,007	6,007	6,007	6,007	6,007	6,007	6,007	6,007	6,003	72,080		
Net Cash Flows	105,956	126,149	(375,898)	137,637	133,895	135,639	136,864	142,546	(531,403)	141,254	129,754	121,304	403,700		
Debt Coverage Ratio															
													GM	31.9%	
													PUPA	25,958	
													DCR	1.34	

Operating Proforma Disclaimer

The Operating Proforma attached hereto is based on various estimates and assumptions regarding future events and constitute forward looking statements. Revenue, costs, staffing levels, salaries/wages and other variables are projected/assumed based upon Gardant Management Solutions's knowledge of the senior housing industry and the local market at the time of the development of the Operating Proforma. Some of these assumptions may not materialize, and unanticipated events and circumstances may occur. As such, actual results achieved during the periods covered by the Operating Proforma may vary from the estimates and assumptions set forth and the variations may be material.

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APPENDIX C

DEFINITIONS OF CERTAIN TERMS AND EXCERPTS OF CERTAIN PROVISIONS OF CERTAIN PRINCIPAL DOCUMENTS

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DEFINITIONS OF CERTAIN TERMS AND EXCERPTS OF CERTAIN PROVISIONS OF CERTAIN PRINCIPAL DOCUMENTS

The following are definitions and summaries of certain provisions of the Trust Indenture (the "Indenture"), the Loan Agreement (the "Loan Agreement"), the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Mortgage"), and the Land Use Restriction Agreement (the "Land Use Restriction Agreement") with respect to the Bonds. These summaries are not complete recitals of the terms of those documents and reference should be made to the documents for their complete terms.

DEFINITIONS

The following are definitions and summaries of certain terms used in this APPENDIX C – DEFINITIONS OF CERTAIN TERMS AND EXCERPTS OF CERTAIN PROVISIONS OF CERTAIN PRINCIPAL DOCUMENTS.

"Act" means Indiana Code Title 36, Article 7, Chapters 11.9 and 12 as enacted by the General Assembly of the State.

"Additional Bonds" means the issuance of additional bonds pursuant to the Indenture.

"Adjusted Income" means the adjusted income of a person (together with the adjusted income of all persons of the age of 18 years or older who intend to reside with such person in one residential unit) as calculated in the manner prescribed under Section 142(d)(2)(B) of the Code.

"Applicable State Law" means statutory and case law in the State, including, but not by way of limitation, Mortgages, Ind. Code 32-29, Mortgage Foreclosure Actions, Ind. Code 32-30- 10, Receiverships, Ind. Code 32-30-5, and the Uniform Commercial Code - Secured Transactions, Ind. Code 26-1-9.1 (the "Uniform Commercial Code"), as amended, modified and/or recodified from time to time; provided, however, if by reason of mandatory provisions of law, the perfection, the effect of perfection or nonperfection, and the priority of a security interest in any personal property are governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State, "Uniform Commercial Code" will mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to perfection, effect of perfection or non-perfection, and the priority of the security interests in any such personal property.

"Arbitrage Certificate" means, collectively, with respect to the Issuer, the Arbitrage Certificate executed by the Issuer and, with respect to the Borrower, the Tax Representation Certificate executed by the Borrower in connection with the issuance of the Bonds and each dated as of the Issuance Date, and any exhibits, schedules, amendments and supplements to the foregoing certificates.

"Arbitrage Rebate Consultant" means a firm of recognized expertise in the area of arbitrage rebate calculations and its requirements engaged by Borrower after prior notice to the Issuer and the Trustee.

"Area" means the Elkhart - Goshen, Indiana Metropolitan Statistical Area.

"Assignment of Contracts" means the Assignment of Contracts and Interest in Licenses, Permits and Agreements, dated the Closing Date, from the Borrower to the Trustee.

"Authorized Borrower Representative" means such person or persons duly designated by the Borrower to act on behalf of the Borrower in a writing delivered to the Trustee.

"Authorized Denominations" means denominations of \$5,000 and integral multiples thereof.

"Authorized Issuer Representative" means the Mayor of the Issuer, any officer of the Issuer, or any other person at the time designated to act on behalf of the Issuer by written certificate furnished to the Trustee and signed on behalf of the Issuer by one of its authorized signatories, which certificate may designate an alternate or alternates, and, when used with reference to the performance of any act, the discharge of any duty or the execution of any

certificate or other document, any officer, employee or other person authorized to perform such act, discharge such duty or execute such certificate or other document.

“Bankruptcy Code” means Title 11 of the United States Code, as amended.

“Beneficial Owner” means, with respect to the Bonds, the person owning the Beneficial Ownership Interest therein, as evidenced to the satisfaction of the Trustee.

“Beneficial Ownership Interest” means the right to receive payments and notices with respect to the Bonds held in a Book Entry System.

“Bond” or *“Bonds”* means the Series 2017 Bonds and any Additional Bonds issued under the Indenture.

“Bond Counsel” means Barnes & Thornburg LLP, or another firm of attorneys of national reputation experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds, appointed by the Borrower, and to the extent the Issuer is to act or refrain from acting in reliance thereon, reasonably acceptable to the Issuer

“Bond Documents” mean collectively, the Issuer Documents and the Borrower Documents.

“Bond Fund” means the Bond Fund established and created by the Indenture.

“Bond Purchase Agreement” means the Purchase Agreement with respect to the Bonds between the Borrower, the Issuer and the Underwriter.

“Bond Ordinance” means the Ordinance No. 5612 adopted on August 7, 2017 authorizing the issuance of the Bonds.

“Bond Service Charges” means during any period of time, principal of and interest and any redemption premium due on the Bonds for that period or payable at that time, as the case may be.

“Bond Year” means, during the period while any of the Bonds are Outstanding, the annual period commencing on March 2 in any year and ending on the next succeeding March 1; provided that the first Bond Year will be a short year commencing on the Issuance Date and ending on March 1, 2018, unless another date is selected by the Borrower.

“Bondholder” or *“Holder”* or *“Owner of the Bonds”* or *“Registered Owner”* means the registered owner of any Bond.

“Borrower” means Hellenic Senior Living of Elkhart, LLC, an Indiana limited liability company, its successors and/or assigns.

“Borrower Account” means the Borrower Account in the Revenue Fund created and established pursuant to the Indenture.

“Borrower Documents” when used with respect to the Borrower, means all documents and agreements executed and delivered by the Borrower as security for or in connection with the issuance of the Bonds including, but not limited to the Loan Agreement, the Mortgage, the Assignment of Contracts, the Bond Purchase Agreement, the Land Use Restriction Agreement, the Arbitrage Certificate, the Continuing Disclosure Agreement, and the IHCP Provider Agreement. The Borrower Documents do not include any documents or agreements to which the Borrower is not a direct party, including the Bonds or the Indenture.

“Business Day” means any day other than a Saturday or Sunday or a day on which banking institutions in the State of Indiana or the State of New York, or in the city in which the designated corporate trust office of the Trustee is located, are required or authorized by law or executive order to remain closed.

“Certificate of Continuing Program Compliance” means the certificate to be filed by the Borrower with the Issuer and the Trustee pursuant to the Land Use Restriction Agreement, which will be in the form required by the Indiana Housing and Community Development Authority or the Internal Revenue Service.

“City” means the City of Elkhart, Indiana.

“Closing Date” or *“Issuance Date”* means the date of the issuance and delivery of the Bonds, being _____, 2017.

“Code” means, as applicable, the Internal Revenue Code of 1986, as previously amended and as amended from time to time hereafter, and with respect to a specific section of such Code, such reference will be deemed to include the Regulations promulgated under such section.

“Collateral” has the meaning set forth in the Mortgage.

“Collection Account” means the account created pursuant to the Loan Agreement.

“Completion Bonds” means those bonds issued in connection with the completion of the Project as set forth in the Indenture.

“Completion Certificate” means the certificate executed by an Authorized Representative of the Borrower to be delivered to the Trustee pursuant to the Loan Agreement, certifying that all portions of the work provided for in the Development Budget (as defined in the Loan Agreement) have been fully completed substantially in accordance with the Development Budget, the construction contracts therefor and any outline specifications for such work.

“Condemnation Awards” has the meaning set forth in the Mortgage.

“Construction and Acquisition Fund” means the Construction and Acquisition Fund established and created by the Indenture.

“Construction Monitor” means Jones Petrie Rafinski or such other independent third party construction monitor agreed to by a Majority of Holders.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated the Issuance Date, between the Borrower and the Trustee, as dissemination agent, as supplemented and amended from time to time.

“Costs of Issuance” means (a) the fees, costs and expenses of (1) the Issuer, the Issuer’s counsel and the Issuer’s financial advisor, if any, (2) the Underwriter (including discounts to the Underwriter or other purchasers of the Bonds (other than original issue discount) incurred in the issuance and sale of the Bonds) and the Underwriter’s counsel, (3) Bond Counsel, (4) the Trustee, the Trustee’s counsel and paying agent and certifying and authenticating agent fees related to issuance of the Bonds, (5) the Borrower’s counsel and the Borrower’s financial advisor, if any, (6) any other specialized counsel fees, if any, (7) accountant fees, (8) rating agency fees, if any, (b) the costs of preparing the cash flow projections, (c) costs of engineering, feasibility and market studies necessary to the issuance of the Bonds, (d) costs incurred in connection with the required public approval process (e.g., publication costs for public notices generally and costs of the public hearing), (e) costs of printing the Bonds and the offering documents relating to the sale of the Bonds, and (f) all other fees, costs and expenses directly associated with the authorization, issuance, sale and delivery of the Bonds, including, without limitation, printing costs, costs of reproducing documents and filing and recording fees.

“Costs of Issuance Fund” means the Costs of Issuance Fund established and created by the Indenture.

“Days Cash on Hand” means as of any testing date, the amount calculated by the Borrower pursuant to the Loan Agreement equal to (i) unrestricted cash and investments held by the Borrower including, for such purpose, the balances in the Lease-Up Reserve and the Operating Reserve whether or not held by the Investor Member, plus cash

held by the Managing Agent on behalf of the Borrower, plus the cash and investments held by the Trustee in the following funds or accounts: the Revenue Fund or Collection Account not yet allocated to other accounts, the Operating Expense Account, the Borrower Account, and the Medicaid Delay Reserve Fund divided by (ii) the sum of Operating Expenses plus annual interest on the Bonds and multiplied by (iii) 365.

“Debt Service Coverage Ratio” means for any consecutive twelve (12) month period, the ratio of (a) Revenues minus Operating Expenses for such consecutive twelve (12) month period determined in accordance with generally accepted accounting principles, divided by (b) the sum of the Bond Service Charges plus the regularly scheduled payments of principal of and interest on any other Indebtedness where such payments are a fixed amount that is required to be paid rather than subject to available cash flow for such consecutive twelve (12) month period.

“Debt Service Reserve Fund” means that Debt Service Reserve Fund established and created by the Indenture.

“Debt Service Reserve Fund Requirement” means (a) on the Issuance Date, the amount which amount is equal to six (6) months of maximum annual debt service on the Series 2017 Bonds, and (b) with respect to any Additional Bonds issued under the Indenture, the maximum annual outstanding debt service on all Outstanding Bonds. Notwithstanding the foregoing, no calculations of the Debt Service Reserve Fund Requirement will take into account the final maturity of the Additional Bonds with a back-loaded principal payment on such final maturity date.

“Depository” means any bank, trust company, savings and loan association or other financial institution selected by the Trustee as a depository of monies and securities held under the provisions of the Indenture, and may include the Trustee.

“Determination of Taxability” means the entry by a court of competent jurisdiction of a final judgment or order or a notice of deficiency issued by the Internal Revenue Service, in either such case to the effect that the interest on the Bonds (other than interest on any Bond for any period during which such Bonds are held by a “substantial user” of any facility financed with the proceeds of the Bonds or a “related person,” as such terms are used in Section 147(a) of the Code) is includable for federal income tax purposes in the gross income of all recipients thereof subject to federal income taxes. For purposes of this definition, in the event of a good faith appeal of such judgment or order, or a contest or the filing with the Internal Revenue Service of a request for ruling or other advice initiated by the Borrower or any other interested party, no Determination of Taxability will be deemed to have occurred until the date upon which all such appeals, contests, or requests pursued with due diligence by the Borrower or other interested party have been finally exhausted, or until after the period, if any, for appeal or contest by the Borrower or other interested party has expired without such appeal or contest having been properly instituted.

“Development Budget” means the budget for development, construction and equipping of the Project as modified to the date of reference pursuant to the Loan Agreement.

“Disbursing Agreement” means the Disbursing Agreement dated _____, 2017, by and among the Borrower, the Title Company, the Trustee and the Construction Monitor.

“DSRF Credit Facility” has the meaning assigned in the Indenture.

“DTC” means The Depository Trust Company

“EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system accessible at emma.msrb.org.

“Event of Default” means any occurrence or event specified and defined in, or pursuant to, the Indenture, the Loan Agreement or the Mortgage.

“Fiscal Year” means the fiscal year of the Borrower which commences January 1 and ends on the succeeding December 31, or any other consecutive twelve month period which the Borrower will designate in writing to the Issuer and the Trustee.

“FSSA” means the Indiana Family and Social Services Administration.

“Government Obligations” means direct obligations of the United States of America or obligations the full and timely payment of the principal of and interest on which is unconditionally guaranteed by the United States of America.

“Hazardous Materials” has the meaning set forth in the Mortgage.

“Housing Act” means the United States Housing Act of 1937, as amended, codified as 42 U.S.C. 14101 et. seq., or its successor.

“IHCP Provider Agreement” means an agreement to be entered into between the Borrower and the FSSA under the Indiana Health Care Provider Program (the “IHCP”) upon completion and final approval of the Project.

“Income Certification” means a Verification of Income and an Occupancy Certificate.

“Indebtedness” means (i) all the indebtedness of the Borrower for borrowed money or that has been incurred in connection with the acquisition of assets, excluding, however, (a) indebtedness incurred in connection with a gift, bequest or devise of Property that is secured by a lien, charge or other encumbrance on such property and liability for which is effectively limited to the property subject to such lien, charge or other encumbrance with no recourse, directly or indirectly, to any other Property of the Borrower, (b) all unsecured indebtedness of Borrower, and (c) the making of a bridge loan or the additional bridge loan to the Borrower by the Investor Member or a third party; (ii) the capitalized value of the liability under any lease of real or personal property which is properly capitalized on the balance sheet of the Borrower in accordance with generally accepted accounting principles consistently applied; and (iii) any guaranties by the Borrower of the Indebtedness of any other Person.

“Indenture” means the Trust Indenture, dated as of October 1, 2017, between the Issuer and U.S. Bank National Association, as trustee, under which the Bonds are being issued, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Independent Consultant” means a person who or firm (including any partner, member, director, officer or employee of said firm) which is not a member, director, trustee, employee, or officer of the Borrower or any member of the Borrower or a director, trustee, employee or commissioner of the Issuer, is appointed by an authorized officer of the Borrower, possesses the skill, experience and knowledge necessary to render the particular report required, and has a favorable reputation for such skill, experience and knowledge in the subject matter for which said person or firm is being hired by the Borrower.

“Independent Counsel” means an attorney duly admitted to practice law before the highest court of the State who is not a full-time employee of the Issuer, the Borrower, or the Trustee.

“Independent Insurance Consultant” means a person who or firm (including any partner, member, director, officer or employee of said firm) which is not a member director, trustee, employee or officer of the Borrower or any member of the Borrower or a director, trustee, employee or commissioner of the Issuer, is appointed by an authorized officer of the Borrower, qualified to survey risks and to recommend insurance coverage for such Project, has a favorable reputation for skill and experience in such surveys and such recommendations, and who may be a broker or agent with whom the Borrower transacts business.

“Interest Payment Date” means each April 1 and October 1, commencing April 1, 2018.

“Interested Beneficial Holder” will mean the original institutional purchasers of the Bonds as certified by the Underwriter to the Trustee, and any subsequent Beneficial Owners, each owning \$1,000,000 or more in

aggregate principal amount of the Bonds who have given written notice to the Trustee that they are an Interested Beneficial Holder, and have provided the Trustee with their address for notice purposes.

“Investment Agreement” means any investment agreement that may be entered into for the investment of moneys on deposit in the Construction and Acquisition Fund, the Bond Fund, the Debt Service Reserve Fund or the Revenue Fund between the Trustee and a provider providing for the investment of moneys; provided that any Investment Agreement will be (i) approved by a Majority of Holders, and (ii) entered into by the Trustee only upon receipt of written direction from the Borrower.

“Investment Obligations” or *“Permitted Investments”* means any of the following which at the time are legal investments for the Issuer under applicable State laws, for the monies held then proposed to be invested therein:

- (a) Government Obligations;
- (b) Obligations of, or obligations guaranteed as to principal and interest by, agencies or instrumentalities of the United States of America which are backed by the full faith and credit of the United States of America or interests in money market or mutual funds comprised solely of such obligations;
- (c) Federal Funds, certificates of deposit, demand deposits, time deposits and bankers’ acceptances (in each case having maturities of not more than 365 days) of any bank the debt obligations of which (or, in the case of the principal bank in a bank holding company, debt obligations of the bank holding company) have been rated at the time of purchase A-1+ by S&P or MIG-1 or VMIG-1 by Moody’s;
- (d) Deposits or money market accounts which are fully insured by the Federal Deposit Insurance Corporation (“FDIC”) or a fund administered by the FDIC;
- (e) Investments in money market funds which are rated at the time of purchase AA-Am or AA-Am-G; which may be money market funds administered by the Trustee;
- (f) Any Investment Agreement;
- (g) Interest-bearing time deposits, repurchase agreements, rate guarantee agreements or similar banking arrangements with a bank or trust company having capital and surplus aggregating at least \$50 million or with a government bond dealer reporting to, trading with or recognized as a primary dealer by, the Federal Reserve Bank of New York having capital aggregating at least \$50 million or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Act of 1956 and whose unsecured or uncollateralized long-term debt obligations are assigned a rating by S&P’s or Moody’s of “AA-/A3” (at the time of purchase) or better for agreements of more than three years, and “AA-1/A-1+” (at the time of purchase) or better for agreements of more than one year but less than three years or whose unsecured and uncollateralized short-term debt obligations are assigned a rating by S&P’s or Moody’s of “A-1+” or better for agreements of one year or less, provided that each interest-bearing deposit, repurchase agreement, guarantee agreement or other similar banking arrangement will permit moneys so placed to be available for use of the time provided with respect to investment or reinvestment of such moneys.

“Investor Member” means AHP Housing Fund 183, LLC, a Delaware limited liability company, and its successors, affiliates and assigns.

“Issuer” means City of Elkhart, Indiana, a municipal corporation duly organized and existing under the laws of the State, and its successors and assigns.

“Issuer Documents” when used with respect to the Issuer, means the Bonds and all documents and agreements executed and delivered by the Issuer as security for or in connection with the issuance of the Bonds including, but not limited to the Loan Agreement, the Bond Purchase Agreement, the Land Use Restriction

Agreement and the Arbitrage Certificate. The Issuer Documents do not include any documents or agreements to which the Issuer is not a direct party.

“Issuer Fees and Expenses” means (i) payment or reimbursement to the Issuer for any expenses or indemnification under the Loan Agreement or under the Indenture; (ii) fees of Issuer’s counsel with respect to the Bonds; and (iii) any other reasonable expense that may be incurred by the Issuer under the Loan Agreement or under the Indenture, plus any Late Fee incurred with respect to any of the foregoing.

“Issuer Fees and Expenses” means (i) the Issuer Closing Fee (if any), (ii) payment or reimbursement to the Issuer for any expenses or indemnification under the Loan Agreement or under the Indenture; and (iii) any other reasonable expense that may be incurred by the Issuer under the Loan Agreement or under the Indenture, plus any Late Fee incurred with respect to any of the foregoing.

“Issuer Unassigned Rights” means all of the rights of the Issuer under the Indenture and the Loan Agreement (i) to receive the Issuer Fees and Expenses, payments due under the Loan Agreement and any other payments due to the Issuer under the Indenture or the Loan Agreement; (ii) to be held harmless and indemnified in accordance with the Indenture, the Land Use Restrictive Agreement and the Loan Agreement; (iii) to immunity and limitation from liability, (iv) to be reimbursed for fees and expenses upon enforcement of the Loan Agreement; (v) to receive notices in accordance with the Indenture and the Loan Agreement; and (vi) to give and withhold consent to amendments, changes, modifications and alterations of the Loan Agreement.

“Issuer Indemnified Parties” means, individually and collectively, the Issuer, its past, present, and future directors, executive directors, officers, counsel, advisors, employees and agents, the Issuer’s Common Council, its past, present, and future council members, advisors and agents, the Issuer’s Economic Development Commission, its past, present and future members, advisors or agents, individually and collectively, and the Issuer.

“Land” means the real estate described in the Mortgage.

“Land Use Restriction Agreement” means the Land Use Restriction Agreement, dated as of October 1, 2017, among the Issuer, the Borrower and the Trustee.

“Late Fee” means ten percent (10%) of any payment due to the Issuer that is received by the Issuer later than 15 calendar days following the date the payment is due.

“Leases” means any and all leases, subleases, licenses, concessions or other occupancy agreements or agreement for guarantee of payments in lieu of Rents between the Mortgagor, as lessor, sublessor, licensor or grantor, and tenants, sublessees, licensees or grantees, with respect to the Land, including any amendment or supplement thereto.

“Lease-Up Reserve” means the Lease-Up Reserve, as defined in the Operating Agreement, held by the Borrower pursuant to the Operating Agreement.

“Lease-Up Stabilization” has the meaning given such term in the Loan Agreement.

“Liens” will have the meaning given such term in the Loan Agreement.

“Loan” means the loan to the Borrower pursuant to the Loan Agreement.

“Loan Agreement” means the Loan Agreement dated as of the date of the Indenture with respect to the Bonds by and between the Issuer and the Borrower, as amended in accordance with the terms hereof and thereof.

“Low Income Tenant” means any tenant whose Adjusted Income does not exceed limits determined in a manner consistent with determinations of low income families under Section 8 of the Housing Act, except that the percentage of median gross income that qualifies as low income will be sixty percent (60%) of median gross income for the Area with adjustments for family size. If all the occupants of a unit are students not described under Section 42(i)(3)(D) of the Code, such occupants will not qualify as Low Income Tenants. The determination of a tenant’s

status as a Low Income Tenant will be made by the Borrower upon initial occupancy of a unit in the Project by such tenant, on the basis of an Income Certification executed by the tenant.

“Low Income Units” means the units in the Project required to be rented, or held available for occupancy by, Low Income Tenants pursuant to the Land Use Restriction Agreement.

“Majority of Holders” means the Beneficial Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

“Management Agreement” means, initially the Management Agreement, dated on or about the date hereof between the Borrower and the Managing Agent, and from time to time any other management agreement entered into by the Borrower pursuant to the Loan Agreement.

“Manager” means Gardant Management Solutions Inc., an Illinois corporation.

“Managing Agent” means Gardant Management Solutions Inc., an Illinois corporation, as the manager of the Project pursuant to the Management Agreement, or any successor manager appointed pursuant to the Loan Agreement.

“Managing Member” means the managing member of the Borrower, Hellenic Senior Living - Elkhart MM, Inc., an Indiana corporation.

“Marketing/Advertising Reserve Fund” means the Marketing Reserve/Advertising Fund created and established pursuant to the Indenture.

“Maturity Date” means the date or dates specified in the Indenture as the maturity date or dates of the Bonds or any earlier redemption date.

“Medicaid Delay Reserve Fund” means the Medicaid Delay Reserve Fund established and created pursuant to the Indenture.

“Moody’s” means Moody’s Investors Service, Inc. and its successors.

“Mortgage” means the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of October 1, 2017, by Hellenic Senior Living of Elkhart, LLC, as mortgagor to U.S. Bank National Association, as mortgagee, as amended, restated, supplemented or otherwise modified from time to time.

“Mortgaged Land” has the meaning set forth in the Mortgage.

“Mortgaged Property” means the property described in the Mortgage.

“Official Statement” means the Official Statement dated October __, 2017, with respect to the Bonds.

“Operating Agreement” means the Amended and Restated Operating Agreement dated as of October __, 2017 between the Investor Member and the Managing Member, as supplemented and amended.

“Operating Expense Account” means the Operating Expense Account in the Revenue Fund created and established pursuant to the Indenture.

“Operating Expenses” will mean customary annual operating expenses of the Project plus amounts required to be deposited in the Replacement Reserve Account for the Fiscal Year for which audited financial statements are available or other relevant period (if applicable), but excluding for purposes of this definition depreciation, interest on the Bonds, amortization, unrealized gain or loss on investments, and other non-cash items that may be included on such financial statements as operating expenses for such period.

“Operating Reserve” means the Operating Reserve, if any, held by the Investor Member pursuant to the Operating Agreement.

“Outstanding” means all Bonds which have been authenticated and delivered by the Trustee under the Indenture, except:

- (a) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;
- (b) Bonds for the payment of which cash or Government Obligations will have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds) and which are deemed paid (provided that such Bonds will be deemed to be Outstanding for the limited purpose of calculating the Issuer’s Fee); and
- (c) Bonds in lieu of which others have authenticated under the Indenture.

“Payment Date” means any date on which principal of or interest on the Bonds is due or on which the Bonds are subject to redemption

“Permitted Encumbrances” means those title exceptions listed more specifically on the title insurance policy issued on the Issuance Date referenced in the Loan Agreement and as of any particular time, any of the following:

- (a) Liens for taxes and special assessments on the Project not then due or delinquent;
- (b) Liens arising under the Borrower Documents; (c) purchase money security interests with respect to any item of equipment related to the Project; (d) utility, access, and other easements and rights-of-way, mineral rights and reservations, restrictions and exceptions which would not in the aggregate (i) materially interfere with or impair any present use of the Project or any reasonably probable future use of the Project, or (ii) materially reduce the value which would be reasonably expected to be received for the Project upon any sale (including any foreclosure of the mortgage granted by the Mortgage); (e) mechanics’ and materialmen’s Liens related to the Project when payment of the related bill is not overdue; (f) judgment Liens against the Borrower so long as such judgment is being contested and execution thereon is stayed or while the period for responsive pleading has not lapsed, provided the Borrower has established cash reserves relating to such Lien to the extent required under generally accepted accounting principles; (g) (1) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license or permit, or provision of law, affecting the Project, to (A) terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of the Project or materially and adversely affect the value thereof, or (B) purchase, condemn, appropriate, or recapture, or designate a purchaser of, the Project; (2) Liens on the Project for taxes, assessments, levies, fees, water and sewer charges, and other governmental and similar charges not yet due or delinquent; (3) currently existing easements, rights-of-way, servitudes, restrictions and other minor defects, encumbrances and irregularities in the title to the Project which do not materially impair the use of the Project or materially and adversely affect the value thereof; or (4) rights reserved to or vested in any municipality or public authority to control or regulate the Project or to use the Project in any manner, which rights do not materially impair the use of the Project or materially and adversely affect the value thereof; (h) Liens on the Project and/or the Revenues (subordinate to the Indenture and the Mortgage and subject to a subordination agreement) to secure payment of Indebtedness subordinate to the obligations of the Borrower under the Loan Agreement; and (i) the pledge to the Investor Member by the Managing Member of the Managing Member’s interest in the Operating Agreement, as security for the performance of all of the Managing Member’s obligations under the Operating Agreement.

“Personal Property” has the meaning set forth in the Mortgage.

“Principal Office” means the designated corporate trust office of the Trustee, which initially will be Indianapolis, Indiana.

“Project” means the financing of all or a portion of the costs of acquisition, construction, improvement and equipping of a 136-unit multifamily housing facility and certain functionally-related facilities to be located at 2528 Bypass Road, Elkhart, Indiana. The term *“Project”* includes the *“Project Site.”*

“Project Site” means the project site described in the Mortgage.

“Provider Agreement Payments” means payments made to the Borrower pursuant to the IHCP Provider Agreement.

“Qualified Project Period” means the period beginning on the first day on which at least 10% of the units in the Project are first occupied, and ending on the later of the following:

- (a) the date which is fifteen (15) years after the date on which at least fifty percent (50%) of the units in the Project are first occupied; or
- (b) the first date on which no Tax-Exempt private activity bonds with respect to the Project are outstanding (as that phrase is used in Section 142(d)(2) of the Code); or
- (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates.

“Regulations” means the Income Tax Regulations of the Department of the Treasury applicable under the Code from time to time.

“Rebate Account” means the Rebate Account in the Revenue Fund established pursuant to the Indenture.

“Record Date” or *“Regular Record Date”* means with respect to any Interest Payment Date the fifteenth day of the month which precedes the next succeeding Interest Payment Date, or if such date is not a Business Day, then the next Business Day.

“Redemption Price” will mean the redemption price for Bonds to be redeemed as specified in the Indenture.

“Refunding Bonds” will have the meaning specified in the Indenture.

“Released Property” has the meaning set forth in the Mortgage.

“Rents” will mean any rents, income, issues, profits or proceeds from any Leases, license, concession or other arrangement entered into with respect to the Mortgaged Property or any part thereof.

“Replacement Reserve Account” means the Replacement Reserve Account in the Revenue Fund established and created by the Indenture.

“Representation Letter” will mean the Blanket Issuer Letter of Representations by and between the Issuer and DTC.

“Revenues” means all gross income (including Medicaid payments), interest income (including interest income received by the Trustee and deposited into the Revenue Fund pursuant to the Indenture) and revenue received by the Borrower from the ownership or operation of the Project including, but not limited to, all residential and commercial rents, and other income from the Project (except deposits held as security) received in connection with leases or occupancy or services or otherwise received from or in regard to tenants of the Project, any additional money deposited by the Borrower from time to time into the Revenue Fund, and, after certification of the Project by the Division of Aging of the FSSA, the Provider Agreement Payments to be made to the Borrower pursuant to the IHCP Provider Agreement, all business interruption insurance proceeds, and all rights to receive the same whether in the form of accounts, accounts receivable, general intangibles, contract rights, chattel paper, instruments or other rights and the proceeds thereof, whether now existing or hereafter coming into existence and whether now owned or

held or hereafter acquired by the Borrower and any other moneys, revenues or receipts which are specifically included in such definition by the terms of any supplemental indenture. Notwithstanding the foregoing, in no event will any amounts drawn by the Trustee from the Debt Service Reserve Fund held by the Trustee under the Indenture, in and of itself, be deemed to be “Revenues.”

“*Revenue Fund*” means the Revenue Fund established and created pursuant to the Indenture, including the accounts specified therein.

“*S&P*” means Standard & Poor’s Financial Services LLC and its successors.

“*Series 2017 Bonds*” means the Issuer’s \$18,825,000 Multifamily Housing Revenue Bonds (Hellenic Senior Living of Elkhart Project), Series 2017.

“*Special Record Date*” means the date and time established by the Trustee for determination of which Registered Owners will be entitled to receive overdue interest on the Bonds pursuant to the Indenture.

“*State*” means the State of Indiana.

“*Substituted Property*” has the meaning set forth in the Mortgage.

“*Tax-Exempt*” means with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is excluded from gross income for federal income tax purposes; provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“*Tax and Insurance Deposits*” has the meaning set forth in the Mortgage.

“*Tax and Insurance Escrow Reserve Account*” means the account by that name established in the Revenue Fund under the Indenture.

“*Taxes*” has the meaning set forth in the Mortgage.

“*Tax-Exempt Bonds*” means the Bonds.

“*Title Company*” means First American Title Insurance Company.

“*Trust Estate*” means the property conveyed to the Trustee pursuant to the Granting Clauses of the Indenture.

“*Trustee*” means U.S. Bank National Association, Indianapolis, Indiana, and any qualified entity at the time serving as successor trustee under the Indenture.

“*Trustee/Issuer Expense Account*” means the account established under the Revenue Fund pursuant to the Indenture.

“*Underwriter*” means Piper Jaffray & Co.

“*Verification of Income*” means a Verification of Income in the form attached as to the Land Use Restriction Agreement or in such other form as may be provided by the Issuer to the Borrower.

INDENTURE

The following are summaries of certain provisions of the Indenture not described elsewhere in the Official Statement. These summaries do not purport to be complete or definitive and are qualified in their entireties by reference to the full terms of the Indenture. Reference is made to the Indenture for complete details of the Indenture.

General

Purchase in Lieu of Redemption. In lieu of any redemption as provided in the Indenture, moneys available for such purpose under the Indenture may be used and withdrawn as directed by the Borrower for the purchase of Outstanding Bonds, at public or private sale as and when, and at such prices (including brokerage and other charges) as the Borrower may provide, but in no event may Bonds be purchased at a price in excess of the principal amount of such Bonds, plus interest accrued to the date of purchase and any premium which would otherwise be due if such Bonds were to be redeemed in accordance with the Indenture.

Payment of Principal and Interest. The Issuer covenants that it will promptly pay the principal of, redemption premium, if any, and interest on every Bond issued under the Indenture at the place, on the dates and in the manner provided in the Indenture and in each said Bond according to the true intent and meaning thereof, but solely from the payments and other amounts pledged for payment of the Bonds which are from time to time held by the Trustee in the Bond Fund. The principal of and interest and redemption premium if any, on the Bonds are payable solely from payments and other amounts due pursuant to the Loan Agreement (except to the extent paid out of monies attributable to the proceeds derived from the sale of the Bonds or to income from the temporary investment thereof) and nothing in the Bonds or in the Indenture will be construed as pledging any other funds or assets of the Issuer or the Borrower except to the extent as set forth in any of the Bond Documents. The Bonds are special limited obligations of the Issuer, payable solely from amounts to be paid by the Borrower under the Loan Agreement and amounts credited to such payment under the terms of the Indenture and are secured under the Indenture by an assignment to the Trustee of the Loan Agreement and all amounts paid by the Borrower thereunder.

Performance of Issuer Covenants. The Issuer covenants that it will faithfully perform on its part at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in any and every Bond executed, authenticated and delivered under the Indenture and in all of its proceedings pertaining thereto; provided, however, that except for the matters set forth in any documents relating to payment of the principal of, premium, if any, and interest on Outstanding Bonds prior to any Event of Default, the Issuer will not be obligated to take any action or execute any instrument pursuant to any provision of the Indenture until it will have been requested to do so by the Borrower or by Trustee, or will have received the instrument to be executed and at the option of the Issuer will have received from the party requesting such action or execution assurance satisfactory to the Issuer that the Issuer will be paid or reimbursed for its reasonable expenses, including legal counsel fees, incurred or to be incurred in connection with taking such action or executing such instrument. The Issuer covenants that it is duly authorized under the Constitution and the laws of the State, including particularly the Act, to issue the Bonds authorized by the Indenture and to execute the Indenture, to grant the security interest provided in the Indenture, to assign and pledge the Loan Agreement (except as otherwise provided in the Indenture) and to assign and pledge the amounts assigned and pledged by the Indenture in the manner and to the extent set forth in the Indenture, that all action on its part for the issuance of the Bonds and the execution and delivery of the Indenture has been duly and effectively taken, and that the Bonds in the hands of their owners are and will be valid and enforceable special, limited obligations of the Issuer according to the terms thereof and hereof. Anything contained in the Indenture apparently to the contrary notwithstanding, it is understood that none of the covenants of the Issuer contained in the Indenture is intended to create a general or primary obligation of the Issuer.

Instruments of Further Assurance. The Issuer agrees that the Trustee may defend its rights to the payments and other amounts due under the Loan Agreement for the benefit of the Owners of the Bonds against the claims and demands of all persons whomsoever. The Issuer covenants that it will, at the Borrower's cost, do, execute, acknowledge and deliver such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, pledging, assigning and confirming unto the Trustee all and singular the rights assigned and the amounts pledged to the payment of the principal of, redemption premium, if any, and interest on the Bonds. The Issuer covenants and agrees that, except as in the Indenture provided, it will not sell, convey, assign,

pledge, encumber or otherwise dispose of any part of the Revenues payable under the Loan Agreement, or its rights thereunder.

Recording and Filing. In order to perfect the security interest of the Trustee in the Trust Estate and to perfect the security interest in the Loan Agreement, the Issuer, to the extent permitted by law and at the request of the Borrower, will execute such security agreements or financing statements prepared by the Borrower, naming the Trustee as assignee and pledgee of the Trust Estate assigned and pledged under the Indenture for the payment of the principal of, premium, if any, and interest on the Bonds and as otherwise provided in the Indenture, and the Borrower will cause the same to be duly filed and recorded, as the case may be, in the appropriate State and county offices as required by the provisions of the Uniform Commercial Code or other similar law as adopted in the State, as from time to time amended. To continue the security interest evidenced by such security agreements or financing statements, the Trustee will, at the expense of the Borrower, file and record or cause to be filed and recorded such necessary continuation statements from time to time as may be required pursuant to the provisions of the said Uniform Commercial Code or other similar law to fully preserve and protect the security interest of the Trustee in the Trust Estate and to perfect the security interest in the Loan Agreement. The Issuer, to the extent permitted by law, at the expense of the Borrower, will execute and cause to be executed any and all further instruments as will be reasonably required by the Trustee for such protection and perfection of the interests of the Trustee and the registered owners and the Trustee, the Borrower or its agent, as the case may be, will, at the expense of the Borrower, file and refile or cause to be filed and refiled such instruments which will be necessary to preserve and perfect the lien of the Indenture upon the Trust Estate until the principal of, premium, if any, and interest on the Bonds issued under the Indenture will have been paid or provision for their payment will be made as provided in the Indenture.

Inspection of Project Books. Any books and records which may be in Issuer's possession relating to the Project and the payments and other amounts due pursuant to the Loan Agreement will at all reasonable times be open to inspection by such accountants or other agencies as the Trustee or any Interested Beneficial Holder may from time to time designate.

Covenants Respecting Tax Exemption of Bonds. Subject to the limitations on its liability as stated in the Indenture and to the extent permitted by law, the Issuer covenants and agrees that it has not knowingly engaged and will not knowingly engage in any activities, and that it has not knowingly taken and will not knowingly take any action, which might result in any interest on the Series 2017 Bonds becoming includable in the gross income of their owners for purposes of Federal income taxation.

The Borrower is responsible for all arbitrage rebate calculations pursuant to the Arbitrage Certificate.

Rights Under Loan Agreement. The Issuer agrees that the Trustee in its own name or in the name of the Issuer upon notice to the Issuer may enforce all rights of the Issuer and all obligations of the Borrower (except with respect to the Issuer Unassigned Rights) under the Loan Agreement, for and on behalf of the Bondholders, whether or not the Issuer has undertaken to enforce such rights and obligations.

Establishment of Funds and Accounts; Application of Moneys.

The following special funds and accounts will be established and maintained pursuant to the provisions of the Indenture:

- (i) Bond Fund, and within the Bond Fund, the Series 2017 Capitalized Interest Account;
- (ii) Costs of Issuance Fund;
- (iii) Construction and Acquisition Fund;
- (iv) Debt Service Reserve Fund;

(v) Revenue Fund and within it a Rebate Account, a Replacement Reserve Account, an Operating Expense Account, a Trustee/Issuer Expense Account, a Tax and Insurance Escrow Reserve Account, and a Borrower Account; and

(vi) Medicaid Delay Reserve Fund; and

(vii) Marketing/Advertising Reserve Fund.

Bond Fund.

(a) There is created and established a “Bond Fund,” and within such fund a Series 2017 Capitalized Interest Account, which will be held by the Trustee and which will be used for the purpose of paying the principal, redemption premium, if any, and interest on the Series 2017 Bonds at the times set forth in the Series 2017 Bonds and of retiring such Bonds at or prior to maturity at the times and in the manner provided in the Indenture. At the Issuance Date there will be deposited in the Series 2017 Capitalized Interest Account of the Bond Fund proceeds of the Series 2017 Bonds, for the purpose of paying capitalized interest on the Series 2017 Bonds commencing on the Issuance Date and until such amount is depleted. All monies deposited in the Bond Fund will be disbursed and applied by the Trustee at the times and in the manner set forth the Indenture.

(b) Except as provided in subsections (d) and (e) below, neither the Issuer nor the Borrower will have any interest in the Bond Fund or the monies and Investment Obligations therein, all of which will be held in trust by the Trustee for the sole benefit of the Holders of the related series of Bonds.

(c) The Bond Fund, including proceeds of the Series 2017 Bonds deposited in the Series 2017 Capitalized Interest Account of the Bond Fund on the date of closing in order to pay capitalized interest, will be drawn upon for the purpose of paying the principal, redemption premium, if any, and interest on the related series of Bonds. Monies set aside from time to time with the Trustee for the payment of such principal, redemption premium and interest will be held in trust for the Holders of the related series of Bonds in respect of which the same will have been so set aside. Until so set aside for the payment of principal, redemption premium, if any, or interest as aforesaid, all monies in the Bond Fund will be held in trust for the benefit of the Holders of all of the related series of Bonds at the time Outstanding equally and ratably and without any preference or distinction as between the Bonds of each such series.

(d) Non-Presentation of Bonds.

(i) In the event any Bond will not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond will have been deposited in the Bond Fund, all liability of the Issuer to the Owner thereof for the payment of such Bond will forthwith cease, determine and be completely discharged, and thereupon it will be the duty of the Trustee to hold such monies, without liability for interest thereon, for the benefit of the Holder of such Bond who will thereafter be restricted exclusively to such monies, for any claim of whatever nature on his part under the Indenture or on, or with respect to, said Bond. Such monies will be held in a separate and segregated fund and will not be invested.

(ii) Any monies so deposited with and held by the Trustee not so applied to the payment of Bonds for at least two years after the date on which the same will have become due will then be paid by the Trustee to the Borrower. Thereafter, Bondholders will be entitled to look only to the Borrower for payment, the Borrower will not be liable for any interest thereon and will not be regarded as a trustee of such monies, and the Trustee will have no further responsibilities with respect to such monies. The obligation of the Trustee to pay any such funds to the Borrower will be subject, however, to any provisions of law applicable to the Trustee or to such funds providing other requirements for disposition of such funds.

(e) In the event there are insufficient moneys in the Bond Fund on any date that principal of or interest on a series of Bonds is due and payable, there will be transferred by the Trustee without further direction from the other funds and accounts created under the Indenture (or otherwise held by the Borrower or Investor Member as

described in the Indenture) to the Bond Fund up to the amount necessary to cure such insufficiency in the order set forth below:

- (i) the Borrower Account;
- (ii) the Marketing/Advertising Reserve Fund;
- (iii) draws on the Lease-Up Reserve held by the Borrower under the Operating Agreement;
- (iv) the Medicaid Delay Reserve Fund;
- (v) draws on the Operating Reserve held by the Investor Member to the extent permitted under the Operating Agreement;
- (vi) the Debt Service Reserve Fund provided that such transfers will not reduce the balance in the Debt Service Reserve Fund below \$250,000; and
- (vii) with the consent of the Majority of the Holders, transfers from the Debt Service Reserve Fund that would reduce the balance in such fund to less than \$250,000.

Costs of Issuance Fund. There is created and established a “Costs of Issuance Fund” which will be held by the Trustee. The Costs of Issuance Fund is to be funded at the Issuance Date as provided in the Indenture from Bond proceeds or moneys paid to the Trustee by the Borrower from the Investor Member capital contribution. Any Bond proceeds in the Costs of Issuance Fund will be expended to pay Costs of Issuance before any other moneys in the Fund are applied to the purpose. No more than two percent (2%) of the sale price of the Series 2017 Bonds may be used to pay the Costs of Issuance of the Series 2017 Bonds. Amounts in the Costs of Issuance Fund will be used to pay Costs of Issuance upon filing with the Trustee a written requisition of the Authorized Borrower Representative. Any monies remaining in the Costs of Issuance Fund three months after the Issuance Date will be transferred to the Construction and Acquisition Fund.

Construction and Acquisition Fund.

There is created and established a “Construction and Acquisition Fund”, which will be held by the Trustee and disbursed by the Trustee at the written request of the Borrower in accordance with the Disbursing Agreement to pay, or reimburse the Borrower for payment of, costs of the acquisition, construction and equipping of the Project. Moneys in the Construction and Acquisition Fund will be disbursed only upon receipt by the Trustee of written requisitions from the Authorized Borrower Representative and approved by the Construction Monitor (except such approval will not be required for the first draw on the Issuance Date or any draws from the Costs of Issuance Fund as set forth in the Indenture) in substantially the form attached to the Loan Agreement.

If an Event of Default occurs under the Indenture, and the Trustee declares the principal of all Bonds and the interest accrued thereon to be due and payable, no moneys may be paid out of the Construction and Acquisition Fund by the Trustee during the continuance of such an Event of Default, except that moneys on deposit in the Construction and Acquisition Fund may be transferred into the Bond Fund as and when necessary for the purpose of paying the Bonds as due as a result of such Event of Default; provided, however, that if such an Event of Default will be waived and such declaration will be rescinded by the Trustee or the Owners of the Bonds pursuant to the terms of the Indenture, the full amount of any such moneys in the Construction and Acquisition Fund may again be disbursed by the Trustee in accordance with the provisions of the Indenture.

The Trustee will keep and maintain adequate records pertaining to the Construction and Acquisition Fund and all disbursements therefrom.

The Trustee’s sole obligation will be to make disbursements upon the receipt of properly completed requisitions from the Borrower in accordance with the Disbursing Agreement. Trustee will have no responsibility for the Borrower’s compliance with its obligations regarding the use of the proceeds of the Construction and Acquisition Fund.

After the receipt by the Trustee of the Completion Certificate as provided by the Loan Agreement, the Trustee will transfer funds remaining on deposit in the Construction and Acquisition Fund to the Bond Fund to redeem Bonds in accordance with the Indenture. The Construction and Acquisition Fund will then be closed.

Debt Service Reserve Fund.

There is created and established a "Debt Service Reserve Fund" in which funds are required to be deposited pursuant to the Indenture or otherwise satisfied pursuant to the Indenture. The Series 2017 Debt Service Reserve Account is required to be maintained in the amount of the Debt Service Reserve Fund Requirement, which will be held by the Trustee. Provided that the transfers described in this sentence do not reduce the balance in the Debt Service Reserve Fund below \$250,000, the Trustee will, without further direction, transfer funds in the Debt Service Reserve Fund to the Bond Fund on any Interest Payment Date, to the extent that the funds in the Bond Fund, after all transfers into the Bond Fund as provided in the Indenture, on such Interest Payment Date are insufficient to pay the interest and principal then due on the Bonds including, without limitation, any mandatory sinking fund redemptions provided for in the Indenture; provided, however, monies in the Series 2017 Debt Service Reserve Fund may only be used to make payments on the Series 2017 Bonds. With the consent of the Majority of Holders, the Trustee may make transfers from the Debt Service Reserve Fund to the Bond Fund on any interest payment date as provided in the Indenture in amounts that would reduce the balance in the Debt Service Reserve Fund to less than \$250,000.

At the written direction of the Borrower, whenever the amount held in the Debt Service Reserve Fund, together with any other funds then held under the Indenture, is sufficient to provide for the redemption in whole of all Outstanding Bonds, including any interest accrued to the date of redemption and any applicable redemption premium, such amount will be transferred to the Bond Fund and applied to such redemption. On the final maturity of the Bonds or upon acceleration of the Bonds, any amount remaining in the Debt Service Reserve Fund will be used to pay the amount, including any accrued interest, due on final maturity and any balance remaining after the Bonds are fully paid will be disbursed to the Borrower.

The Trustee will determine the market value of the investment securities in the Debt Service Reserve Fund semiannually on each Interest Payment Date. Interest earnings on cash and investment securities in the Debt Service Reserve Fund will be retained in each respective subaccount within Debt Service Reserve Fund, until withdrawn or transferred; provided, however, that if the amount of cash and securities in the Debt Service Reserve Fund is greater than the Debt Service Reserve Fund Requirement, such excess will be transferred to the Revenue Fund.

The Debt Service Reserve Fund Requirement may be met by the deposit with the Trustee of a DSRF Credit Facility (or by the deposit of cash and a DSRF Credit Facility). A "DSRF Credit Facility" will consist of a letter of credit or surety bond which (a) permits the Trustee to draw on such instrument in an amount in order to pay principal of and interest on the Bonds in the event moneys in the Bond Fund are insufficient therefor or pay expenses pursuant to the Indenture, and (b) is issued by National Liability & Fire Insurance Company or other provider with a financial strength rating of at least "A" or its equivalent by Moody's or S&P. The Borrower may at any time deposit cash with the Trustee for deposit into the Debt Service Reserve Fund in substitution for a DSRF Credit Facility, provided that the cash so deposited with the Trustee is in at least the amount of the undrawn amount remaining available to be drawn on the DSRF Credit Facility. In the event that the financial strength rating of the provider of the DSRF Credit Facility by Moody's or S&P will at any time fall below "A" or its equivalent, the Borrower will be obligated to replace such DSRF Credit Facility and meet the Debt Service Reserve Fund Requirement with cash to be deposited in the Debt Service Reserve Fund within 30 days following such rating reduction. If the Borrower meets the Debt Service Reserve Fund Requirement by depositing a combination of cash and a DSRF Credit Facility, draws on the Debt Service Reserve Fund will first be made from cash and then from the DSRF Credit Facility.

On any date that the Debt Service Reserve Fund Requirement declines pursuant to clause (b) of the definition thereof, the Trustee will present the existing DSRF Credit Facility to the provider thereof in exchange for a new DSRF Credit Facility in the amount of the new reduced Debt Service Reserve Fund Requirement.

Revenue Fund.

Revenue Fund and Accounts. There is established a “Revenue Fund” which will be held by the Trustee and which will have the following accounts:

- (i) Rebate Account;
- (ii) Operating Expense Account;
- (iii) Trustee/Issuer Expense Account;
- (iv) Tax and Insurance Escrow Reserve Account;
- (v) Replacement Reserve Account; and
- (vi) Borrower Account.

(1) *Flow of Funds.* The Loan Agreement requires that all Revenues will be deposited when received from the Borrower in a Collection Account (as defined in the Loan Agreement). All Revenues in the Collection Account will be transferred by the Borrower (if the Collection Account is maintained at a financial institution other than the Trustee) not later than the last Business Day of each week, and on the 20th day of each month irrespective of whether it is the last Business Day of a week, to the Trustee for deposit into the Revenue Fund. If the Collection Account is maintained with the Trustee, then the Trustee will transfer all Revenues in the Collection Account on the 20th day of each month to the Revenue Fund. The Trustee will transfer or disburse all funds in the Revenue Fund on the 20th day of each month (except as otherwise provided below) in the following amounts and order of priority:

(i) to the Trustee/Issuer Expense Account the amount required (A) to pay any amount coming due to the Trustee pursuant to the Loan Agreement or the Indenture prior to the fifteenth of the following month plus any unpaid amounts previously due to the Trustee, (B) to pay any amounts necessary to pay Issuer Fees and Expenses due to the Issuer prior to the fifteenth of the following month pursuant to the Loan Agreement or the Indenture, plus any unpaid amounts previously due to the Issuer, including Late Fees, if any, and (C) to pay any and all consultants or experts retained by the Trustee or the Issuer pursuant to the terms of the Borrower Documents, as certified to the Trustee by the Borrower;

(ii) to the Rebate Account, amounts necessary in each year so as to meet the Rebate Amount (as defined in the Arbitrage Certificate), as set forth in writing by the Borrower to the Trustee;

(iii) to the Operating Expense Account, the budgeted expenditures for the operations of the Project for the following month (other than expenditures otherwise paid for out of other accounts in the Revenue Fund) as set forth in the Operating Budget provided to the Trustee by the Borrower pursuant to the Loan Agreement;

(iv) to the extent that amounts from the initial deposit of Bond proceeds into the Bond Fund are insufficient, to the Bond Fund the sum of (A) one-sixth of the interest due on the next Interest Payment Date plus (B) one-twelfth of the principal amount required to pay Bonds at maturity thereof or to redeem the Bonds scheduled for redemption during the current Bond Year pursuant to the Indenture, provided, however, that, notwithstanding the foregoing, the deposit made to the Bond Fund by the 20th of the month immediately preceding an Interest Payment Date will be at least the amount equal to the difference between the amount already on deposit in the Bond Fund and the Bond Service Charges payable on the Bonds on such Interest Payment Date;

(v) transfer to the Tax and Insurance Escrow Reserve Account the sum of (A) one twelfth (or such greater amount as necessary to pay when due) of the sum of all real estate taxes

and assessments to be due in the next 12 months as certified to the Trustee by the Borrower plus (B) one-twelfth (or such greater amount as necessary to pay when due) of the amount necessary to maintain all required insurance coverage during the next 12 months as certified to the Trustee by the Borrower;

(vi) in the event the amount available to be drawn under any DSRF Credit Facility, together with funds on deposit in the Debt Service Reserve Fund, are less than the Debt Service Reserve Fund Requirement, to the Debt Service Reserve Fund an amount equal to the shortfall between the amount of the funds on deposit in the Debt Service Reserve Fund, together with the undrawn amount of any DSRF Credit Facility therein, and the Debt Service Reserve Fund Requirement, in order to bring the balance of the Debt Service Reserve Fund up to the Debt Service Reserve Fund Requirement by the next succeeding Interest Payment Date;

(vii) commencing upon the earliest to occur of (i) Stabilization (as defined in the Operating Agreement as the date the Project has attained both an Occupancy Level (Economic) (as defined in the Operating Agreement) of at least 90% and a 1.35 debt service coverage ratio average over four consecutive calendar months of operation), (ii) the funding of the Third Capital Contribution (as defined in the Operating Agreement), or (iii) the 36th month following Completion (as defined in the Operating Agreement), to the Replacement Reserve Account a monthly amount equal to \$5,666.67 (totaling \$68,000 per year, or \$500 per unit/per year), or such greater amount required by the Loan Agreement, or such other higher amount as may be specified by the Borrower or as established from time to time pursuant to the Loan Agreement;

(viii) following the initial funding of the Medicaid Delay Reserve Fund in accordance with the Indenture (or if the Medicaid Delay Reserve Fund has not been funded when required in accordance with the Indenture for any reason), transfer to the Medicaid Delay Reserve Fund an amount equal to the shortfall between the amount of the funds on deposit in the Medicaid Delay Reserve Fund and the sum of \$_____, in order to bring the balance of the Medicaid Delay Reserve Fund to \$_____;

(ix) following the initial funding of the Operating Reserve in accordance with the Operating Agreement (or if the Operating Reserve has not been funded when required in accordance with the Operating Agreement for any reason), disburse to the Investor Member an amount equal to the shortfall between the amount of the funds on deposit in the Operating Reserve and the sum of \$_____, in order to bring the balance of the Operating Reserve to \$_____; and

(x) to the Borrower Account, the balance, if any.

(2) To the extent that the amount available in the Revenue Fund is insufficient on the 20th day of any month to transfer the amounts for such month required pursuant to (i) through (vi) above, except for any amounts required to be transferred to the Bond Fund pursuant to (iv) above which are instead transferred to the Bond Fund from the Debt Service Reserve Fund pursuant to the Indenture, such amounts will next be transferred from the following funds and accounts in the following order of priority: (1) the Borrower Account; (2) upon written request from the Trustee to the Borrower, from the Lease-Up Reserve; and (3) the Medicaid Delay Reserve Fund (to the extent the Medicaid Delay Reserve has been funded). To the extent a deficiency still exists, the Trustee will notify the Borrower and demand that the Borrower obtain funds within five Business Days of the date of such demand, but only to the extent the Borrower has a right to do so under the Operating Agreement, from the Operating Reserve held by the Investor Member, and remit any funds so obtained to the Trustee to cure such deficiency.

Trustee/Issuer Expense Account. The Trustee will apply monies on deposit in the Trustee/Issuer Expense Account to pay the fees of the Trustee and of the Issuer pursuant to the Loan Agreement (including, without limitation, the Issuer Fees and Expenses) as such fees are due or as set forth in the Indenture. Any deficiency will be paid by the Borrower upon notice and demand pursuant to the Loan Agreement.

Tax and Insurance Escrow Reserve Account. The Trustee will apply monies on deposit in the Tax and Insurance Escrow Reserve Account to pay real estate taxes, personal property taxes and insurance premiums in regard to the Project as such amounts become due, provided that the Trustee receives a written request from an Authorized Borrower Representative. Any deficiency will be paid by the Borrower upon notice and demand from the Trustee.

Replacement Reserve Account. Commencing upon the earliest to occur of (i) Stabilization (as defined in the Operating Agreement as the date the Project has attained both an Occupancy Level (Economic) of at least 90% and a 1.35 debt service coverage ratio average over four consecutive calendar months of operation), (ii) the funding of the Third Capital Contribution by the Investor Member, or (iii) the 36th month following Completion (as defined in the Operating Agreement), there will be deposited in the Replacement Reserve Account the amount of \$5,666.67 per month (totaling \$68,000 per year or \$500 per unit/per year), subject, however, to any greater amount as provided by a notice by the Borrower or any future adjustment, as determined by a report prepared by the independent engineer in accordance with the Loan Agreement, in such amounts sufficient to fund any necessary repairs and/or restoration as determined by such findings of the independent engineer. Disbursements will be made from the Replacement Reserve Account solely to pay costs and expenses of repairs and restoration of the Project provided for in the Capital Improvement Budget provided pursuant to the Loan Agreement based on a requisition signed by the Authorized Borrower Representative, with the written consent of the Investor Member, certifying with respect to each payment, (i) the name and address of the person to whom payment is due (which may be the Borrower if the payment is to reimburse the Borrower for amounts previously paid and the Borrower provides evidence of prior payment), (ii) the line item of the approved budget to which the payment relates, (iii) the unexpended budgeted amount remaining in regard to such line item before the payment requested, (iv) the amount to be paid, and (v) that the obligation to be paid has been properly incurred in regard to the Project and is a proper charge against the Replacement Reserve Account. Notwithstanding the foregoing and the above-described requisition, the Trustee will make, upon receipt of a written request of an Authorized Borrower Representative, with the written consent of the Investor Member, unanticipated disbursements from the Replacement Reserve Account for emergency repairs to the Project affecting essential mechanical and/or structural elements of the Project and/or the health and safety of the Project residents.

Transfers from Borrower Account. In each year beginning with the year following the Borrower's first full calendar year of operations, on the first day of the month following receipt by the Trustee of the audited financial statements of the Borrower for the previous fiscal year, the Trustee will distribute to the Borrower the lesser of (x) the amount which was on deposit in the Borrower Account as of the end of the previous fiscal year or (y) the amount then on deposit in the Borrower Account, but only if:

- (i) the Debt Service Coverage Ratio for the preceding fiscal year equals or exceeds 1.10 to 1.0;
- (ii) the Borrower will evidence via a certificate of the Borrower delivered to the Trustee a minimum of 60 Days' Cash on Hand at both (A) the December 31 preceding a release of funds from the Borrower Account, and (B) the day following the Trustee's release of funds from the Borrower Account to the Borrower;
- (iii) the amount then on deposit in the Debt Service Reserve Fund is equal to the Debt Service Reserve Fund Requirement;
- (iv) the amount then on deposit in the Bond Fund, the Rebate Account, the Operating Expense Account, the Tax and Insurance Escrow Reserve Account, the Replacement Reserve Account, the Operating Reserve, the Lease-Up Reserve, the Marketing/Advertising Reserve Fund and the Medicaid Delay Reserve Account are at least equal to the amounts then required to be on deposit therein; and
- (v) no Event of Default as described in the Indenture hereof will have occurred in the preceding two (2) Fiscal Years.

In addition, upon the receipt of the Third Capital Contribution under the Operating Agreement and as such is confirmed in writing to the Trustee, the Trustee will distribute to the Borrower, upon written request, the amount

of funds then on deposit in the Borrower Account, provided that the tests set forth in (i) through (v) above have been satisfied, with the liquidity covenant test date in (ii) above measured after the date of such Third Capital Contribution.

Transfers from Borrower Account to Redeem Bonds. In each year beginning in 2022, following the release of the audited financial statements for the previous fiscal year, if the Debt Service Coverage Ratio is or was less than 1.10 to 1.0 for the immediately preceding two consecutive fiscal years, any moneys then on deposit in the Borrower Account of the Revenue Fund, will be transferred from the Borrower Account to redeem Bonds in accordance with the Indenture on the first Interest Payment Date for which notice can be given; provided that (a) there will be no such redemption unless a Majority of Holders has directed in writing that the Bonds be so redeemed, and (b) the principal amount of Bonds to be redeemed will be the lesser of (i) the amount then on deposit in the Borrower Account, and (ii) the minimum amount which, when the Debt Service Coverage Ratio for both of the immediately preceding two consecutive annual periods is recalculated to take into account the redemption of Bonds pursuant to the Indenture, would have been at least 1.10 to 1.0 (as stated in a written certificate of the Borrower), in each case rounded down to the nearest \$5,000.

Rebate Account. The Trustee will cause all amounts to be deposited into the Rebate Account and all amounts on deposit in the Rebate Account to be paid to the United States Department of the Treasury at the times and in the amounts required by written directions provided to the Trustee by the Borrower pursuant to the Arbitrage Certificate.

Operating Expense Account. Amounts in the Operating Expense Account will be disbursed to the Borrower on the 20th day of each month in the amount of the budgeted expenditures for operations of the Project for the following month as provided in the Operating Budget provided to the Trustee by the Borrower for that year pursuant to the Loan Agreement.

Medicaid Delay Reserve Fund. Monies in the Medicaid Delay Reserve Fund will be held by the Trustee and transferred by the Trustee to the Revenue Fund on any date to the extent that the funds in the Revenue Fund are insufficient to make deposits as provided for in the Indenture. Pursuant to the Loan Agreement, the Borrower is required to transfer to the Trustee, for deposit in the Medicaid Delay Reserve Fund, an amount from the Second Capital Contribution (as defined in the Operating Agreement) upon satisfaction of the conditions described under the Operating Agreement. Any moneys remaining on deposit in the Medicaid Delay Reserve Fund will be transferred to the Borrower Account upon expiration of the Compliance Period, as defined in the Operating Agreement as evidenced by written notice signed by an Authorized Borrower Representative submitted to the Trustee, subject to the requirement of the Loan Agreement that the Borrower will have 60 days of cash on hand both before and after any such transfer.

Marketing/Advertising Reserve Fund. There is created and established a "Marketing/Advertising Reserve Fund," which will be funded as set forth in the Indenture and amounts on deposit therein will be held and disbursed by the Trustee at the written request of the Borrower in accordance with the Indenture to pay, or reimburse the Borrower for payment of, marketing and advertising costs related to the Project. Moneys in the Marketing/Advertising Reserve Fund will be disbursed upon receipt by the Trustee of a written request from an Authorized Borrower Representative stating the amount requested, the purpose for such payment or reimbursement, and the then- current estimated date of delivery of the Completion Certificate. The Trustee will be entitled to rely on such written request and will have no duty to confirm work and services completed or the appropriateness of the charges of payees. Moneys from the Marketing/Advertising Reserve Fund will not be disbursed to the Borrower prior to the date which is 180 days before such estimated date of delivery of the Completion Certificate. Any moneys remaining in the Marketing/Advertising Reserve Fund after the Project has achieved an Occupancy Level (Economic) (as defined in the Operating Agreement) of at least 90% (as evidenced by a certificate signed by an Authorized Borrower Representative and submitted to the Trustee) will be transferred to the Operating Reserve held by the Investor Member.

Investment of Funds and Accounts Held by the Trustee. All monies held in the funds provided for in the Indenture will be invested by the Trustee at the written direction of the Borrower in Investment Obligations that mature in five years or less; provided that monies deposited in the Bond Fund to pay interest or principal on an Interest Payment Date must be invested in Investment Obligations maturing on or before the relevant Interest

Payment Date. In the event the Trustee does not receive such written instruction from the Borrower, monies will be held un-invested by the Trustee. The Trustee may make any and all investments through itself or any bank or trustee company under common control with the Trustee.

Although the Issuer and the Borrower recognize that they may obtain a broker confirmation at no additional cost, the Issuer and Borrower by the terms of the Indenture waive such notifications to the extent permitted by law and acknowledge that the Borrower will receive monthly cash transaction statements which will detail all investment transactions from the Trustee.

Valuation. In computing the amount in any fund or account held by the Trustee under the provisions of the Indenture, obligations purchased as an investment of monies therein will be valued at the cost or market price thereof, whichever is lower, exclusive of accrued interest.

Sale of Investments. The Trustee will sell at the market price, or present for redemption, any obligation purchased by it as an investment whenever it will be necessary in order to provide monies to meet any payment or transfer from the fund or account for which such investment was made. The Trustee will provide the Borrower with a written statement, as of the last day of each calendar quarter (or month if part of Trustee's monthly statements), listing all of the Investment Obligations, if any, held for the credit of each fund or account in its custody under the provisions of the Indenture and supplements hereto as of the end of the preceding quarter.

Events of Default. Each of the following events is defined as and will constitute an "Event of Default" with respect to the Bonds issued under the Indenture:

- (a) Default in the due and punctual payment of the interest on any of the Bonds;
- (b) Default in the due and punctual payment of the principal of or redemption premium on any of the Bonds, whether at maturity or otherwise;
- (c) The Issuer will fail to observe or perform any material covenant, condition, agreement or provision contained in the Bonds or this on the part of the Issuer to be performed (except a failure that results in an Event of Default under (a) or (b)), and such failure will continue for thirty (30) days after written notice specifying such failure and requiring the same to be remedied will have been given to the Issuer and the Borrower by the Trustee, which notice may be given by the Trustee in its discretion and will be given by the Trustee at the written request of the Holders of not less than twenty five (25%) in aggregate principal amount of all Bonds Outstanding; provided, however, that if said default be such that it cannot be corrected within the applicable period but is capable of being cured, it will not constitute an Event of Default if corrective action is instituted by the Issuer (or the Borrower on behalf of the Issuer) within the applicable period and diligently pursued until the default is corrected; but in any event such default is cured within ninety (90) days, unless a longer cure period is consented to in writing by a Majority of Holders;
- (d) The Trustee will have received written notice that the Borrower is in default under the IHCP Provider Agreement such that the Borrower's right to operate the Project thereunder will be terminated; and
- (e) The occurrence of an Event of Default under the Loan Agreement, the Mortgage or the Assignment of Contracts.

If an Event of Default with respect to any of the Bonds at the time Outstanding occurs and is continuing, then and in each and every such case, unless the principal of all the Bonds will have already become due and payable, either the Trustee or a Majority of Holders, by notice in writing to the Issuer and the Borrower (and to the Trustee and the Issuer and the Borrower if given by Holders), may declare, the principal amount of all the Bonds to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, anything in the Indenture, a supplemental indenture or in the Bonds contained to the contrary notwithstanding. The foregoing provisions are, however, subject to the condition that if, at any time after the principal amount of the Bonds will have been so declared due and payable, and before any judgment or decree for the payment of the monies due will have been obtained or entered as hereinafter provided, the Issuer will pay or will

deposit or cause to be paid or deposited with the Trustee, but only from the sources described in the Indenture, a sum sufficient to pay all matured installments of interest upon the Bonds and the principal of and redemption premium, if any, on any and all Bonds which will have become due otherwise than by acceleration (with interest on overdue installments of interest, to the extent that payment of such interest is enforceable under applicable law, and on such principal and redemption premium, if any, at the rate of interest borne by the Bonds, to the date of such payment or deposit) and the reasonable expenses of the Trustee (including reasonable attorneys' fees), and any and all Events of Default under the Indenture or the appropriate supplemental indenture, other than the nonpayment of principal of or redemption premium, if any, or accrued interest on Bonds which will have become due by acceleration, will have been remedied, then and in every such case, a Majority of Holders, by written notice to the Issuer and to the Trustee, may waive all Events of Default with respect to the Bonds and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment will extend to or will affect any subsequent Event of Default, or will impair any right consequent thereon.

The Investor Member will have the right to cure any Event of Default existing under the Indenture or any of the Borrower Documents, which right must be exercised within the cure period provided in the Borrower Documents. For the Investor Member to exercise effectively its cure rights, the Investor Member must fully pay the amount past due or perform the defaulted obligations, including the payment of any amounts due for legal expenses incurred in connection with the default. Notwithstanding anything to the contrary in the Borrower Documents, upon the occurrence of an Event of Default arising out of: (i) the bankruptcy, insolvency or assignment of assets for the benefit of creditors by the Managing Member of Borrower, or (ii) the withdrawal from Borrower of the Borrower's Managing Member, or the death or incapacity of a Managing Member, or (iii) a breach of the representations concerning such Managing Member, the Investor Member will have the option, but not the obligation, within 45 days of receipt of written notice of such Event of Default from the Trustee, to cure any such default by appointing a substitute or additional Managing Member that is an affiliate of the Investor Member to act as such Managing Member.

Enforcement of Remedies. Upon the happening and continuance of any Event of Default with respect to the Bonds, the Trustee, in its own name and as trustee of an express trust, on behalf of and for the benefit and protection of the Holders of all Bonds, may proceed with indemnification satisfactory to it to protect and enforce its rights and any rights of Issuer by such suits, actions or proceedings in equity or at law, either for the specific performance of any covenant or contract contained in the Indenture, in the Loan Agreement or in the Bond Documents or in aid or execution of any power granted under the Indenture or for the foreclosure on the security held for the benefit of the Bonds under the Indenture, or for any proper, legal or equitable remedy as the Trustee will deem most effectual to protect and enforce the rights aforesaid.

If an Event of Default will have occurred with respect to the Bonds, and if requested in writing so to do by a Majority of Holders, the Trustee, subject to the Indenture, will be obligated to exercise one or more of the rights and powers conferred by the Indenture, as the Trustee, being advised by counsel, will deem most expedient in the interests of the Holders of the Bonds.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Holders of the Bonds) is intended to be exclusive of any other remedy, but each and every such remedy will be cumulative and will be in addition to any other remedy given to the Trustee or to the Holders of the Bonds under the Indenture or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any Event of Default will impair any such right or power or will be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right and power may be exercised from time to time as often as may be deemed expedient.

No waiver of any Event of Default under the Indenture, whether by the Trustee or by the Holders of the Bonds to which such Event of Default relates will extend to or will affect any subsequent Event of Default or will impair any rights or remedies consequent thereon.

Right of Bondholders to Direct Proceedings. Anything in the Indenture to the contrary notwithstanding, a Majority of Holders will have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, together with indemnity satisfactory to the Trustee, to direct the method and place of

conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture with respect to an Event of Default, or for the appointment of a receiver or any other proceedings under the Indenture, provided that such direction will not be otherwise than in accordance with the provisions of law and of the Indenture.

Priority of Payments. All monies received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture will be applied by the Trustee after payment of the costs and expenses of the proceedings resulting in the collection of such monies (including reasonable attorneys' fees to the extent actually incurred) and of the charges, expenses and liabilities incurred and advances made by the Trustee, if any, as follows:

Unless the principal of all the Bonds will have become or been declared due and payable:

FIRST: To the payment of any and all amounts owed to the Issuer pursuant to the terms of the Indenture or the Borrower Documents and amounts owed to the Trustee as stated above.

SECOND: To the payment of the persons entitled thereto of all installments of interest then due on the Bonds in the order of the maturity of such installments, and, if the amount available will not be sufficient to pay in full any installment, then to the payment thereof, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

THIRD: To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which will have become due (other than Bonds matured for the payment of which monies are held pursuant to the provisions of the Indenture), and in the order of their due dates, if the amount available will not be sufficient to pay in full Bonds due on any particular date, then to the payment thereof ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege;

FOURTH: To be held for the payment to the persons entitled thereto as the same will become due of the principal of and interest on the Bonds which may thereafter become due at maturity and, if the amount available will not be sufficient to pay in full such Bonds due on any particular date, together with interest then due and owing thereon, payment on such Bonds will be made ratably according to the amount of principal due on such date to the persons entitled thereto without any discrimination or privilege;

FIFTH: Any balance remaining, to the Borrower.

If the principal of all the Bonds will have become or been declared due and payable then to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment, or if any such Bond over any other such Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference, and with any balance remaining to the Borrower.

If the principal of all the Bonds will have been declared due and payable, and if such declarations will thereafter have been rescinded and annulled under the provisions of the Indenture then, subject to the provisions of (a) above, in the event that the principal of all the Bonds will later become due or be declared due and payable, the monies will be applied in accordance with the provisions of (b) above.

Whenever monies are to be applied pursuant to the provisions in the Indenture, such monies will be applied at such times, and from time to time, as the Trustee will determine, having due regard to the amount of such monies available for application and the likelihood of additional monies becoming available for such application in the future. Whenever the Trustee will apply such funds, it will fix the date (which will be an Interest Payment Date unless it will deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates will cease to accrue. The Trustee will give such notice as it may deem appropriate of the deposit with it of any such monies and of the fixing of any such date, and will not be required to make payment to the Holder of any Bond until such Bond will be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Waivers of Events of Default. The Trustee will waive any Event of Default under the Indenture and its consequences upon the written request of the Holders of (i) more than two-thirds in aggregate principal amount of all the Bonds then Outstanding in respect to which default in the payment of principal or interest, or both, exists, or (ii) a Majority of Holders in the case of any other Event of Default, provided, however, that there will not be waived (i) any Event of Default in the payment of the principal of any Outstanding Bonds at the date of maturity, or (ii) any default in the payment when due of the interest on any such Bonds unless, prior to such waiver or rescission, all arrears of interest or all arrears of payments of principal or both, when due, as the case may be, with interest on overdue principal at the rate borne by the Bonds, and all expenses of the Trustee in connection with such default will have been paid or provided for, and in case of any such waiver or rescission, or in case any proceedings taken by the Trustee on account of any such Event of Default will have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee, and the Owners of the Bonds will be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission will extend to any subsequent or other default, or impair any right consequent thereon.

Supplemental Indentures. The Issuer and Trustee may, without consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to, or amending, the Indenture for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in the Indenture; (ii) to grant to or confer upon Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or Trustee; (iii) to subject to the Indenture additional revenues, properties or collateral; (iv) to modify, amend or supplement the Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America; (v) to modify, alter, amend, supplement or restate the Indenture in any and all respects necessary, desirable or appropriate in connection with the delivery to Trustee of a letter of credit or other security arrangement obtained or provided by Borrower but only to the extent such supplement does not adversely affect any then current rating from any rating agency then providing the rating on the Bonds; (vi) to modify, alter, amend, supplement or restate the Indenture in any and all respects necessary, desirable or appropriate in order to satisfy the requirements of any rating agency which may from time to time provide a rating on the Bonds, or in order to obtain or retain such rating on the Bonds as is deemed necessary by the Borrower; (vii) to evidence the appointment of a separate or co-Trustee or the succession of a new Trustee under the Indenture; (viii) to permit the issuance of Additional Bonds in accordance with the Indenture; or (ix) to make any other change which does not materially adversely affect the interests of the Bondholders.

Subject to the terms and provisions contained in the Indenture and not otherwise, a Majority of Holders will have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental hereto as will be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that nothing in the Indenture will permit, or be construed as permitting, without the consent of the Holders of at least two-thirds of the aggregate principal amount of all Outstanding Bonds, (i) a reduction in the principal amount of any Bond or the rate of interest thereon, or (ii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (iii) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indentures, or (iv) the creation of any lien ranking prior to or on a parity with the lien of the Indenture on the Trust Estate or any part thereof, or (v) deprivation of the Holders of any Bond then Outstanding of the lien created on the Trust Estate, or (vi) an extension of the maturity of the Bonds.

If at any time the Issuer will request the Trustee to enter into any such supplemental indenture for any of the purposes of the Indenture, the Trustee will, upon being satisfactorily indemnified with respect to expenses, cause written notice of the proposed execution of such supplemental indenture to be given at least 60 days prior to the execution of the supplemental indenture to the Holder of each Bond affected shown by the lists required by the terms of the Indenture to be kept at the office of the Trustee. Such notices will briefly set forth the nature of the proposed supplemental indenture and will state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Bondholders. If, within sixty days or such longer period as will be prescribed by the Issuer following such notices, the requisite percentage of Bondholders have consented to and approved the execution thereof as in the Indenture, no owner of any Bond will have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to

enjoin or restrain the Trustee or Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as permitted and provided, the Indenture will be and be deemed to be modified and amended in accordance therewith.

Prior to executing any supplemental indentures, Trustee will be entitled to receive and may rely upon an opinion of counsel to the effect that such supplemental indenture is authorized or permitted in accordance with the terms of the Indenture.

Anything in the Indenture or in any supplemental indenture to the contrary notwithstanding, so long as the Borrower is not in default under the Loan Agreement, a supplemental indenture will not become effective unless and until the Borrower will have consented to the execution and delivery of such supplemental indenture.

Amendments, Etc., Requiring Bondholder Consent. Except as provided in the Indenture, none of the Issuer, the Borrower or the Trustee will consent to any amendment, change or modification of the Loan Agreement or Mortgage without having provided written notice to all Bondholders at least 45 days prior to the proposed effective date of such amendment and receiving evidence that a Majority of Holders will have consented to such amendment; provided, however, that if such amendment, change, or modification will reduce the amount due from the Borrower with respect to the Bond Service Charges or delay any payment thereof, such consent will be required to be given by not less than the Holders of at least two-thirds of the aggregate principal amount of the Bonds. If at any time the Issuer and the Borrower will request the consent of the Trustee to any such proposed amendment, change or modification of the Loan Agreement or Borrower Documents, the Trustee will, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided by the Indenture hereof with respect to supplemental indentures. Such notice will briefly set forth the nature of such proposed amendment, change or modification and will state that copies of the instrument embodying the same are on file at the Principal Office of the Trustee for inspection by all Registered Owners of Bonds affected by such amendment, change or modification.

Amendments Without Bondholders' Consent; Waivers. Notwithstanding the provisions of the Indenture, the Issuer and the Borrower may, with the prior written consent of the Trustee, amend or modify the Loan Agreement or the Mortgage, or any provision thereof, or may consent to the amendment or modification thereof, in any manner, for any one or more of the following purposes: (a) to cure any ambiguity or formal defect in the Loan Agreement or the Mortgage; (b) to grant to or confer upon the Issuer or Trustee, for the benefit of the Bond Owners, any additional rights, remedies, powers or authorities that lawfully may be granted to or conferred upon the Issuer or the Trustee; (c) to amend or modify the Loan Agreement or the Mortgage, or any part thereof, in any manner specifically required or permitted by the terms thereof, including, without limitation, as may be necessary to maintain the exclusion from gross income for purposes of federal income taxation of the interest on the Bonds; (d) to provide that the Bonds may be secured by a credit facility or other additional security not otherwise provided for in the Indenture or the Loan Agreement; (e) to modify, amend or supplement the Loan Agreement or the Mortgage, or any part thereof, or any supplement thereto, in such manner as the Trustee and the Borrower deem necessary in order to comply with any statute, regulation, judicial decision or other law relating to secondary market disclosure requirements with respect to tax-exempt obligations of the type that includes the Bonds; (f) to provide for changes in the components of the Project, to the extent consistent with the Act and which does not adversely affect the exclusion of the interest on the Bonds from the gross income of the owners thereof for Federal income tax purposes; and (g) to make any other change which does not have a material adverse effect upon the interests of the Bondholders. In addition, certain provisions of the Loan Agreement may be waived by a Majority of Holders without requiring Issuer or Trustee consent as provided in the Loan Agreement.

Authorization of Additional Bonds. In addition to the Bonds initially issued, the Issuer may, at the direction of the Borrower, issue Additional Bonds on a parity with all Outstanding Bonds and secured by an equal charge and lien on and payable equally from the Revenues and the Trust Estate (i) to provide moneys for any funds or accounts held under the Indenture; (ii) to provide for completion of the Project ("Completion Bonds"); and (iii) to refund in whole or in part a previously issued series of Bonds ("Refunding Bonds"). The principal amount of such Additional Bonds may include an amount allocated to pay the cost of issuance of such Additional Bonds as well as amounts required to be deposited in certain funds and accounts established pursuant to the Indenture.

In the event that any Additional Bonds are issued under the Indenture, all provisions of the Indenture which apply to the “Bonds” will apply equally to such Additional Bonds except only those provisions which clearly by their terms apply only to the initial series of Bonds (e.g. interest rates, maturities and redemption provisions). All provisions of the Indenture applicable to the tax exemption of the Bonds will not apply to any Additional Bonds the interest on which is not excludable from the gross income of the owners thereof for Federal income tax purposes.

Provisions for Issuance of Additional Bonds. Additional Bonds will be dated, will bear interest until their payment at such rate or rates payable on such date or dates and will mature on such date or dates and will have such other terms and conditions not inconsistent with the provisions of the Indenture as will be provided for such series in any supplemental indenture authorizing the issuance thereof. The Additional Bonds may be issued in one or more series and the Additional Bonds of each series will each be designated the “City of Elkhart, Indiana Multifamily Housing Revenue Bonds (Hellenic Senior Living of Elkhart Project), Series [insert Series designation].”

Supplemental Indentures for Additional Bonds. Each supplemental indenture executed in connection with the issuance of Additional Bonds will specify:

- (a) the authorized principal amount of such Additional Bonds;
- (b) the purposes for which such Additional Bonds are being issued;
- (c) the date, maturity dates and amounts of each maturity and the first and subsequent Interest Payment Dates of such Additional Bonds or the manner of determining such items;
- (d) the interest rate or rates of such Additional Bonds, or the manner of determining such rate or rates;
- (e) the denomination or denominations of and the manner of numbering and lettering of such Additional Bonds or the manner of determining such items;
- (f) the form in which such Additional Bonds will be initially issued;
- (g) the Redemption Price or Redemption Prices, if any, and, subject to the Indenture, the redemption terms, if any, for such Additional Bonds;
- (h) provisions for the sale of such Additional Bonds;
- (i) provisions with respect to funds and accounts, and revenues and application thereof, as provided in the Indenture;
- (j) directions for the application and disbursement of the proceeds of the Additional Bonds; and
- (k) any other provisions deemed advisable by the Issuer, in lieu of or in substitution for the provisions of the Indenture to the extent such action is permitted under the provisions of the Indenture.

Subordinated Bonds. The Issuer may also issue revenue bonds for any purpose permitted under the Act secured by a charge and lien on, and payable from, the Revenues and the Trust Estate which is junior, inferior and subordinate in all respects to the lien of the Revenues and the Trust Estate which secures the Bonds. Subordinated bonds may be issued pursuant to and in accordance with the provisions of a resolution of the Issuer authorizing such bonds or otherwise as determined by the Issuer, but only upon there being filed with the Trustee the consent of the holders of at least two thirds of the aggregate principal amount of the Bonds.

Requirements for Additional Bonds. Prior to the delivery of any Additional Bonds on a parity with the Bonds, there will be filed with the Trustee: (i) a supplemental Loan Agreement or a supplement or modification to the Mortgage, or both, which will require payments by the Borrower at such times and in such manner as will be necessary to provide for full payment of the debt service on such Additional Bonds as such debt service becomes due; (ii) an Opinion of Bond Counsel to the effect that such supplemental Loan Agreement is a valid, binding and legal instrument of the Issuer, except to the extent that the enforceability thereof may be limited by bankruptcy,

insolvency or other laws affecting creditors' rights generally, and to the effect that the issuance of such Additional Bonds will not adversely affect the exclusion from the gross income of the owners of the Series 2017 Bonds and any other tax-exempt Bonds theretofore issued under the Indenture for Federal income tax purposes; (iii) an Opinion of Counsel to the Borrower addressed to the Issuer and the Trustee and in form and substance satisfactory to the Issuer and the Trustee to the effect that the supplemental Loan Agreement or a supplement or modification to the Mortgage, or both, is valid and binding upon the Borrower in accordance with its terms subject to the typical qualifications as to enforceability; (vi) audited financial statements for the two (2) prior fiscal years showing that the Debt Service Coverage Ratio for the two (2) prior fiscal years not less than 1.35; and (v) a parity report from a firm of independent certified public accountants stating that the Debt Service Coverage Ratio based on the most recent audited financial statement is expected to equal or exceed 1.50 considering both the Bond Service Charges on the then Outstanding Bonds and also on any Additional Bonds assuming level annual debt service on the Additional Bonds to be issued, provided such report will not be required in the event all then Outstanding Bonds are refunded as a whole.

Notwithstanding anything to the contrary in the Indenture, no Additional Bonds will be issued if an Event of Default exists under the Loan Agreement or the Indenture at the time of the Issuance of such Additional Bonds unless the issuance of such Additional Bonds cures such Event of Default.

Unless such Additional Bonds are Refunding Bonds, and unless waived by a Majority of Holders, no Additional Bonds will be delivered by the Issuer unless there will have been filed with the Trustee a certificate of an architect or engineer setting forth: (i) the estimated cost of capital additions or repairs to be financed with the proceeds of the Additional Bonds; (ii) the estimated amounts which will be required from month to month for paying such cost; (iii) the estimated date of completion; and (iv) that in his/her opinion the proceeds of such Additional Bonds together with other available moneys are not less than the amount of the cost of such capital additions or repairs to the extent that such plans and specifications for such capital additions or repairs have been prepared by such architect or engineer. In the event that a Majority of Holders so determines or in the event that the principal amount of such Additional Bonds does not exceed five percent (5%) of the Borrower's fixed assets (exclusive of construction in progress, but after deduction of depreciation) as shown in the most recent audited financial statements of the Borrower, an Authorized Officer of the Borrower may submit a certificate setting forth the same information required from the architect or engineer in lieu of the architect's or engineer's certificate.

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LOAN AGREEMENT

The following are summaries of certain provisions of the Loan Agreement not described elsewhere in the Official Statement. These summaries do not purport to be complete or definitive and are qualified in their entirety by reference to the full terms of the Loan Agreement. Reference is made to the Loan Agreement for complete details of the Loan Agreement.

General

Agreement to Acquire, Construct and Equip the Project; Disbursement of Construction and Acquisition Fund.

The Borrower agrees that the Bond proceeds will be applied to the various funds and accounts as set forth in the Loan Agreement and that all proceeds deposited in the Construction and Acquisition Fund, as defined in the Indenture, will be used for the purpose of paying the costs of acquiring, constructing and equipping the Project or reimbursing the Borrower for any such costs paid by the Borrower. All such funds will be used in accordance with the Development Budget. The Borrower will make and enter into all contracts required for such acquisition and construction. The Borrower will cause the acquisition and construction of the Project to be completed with reasonable dispatch and in no event later than three (3) years from the Issuance Date.

The Trustee has been directed under the Indenture to disburse funds from the Construction and Acquisition Fund pursuant to the Disbursing Agreement and the Indenture to pay the cost of acquisition, equipping and construction pursuant to the Development Budget as set forth in subsection (c) below or to reimburse the Borrower for any such costs paid by the Borrower. Disbursements from the Construction and Acquisition Fund will be made only by means of a requisition executed by the Authorized Borrower Representative and approved by the Construction Monitor (except the Construction Monitor's approval will not be required for the first draw on the Issuance Date or for any draws from the Costs of Issuance Fund under the Indenture) that the amount requested is available pursuant to the relevant line-item in the Development Budget or from the contingency line-item or pursuant to paragraph (d) in the Loan Agreement. The Trustee will not be responsible for verifying the accuracy of the information contained in the requisition. The Borrower will cause such requisitions to be directed to the Trustee as may be necessary to effect payments from the Construction and Acquisition Fund in accordance with the terms of the Loan Agreement and the Indenture. The Trustee will retain a record of all requisitions. If applicable, the Borrower will provide with each requisition appropriate waivers of any statutory liens by the party that performed the work and a detailed requisition form as provided by the general contractor for the work completed. In making any payments from the Construction and Acquisition Fund, the Trustee may conclusively rely on any requisitions and certificates delivered pursuant hereto.

Any changes to the Development Budget including reallocations from one line item to another, will be made only with the written approval of the Borrower and a Majority of Holders; provided that the Borrower may reallocate any contingency amount or an amount up to 10% of a line item in the original Development Budget to another line item without such approval upon submitting a certificate to the Trustee stating that the amount reallocated will not be required for the purpose originally allocated.

Within ninety (90) days after the completion of all items in the Development Budget, the Borrower will submit to the Trustee the Completion Certificate signed by the Authorized Borrower Representative certifying that all portions of the work provided for in the Development Budget have been fully completed substantially in accordance with the Development Budget, the construction contracts therefor and any outline specifications for such work. Upon delivery of the Completion Certificate, all funds then remaining in the Construction and Acquisition Fund will be transferred to the Bond Fund to be used for a redemption under the Indenture.

If the money in the Construction and Acquisition Fund available for payment of the costs of the Project will not be sufficient to make such payment in full, the Borrower agrees to pay directly, or to deposit (or cause to be deposited) moneys in the Construction and Acquisition Fund for the payment of, such costs as may be in excess of the moneys available therefor in the Construction and Acquisition Fund. THE ISSUER DOES NOT MAKE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, THAT THE MONEYS WHICH WILL BE DEPOSITED INTO THE CONSTRUCTION AND ACQUISITION FUND, AND WHICH UNDER

THE PROVISIONS OF THE LOAN AGREEMENT WILL BE AVAILABLE FOR PAYMENT OF THE CONSTRUCTION COSTS OF THE PROJECT, WILL BE SUFFICIENT TO PAY ALL OF THE COSTS WHICH WILL BE INCURRED IN CONNECTION THEREWITH. The Borrower agrees that if, after exhaustion of the moneys in the Construction and Acquisition Fund, the Borrower should pay, or deposit moneys in the Construction and Acquisition Fund for the payment of, any portion of the costs of the Project pursuant to the provisions hereof, it will not be entitled to any reimbursement therefor from the Issuer, the Trustee, or from the owners of any of the Bonds, nor will it be entitled to any diminution of the amounts payable.

The Loan. The Issuer agrees, upon the terms and subject to the conditions hereinafter set forth, to utilize the proceeds of the Bonds to cause the Loan to be made to the Borrower. The Issuer will pledge its interest in the Loan and other documents related to the Loan (other than the Issuer Unassigned Rights, as defined in the Indenture) to the Trustee, all pursuant to the Indenture.

Borrower's Repayment Obligation. The Borrower promises to pay to the Trustee, as assignee of the Issuer, amounts from time to time sufficient to pay principal of, and interest and premium, if any, on the Bonds when due or required to be redeemed pursuant to the Indenture. The Borrower waives presentment for payment, notice of dishonor, demand, protest, notice of protest, and all demand, notice and suretyship defenses generally in connection with the delivery, acceptance, performance, default or endorsement of this repayment obligation and specifically assents to any extension or postponement of the time for payment or other indulgence and/or to the addition or release of any other party or person primarily or secondarily liable.

The Borrower agrees to maintain a collection account (the "Collection Account") in which Revenues from operation of the Project will be deposited, and such Collection Account will, to the extent practical operationally to the Borrower, be maintained with the Trustee. The Borrower agrees to deposit all Revenues in the Collection Account upon receipt, and to cause all payments under the IHCP Provider Agreement to be deposited directly into the Collection Account, and to cause amounts in the Collection Account (if maintained at a financial institution other than the Trustee) to be transferred not later than the last Business Day of each week, and on the 20th day of each month irrespective of whether it is the last Business Day of a week, to the Trustee for deposit on such days into the Revenues Account under the Indenture, in order to secure payment of the Loan and of the following amounts. Specifically, the Borrower agrees to pay, to the extent not paid from the funds held under the Indenture, the following amounts:

Notwithstanding any other provision of the Loan Agreement to the contrary contained in the Loan Agreement, the Loan Agreement evidences, and the Borrower agrees to pay, the principal of, redemption premium, if any, and interest on the Bonds issued pursuant to the Indenture, as said principal, redemption premium, if any, and interest becomes due, whether at maturity, by prior redemption, by acceleration or otherwise. Payments of principal, redemption premium, if any, and interest due under the Loan Agreement will be made in lawful money of the United States of America to the Trustee at the address set forth in the Indenture or at such other place as any assignee of the Loan Agreement may designate by a notice in writing given to the Borrower.

The Borrower agrees to pay to the Trustee for remittance to the Issuer: (i) the Issuer Fees and Expenses, and (ii) all costs and other reasonable expenses incurred by the Issuer including, but not limited, to reasonable fees of Bond Counsel, Counsel to the Issuer and of consultants retained by the Issuer in connection with the authorization, issuance, sale, preparation, execution and delivery of any and all documents required in connection with the issuance of the Bonds, payable at or before the Issuance Date.

The Borrower agrees to pay to the Trustee (i) the initial acceptance fee of the Trustee and the costs and expenses, including reasonable attorneys' fees, incurred by the Trustee in entering into and executing the Indenture, and (ii) during the term of the Loan Agreement (A) an amount equal to the annual fee of the Trustee for the ordinary services of the Trustee, as trustee, rendered and its ordinary expenses incurred under the Indenture, including reasonable attorneys' fees, as and when the same become due, (B) the reasonable fees, charges and expenses of the Trustee, as and when the same become due, and (C) the reasonable fees, charges and expenses of the Trustee for the necessary extraordinary services rendered by it and including reasonable attorneys' fees actually incurred, as and when the same become due.

The Borrower agrees to pay to the United States of America all amounts due and owing as arbitrage rebate on the Series 2017 Bonds in accordance with the Arbitrage Certificate and the Code and applicable regulations thereunder.

The Borrower agrees to pay with respect to the Project all taxes, assessments and related governmental charges and all insurance premiums (including public liability insurance and insurance against damage to or destruction of the Project) concerning or in any way related to the Project required to maintain the insurance coverage on the Project provided for in the Loan Agreement and in the Mortgage.

The Borrower agrees to pay, or cause to be paid, all amounts referenced in the Loan Agreement to the Trustee by the dates and in the amounts set forth therein.

The Borrower agrees to replace any DSRF Credit Facility with cash to be deposited in the Debt Service Reserve Fund within 30 days in the event the Moody's or S&P rating of the provider of the DSRF Credit Facility falls below "A" or its equivalent at any time.

To the extent of an insufficiency in the amount available in the Revenues Account to fund required transfers pursuant to the Indenture, the Borrower will take all steps to obtain funds within five business days, but only to the extent the Borrower has a right to do so under the Operating Agreement, from the Operating Reserve held by the Investor Member, and remit any funds so obtained to the Trustee to cure such deficiency.

To the extent there are insufficient moneys in the Bond Fund on any date that principal of or interest on the Bonds is due and payable as described in the Indenture, the Borrower agrees to remit to the Trustee funds from the Lease-Up Reserve held by the Borrower upon written request from the Trustee to the Borrower and only to the extent that the Lease-Up Reserve has been funded.

Operation of the Project. The Borrower covenants that it will complete the Project and that it will operate the Project for the purposes and in a manner consistent with the Official Statement. The Borrower further covenants and agrees that it will, throughout the term of the Loan Agreement, (1) comply with all applicable laws, regulations, ordinances, rules, and orders relating to the Project Site or the Project equipment as provided in the Borrower Documents, (2) in connection with the construction and operation of the Project, comply with all federal, state and local statutes, laws, ordinances, building codes, regulations and rulings applicable to the Project, (3) maintain and insure the Project Site and the Project equipment and pay all taxes, payments-in-lieu-of-taxes, assessments and other governmental charges in accordance with the Borrower Documents, (4) not cause or permit the Project Site or the Project equipment to become or remain a public nuisance, and (5) not allow any change in the nature of the occupancy, use or operation of the Project Site or the Project equipment which is substantially inconsistent with the Borrower's application for assistance to the Issuer, except that the Borrower may, after notice to the Issuer, permit any such change which does not disqualify the Project as an authorized project under the Act and the Code as in effect on the date hereof. Nothing in the Indenture is intended to require the Borrower to operate the Project Site or the Project equipment in such manner as, in the good faith judgment of the Borrower, will materially and adversely impair the operating results of the Borrower in connection with the use of the Project Site or the Project equipment.

Non-Recourse Obligation of the Borrower. The Borrower and its members will only be liable upon the indebtedness evidenced by the Loan Agreement, or sums or amounts to accrue or to become payable under the Indenture, to the full extent (but only to the extent) of the security granted for the Loan and the funds held pursuant to the Indenture. If a default occurs in the timely and prompt payment of all or any part of said indebtedness, sums or amounts, any judicial proceedings or enforcement of the remedies under the Loan Agreement against the Borrower and/or its members will be limited to the preservation, enforcement and foreclosure, or any thereof, of the liens, estates, assignments, titles, rights and security interests now or at any time hereafter acquired in such security and no judgment, attachment, execution or other writ of process will be sought, issued or levied upon the assets, property or funds of the Borrower and/or its members other than the properties, rights, estates and interests of the Borrower as are identified as security for the Loan. In the event of a foreclosure or other disposition as provided for in the Mortgage and the Assignment of Contracts or the Indenture of such liens, estates, assignments, title, rights and security interests, whether by judicial proceedings or the exercise of the power of sale, no judgment for the deficiency of such indebtedness, sums and amounts will be sought or obtained against the Borrower and/or its members.

Notwithstanding the foregoing provisions, nothing in the Loan Agreement will limit or restrict the ability of the Issuer or the Trustee to seek or obtain a judgment against the Borrower for damages caused by the Borrower as a direct consequence of the occurrence of any of the events set forth below (collectively, "Recourse Events"):

(a) fraud or any material misrepresentation made by the Borrower or any officer, agent or employee of the Borrower in any material writing or contained in any of the provisions of the Loan Agreement, the Mortgage, the Assignment of Contracts, the Official Statement or any related document or Borrower Document;

(b) material breach of any covenant contained in the Mortgage and the Assignment of Contracts, relating to the failure by the Borrower to pay, satisfy and discharge all general and special city, county and state taxes or special assessments or encumbrances, charges and liens which are or may be prior to or superior to the lien of the Mortgage;

(c) misapplication of (i) proceeds paid under any insurance policies by reason of damage, loss or destruction to any portion of the Project to the full extent that such proceeds are payable or should be payable to the Trustee under the terms of the Mortgage; or (ii) proceeds or awards resulting from the condemnation or other taking in lieu of condemnation, relating to any portion of the Project to the full extent of any such proceeds ,or awards which are payable or should be paid to the Trustee under the terms of the Mortgage;

(d) failure by the Borrower to cause to be maintained upon the Project such insurance coverages as are required under the Loan Agreement or under the Mortgage;

(e) the occurrence of acts or omissions of the Borrower which result in waste to or of the Project;

(f) failure by the Borrower to remit or cause to be remitted to the Trustee the Revenues promptly upon demand; and

(g) the incurrence of any expenses, damages, or liabilities including, without limitation, all reasonable attorneys' fees, whether incurred by the Issuer or the Trustee prior to or following foreclosure of the Mortgage and whether the Issuer or the Trustee will be in the status of a lienholder or an owner of the Project following foreclosure, directly or indirectly arising out of or attributable to use, generation, storage, release, threatened release, discharge, disposal, or presence on, under, or about the Project of any materials, wastes, or substances defined or classified as hazardous or toxic under any federal, state or local laws, regulations or otherwise resulting from the breach by the Borrower of any of the environmental covenants contained in the Mortgage.

(h) except for the gross negligence or intentional misconduct of the Trustee or the intentional misconduct of the Issuer, the incurrence of any expenses, damages, or liability, including without limitation, all reasonable attorneys' fees incurred by the Issuer or the Trustee in connection with any audit or inquiry by the Internal Revenue Service, Securities Exchange Commission or similar entity in connection with the Bonds.

Security Interest. As security for the Loan and all other debts, liabilities and obligations of Borrower to the Issuer now or hereafter arising (collectively, the "Obligations"), Borrower by the terms of the Indenture grants to the Trustee, as assignee of the Issuer, a lien on and security interest in all monies held in the Collection Account, any interest of the Borrower in the funds and accounts established under the Indenture and all Revenues, including the Provider Agreement Payments, and all receipts, revenues, income and other moneys, whether in the form of cash, securities or other personal property and all insurance proceeds and proceeds of the foregoing, derived from same (collectively, the "Collateral"). The granting of any security interest by the terms of the Indenture is in addition to and does not supersede the Mortgage, assignments and security interests granted pursuant to the other Borrower Documents.

Recording and Maintenance of Liens. The Borrower will, at its own expense, take all necessary action to maintain and preserve the liens and security interest in the Collateral so long as any principal, premium, if any, or interest on the Bonds remains unpaid.

The Borrower will, forthwith after the execution and delivery of the Bond Documents and thereafter from time to time, cause the Bond Documents, including any amendments thereof and supplements thereto, and any financing statements in respect thereof to be filed, registered and recorded in such manner and in such places as may be required by law in order to publish notice of and fully to perfect and protect (i) the lien and security interest thereof upon and the title of the Borrower to the Project, and (ii) the lien and security interest therein granted to the Trustee to the rights, if any, of the Issuer assigned under the Bond Documents, and from time to time will perform or cause to be performed any other act as provided by law and will execute or cause to be executed any and all continuation statements, including without limitation those continuation statements prepared and to be filed by the Trustee in accordance with the Indenture, and any further instruments necessary for such publication, perfection and protection. Except to the extent it is exempt therefrom, the Borrower will pay or cause to be paid all filing, registration and recording fees incident to such filing, registration and recording, and all expenses incident to the preparation, execution and acknowledgment of such instruments of further assurance, and all Federal or State fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Bond Documents and such instruments of further assurance.

The Issuer will have no responsibility for the preparation, filing or recording of any instrument, document or financing statement or for the maintenance of any security interest intended to be perfected. The Issuer will execute such instruments provided to it by the Borrower as may be reasonably necessary in connection with such filing or recording.

Payment of Taxes and Claims and Liens. The Borrower will, prior to the time penalties that will attach thereto, pay and discharge or cause to be paid and discharged all taxes, assessments and other governmental charges or levies which may lawfully be levied, assessed or imposed upon it or upon the income or profits of the Borrower, or upon any property, real, personal or mixed, belonging to the Borrower or upon any part thereof or upon any of the Project or the Revenues from the Project and all lawful claims or obligations that, if unpaid, would become a lien upon the Project, real or personal, or upon any part thereof or the revenues from the Project and also any lawful claims for labor, material and supplies which, if unpaid, might become a lien or charge against such property (including the Project); provided, however, that the Borrower will not be required to pay any such tax, assessment, charge, levy, claim or obligation if it is being contested in good faith by the Borrower but will be paid forthwith upon the commencement of any proceedings to foreclose any lien securing the same, unless a surety bond, in an amount satisfactory to the Trustee, is obtained and delivered to the Trustee. The Borrower will promptly pay or cause to be paid any valid, final judgment enforcing any such tax, assessment, charge, levy or claim and cause the same to be satisfied of record unless such judgment is then the subject of a good faith contest as referenced above.

Preservation of Project. The Borrower will preserve and protect the Project in decent, safe and sanitary condition and from time to time will make, or will cause to be made, all reasonably required, proper repairs, renewals, replacements, betterments and improvements thereto. The Borrower will have the privilege of remodeling the Project or making substitutions, additions, modifications and improvements to the Project from time to time as the Borrower, in its discretion, may deem to be desirable for the Borrower's use for its purposes, the costs of which remodeling, substitutions, additions, modifications and improvements will be paid by the Borrower, and the same will be subject to the Mortgage and the Assignment of Contracts.

Notwithstanding the foregoing, the Borrower will not make any material change to the overall scope of the Project without the approval of a Majority of Holders.

No Abatement of Payments. If the Project will be damaged or either partially or totally destroyed, or if title to or the temporary use of the whole or any part of the Project will be taken or condemned by a competent authority for any public use or purpose, there will be no abatement or reduction in the amounts payable under the Loan Agreement.

Insurance Required. The Borrower agrees to insure the Project or cause it to be insured with insurance companies licensed to do business in the State in such amounts and in such manner and against such loss, damage and liability, including liability to third parties, as is customary with entities in the same or similar business, including without limitation:

(a) Fire and extended coverage property damage insurance, including, but not limited to all risk insurance, in an amount equal to the full replacement value of the Project, without coinsurance or deduction for depreciation, containing a waiver of subrogation clause and a deductible amount not to exceed \$100,000 per occurrence;

(b) Public liability insurance, and umbrella liability insurance, in such form, amount and deductible as is customary for assisted living facilities in the State, and naming Trustee as additional insured covering Trustee's interest in the Project;

(c) Worker's compensation insurance for employees of the Borrower or other operator of the Project as required by the laws of the State;

(d) Business interruption or rent loss insurance endorsement in an amount at least equal to 100% of the sum of: Bond Service Charges for the current Bond Year, annual debt service on any other permitted financing, ground rents, if any, and operating expenses, including, without limitation, real estate taxes and assessments and insurance, for the Project;

(e) To the extent that the Project lies within the boundaries of the 100 year flood plain, flood insurance required by and obtainable through the National Flood Insurance Program sufficient to cover any damage which may be anticipated in the event of flood unless Borrower has provided Trustee evidence satisfactory to Trustee that no portion of the Project is located within the boundaries of the 100 year flood plain; and

(f) Boiler and machinery insurance when risks covered thereby are present.

The insurance coverages described in subsections (a), (c), (d) and (e) above will name the Trustee under a standard noncontributory mortgagee clause or otherwise directly insure the Trustee's interest in the Project. All losses under said insurance will be payable to the Trustee as its interests appear. All policies of insurance required by the Loan Agreement will be with a company or companies with a policy rating of A and financial rating of at least Class VII in the most current edition of Best's Insurance Reports and authorized to do business in the State. All policies of insurance will provide that they will not be canceled or modified without thirty (30) days' prior written notice to the Trustee. The Borrower will complete and send to the Trustee the Officer's Certificate attached to the Loan Agreement annually not later than October 1 of each year. The Trustee makes no representation as to, and will have no responsibility for the sufficiency or adequacy of the insurance. If any renewal or replacement policy is not obtained as required under the Loan Agreement, the Trustee may, but is not required to, obtain the same in the Borrower's name and at the Borrower's expense. The Trustee will not be liable for the fact of failing to obtain any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of insurance contracts, solvency of insurance companies, or payment or defense of lawsuits, and the Borrower hereby expressly assumes full responsibility therefor and all liability, if any, with respect thereto.

Not less than once every three (3) years, with the first such report filed no later than October 1, 2020, the Borrower will cause the Independent Insurance Consultant to prepare and file a report with the Trustee certifying as to the adequacy of the Borrower's insurance program. To the extent any such report recommends changes to the existing program, the Borrower agrees to follow such recommendation to the extent feasible.

Liquidity Covenant. The Borrower covenants that it will maintain 60 Days Cash on Hand as of each June 30 and December 31, commencing December 31, 2021. The Borrower will provide the Trustee and the Underwriter within forty-five (45) days of each June 30 and December 31 with a certificate stating the Days Cash on Hand. In the event that Days Cash on Hand falls below the requirement set forth above as of any testing date on or after December 31, 2021, the Borrower will, at the request of a Majority of Holders, retain an Independent Consultant within seventy-five (75) days following the end of such semi-annual testing date at the Borrower's expense. The Independent Consultant will make appropriate recommendations in order to bring the Borrower into compliance with this covenant. Copies of such recommendations will be filed with the Borrower, the Underwriter and Trustee. The Borrower agrees that promptly upon the receipt of such recommendations, subject to applicable requirements or restrictions imposed by law, or to the extent practical, it will revise its methods of operation and will take such other reasonable actions as will be in conformity with the recommendations. So long as the Borrower will retain an Independent Consultant and complies with such Independent Consultant's recommendations to the extent practical

or not prohibited by law, no default or Event of Default will be declared solely by reason of a violation of the requirements of the Loan Agreement.

The Borrower further covenants that following the “compliance period,” as defined in Code Section 42(i)(1), the Borrower will not make a distribution of amounts in the Medicaid Delay Reserve, other than for the intended purpose of the Medicaid Delay Reserve, unless the Borrower will have 60 Days Cash on Hand both before and after any such proposed distribution of amounts from the Medicaid Delay Reserve.

Maintenance of Existence and Qualification. Unless the Borrower complies with the following provisions of the Loan Agreement, the Borrower agrees that as long as any Bonds are outstanding it will maintain its existence, will not dissolve, liquidate or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it. Any dissolution, liquidation, disposition, consolidation or merger will be subject to the following conditions:

(i) the Borrower provides a certificate to the Issuer and the Trustee, in form and substance satisfactory to the Issuer, to the effect that no Event of Default exists under the Loan Agreement or under the Indenture and that no Event of Default will be caused by the dissolution, liquidation, disposition, consolidation or merger;

(ii) the entity surviving the dissolution, liquidation, disposition, consolidation or merger assumes in writing and without condition or qualification the obligations of the Borrower under each of the Borrower Documents;

(iii) the Borrower or the entity surviving the dissolution, liquidation, disposition, consolidation or merger, within ten (10) days after execution thereof, furnishes to the Issuer and the Trustee a true and complete copy of the instrument of dissolution, liquidation, disposition, consolidation or merger;

(iv) neither the validity nor the enforceability of the Bonds, the Indenture or any agreements to which the Borrower is a party is adversely affected by the dissolution, liquidation, disposition, consolidation or merger;

(v) the exclusion of the interest on the Series 2017 Bonds from gross income for federal income tax purposes is not adversely affected by the dissolution, liquidation, disposition, consolidation or merger, and the provisions of the Act, the Indenture and the Borrower Documents are complied with concerning the dissolution, liquidation, disposition, consolidation or merger;

(vi) no rating on the Bonds, if the Bonds are then rated, is reduced or withdrawn as a result of the dissolution, liquidation, disposition, consolidation or merger;

(vii) the Project continues to be as described in the Loan Agreement;

(viii) any successor to the Borrower will be qualified to do business in the State and will continue to be qualified to do business in the State throughout the term hereof; and

(ix) the Trustee has executed a certificate acknowledging receipt of all documents, information and materials required by the Loan Agreement.

As of the effective date of the dissolution, liquidation, disposition, consolidation or merger, the Borrower (at its cost) will furnish to the Issuer and the Trustee (A) an opinion of Bond Counsel, in the form and substance satisfactory to such parties, as to items (iv) and (v) above, and (B) an opinion of Independent Counsel, in form and substance satisfactory to such parties, as to the legal, valid and binding nature of item (ii) above.

No dissolution, liquidation, consolidation or merger of the Borrower will be permitted without the written consent of a Majority of Holders; provided that the following will not be considered a dissolution, liquidation, consolidation or merger that requires the consent of the Majority of Holders or that is subject to satisfaction of the conditions in the Loan Agreement:

- (i) the sale, transfer, conveyance or pledge of the Investor Member's membership interests in Borrower;
- (ii) the sale, transfer, conveyance or pledge of any member interest in the Investor Member;
- (iii) the appointment by the Investor Member of an additional or substitute Managing Member of the Borrower in accordance with the Operating Agreement, provided that the Managing Member delivers prior notice thereof to the Trustee and the Issuer and any additional or substitute Managing Member of the Borrower is reasonably acceptable to a Majority of Holders and is selected with reasonable promptness;
- (iv) the dilution of the Managing Member's interest in cash flow and/or capital transaction proceeds in the Borrower in accordance with the terms of the Operating Agreement; and
- (v) any amendment to the Operating Agreement, except for the following amendments that would require the consent of a Majority of the Holders: (A) an amendment that changes the amount of the capital contributions or timing (other than adjustments which are contemplated in the Operating Agreement); (B) an amendment that changes the guarantees from the Managing Member or any guarantors; (C) an amendment that affects the sale or dissolution of the Project; or (D) an amendment affects the Borrower's operations as a single purpose entity as required by the Loan Agreement.

Assignment, Selling and Leasing. The Loan Agreement may not be assigned and the Project or interest therein may not be leased or sold, as a whole or in part (other than leases for occupancy of individual units by residential tenants or leases of commercial space, if any), by the Borrower unless the Borrower satisfies each of the following conditions:

- (a) An opinion of Bond Counsel is delivered to the effect that such assignment, lease or sale does not adversely affect the exclusion from gross income of the interest on the Series 2017 Bonds for Federal income tax purposes;
- (b) The assignee, purchaser or lessee will assume the obligations of the Borrower under the Loan Agreement to the extent of the interest assigned or leased;
- (c) The Borrower will, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Issuer and the Trustee a true and complete copy of each assignment, assumption of obligation, contract of sale, or lease, as the case may be; and
- (d) The written consent of a Majority of Holders.

Notwithstanding the foregoing, the Borrower may transfer property or assets without meeting the conditions set forth above (i) in the ordinary course of business to the extent that such property is worn out or is no longer useful or necessary in connection with the operation of the Project, (ii) to the extent that such property is replaced with property of equal value and utility, or (iii) so long as the aggregate fair market value of any property removed other than pursuant to (i) or (ii) above does not exceed \$250,000 annually.

For the purposes of the Loan Agreement, neither of the following in and of itself will be deemed an assignment: (i) any foreclosure or conveyance in lieu of foreclosure by or to the Trustee pursuant to the terms of any deed to secure debt, mortgage or security agreement securing the Borrower Documents; and (ii) any other transfer to the Trustee or to a nominee or assignee of the Trustee.

Debt Service Coverage Covenant. The Debt Service Coverage Ratio will be tested annually (commencing with the Fiscal Year ending on December 31, 2021) for the preceding Fiscal Year. If the Debt Service Coverage Ratio for any Fiscal Year ending on December 31, 2021, or thereafter is less than 1.10 to 1.0, the Borrower will, at the request of a Majority of Holders, hire an Independent Consultant with recognized expertise in the area of assisted/supportive living facilities (including the compliance requirements of Section 42 of the Code) to

recommend in a written report, prepared at the Borrower's expense and provided to the Trustee and the holders of the Bonds, appropriate steps to increase coverage, and improve the operations and the value of the Project. Such report will be provided within sixty (60) days after the engagement of such consultant. The Borrower will have a period of twelve calendar months to implement each recommendation of the independent consultant to the extent feasible and permitted by law. Within twelve (12) months after the submission of its initial report, the Independent Consultant will submit to the Trustee a follow-up report indicating whether or not the recommendations contained in its initial report are being complied with by the Borrower. The Trustee will not be responsible for review of or action on any report provided by the consultant described in the Loan Agreement.

Lease-Up Stabilization Covenant. If the Project does not reach Lease-Up Stabilization within 24 months after the Borrower obtains a certificate of occupancy, the Borrower will, at the request of a Majority of Holders, hire a marketing consultant, which marketing consultant will be approved in writing by a Majority of Holders, with recognized expertise in the area of assisted/supportive living facilities, to recommend in a written report, appropriate steps to market the Project to potential residents. Such report will be provided within sixty (60) days after the engagement of such consultant. The Borrower will have a period of twelve calendar months to implement each recommendation of the marketing consultant to the extent feasible and permitted by law. Within twelve (12) months after the submission of its initial report, the marketing consultant will submit to the Trustee a follow-up report indicating whether or not the recommendations contained in its initial report are being complied with.

Change of Management. The Borrower may remove any then-current Managing Agent and retain new management for the Project, provided that the new management company will be approved in writing by the Investor Member, and a Majority of Holders. The consent of a Majority of Holders will not be unreasonably withheld. The Investor Member may remove any then-current Managing Agent and retain new management for the Project without consent of the Issuer, the Trustee or any Bondholder so long as no Event of Default has occurred and is continuing under the Indenture. If requested by a Majority of the Holders, the Borrower will be required to retain new management for the Project if (i) management does not implement the recommendation of a consultant retained pursuant to the Loan Agreement, and (ii) the Debt Service Coverage Ratio for any Bond Year commencing not less than twelve (12) months after delivery of the report is less than 1.10 to 1.00. Such new Managing Agent will be satisfactory to a Majority of Holders and the Investor Member, and will be compensated with a management fee of not more than the compensation provided for in the initial Management Agreement.

Additional Indebtedness. The Borrower covenants that it will not incur, assume, guarantee or otherwise become liable in respect of any Indebtedness other than (a) up to \$500,000 of bank debt or equipment leases entered into in the normal course of business; (b) indebtedness that is outstanding on the Issuance Date (including the indebtedness in effect on the Closing Date); (c) Indebtedness related to any Additional Bonds or subordinated bonds under the Indenture; (d) any indebtedness (including, without limitation, any loans from any member of the Borrower, any guarantor, or any other entity or person affiliated with the Borrower or any guarantor), provided that such indebtedness is payable solely out of excess cash flow deposited in the Borrower Account of the Revenue Fund under the Indenture; and (e) deferred developer or general contractor fees.

Liens. The Borrower will not create or suffer to exist or permit any Lien upon or with respect to any of its properties or leasehold interests, except for Permitted Encumbrances.

"Lien" means any Mortgage, mortgage, pledge, security interest, hypothecation, collateral assignment, lien (statutory or other), or preference, priority or other security agreement, preferential arrangement or encumbrance which has the practical effect of constituting a security interest (including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction).

Hedges. The Borrower will not enter into any hedge, interest rate swap, interest rate cap, futures contract, forward contract, float agreement or option, without the consent of a Majority of Holders.

Change in Control of Managing Member. AHEPA Affordable Housing Management Company, Inc., will maintain directly or through control of one of its majority owned affiliates at least a 50% ownership interest in the Managing Member, except with the written consent of a Majority of Holders. The consent of the Majority of

Holders will be deemed given, if within 30 days following written request, no response is received. The consent of a Majority of Holders will not be unreasonably withheld. Notwithstanding the foregoing, the Investor Member will have the right to remove the Managing Member under the terms and conditions set forth in the Operating Agreement without the consent of a Majority of Holders.

Financial Records; Operating Budget. The Borrower will keep true books of record and account in which full, true and correct entries will be made of all dealings or transactions in relation to its business and activities on an accrual basis.

The Borrower will furnish all financial reports and information set forth in the Continuing Disclosure Agreement.

The Borrower will deliver to the Trustee by November 15 of each year, its operating budget (the "Operating Budget") for the following fiscal year, which will include, on a monthly basis, Operating Expenses to be paid with respect to the Project and all amounts to be deposited pursuant to the Indenture, together with rents and other income projected to be produced by the Project. The Operating Budget may be amended from time to time by the Borrower and any Operating Budget will be promptly provided to the Trustee.

Events of Default. Upon the expiration of any notice and cure period set forth below, any one or more of the following events will constitute an Event of Default under the Loan Agreement (an "Event of Default"):

Except as specified in the Loan Agreement, failure by the Borrower to observe and perform any covenant, condition or agreement contained in the Loan Agreement or in the Mortgage, the Assignment of Contracts on its part to be observed or performed for a period of thirty (30) days after written notice specifying such failure has been given by the Trustee to the Borrower and the Investor Member, unless the Trustee will agree in writing to an extension of such time prior to its expiration; provided, however, if the Borrower can show that the failure stated in the notice cannot be corrected within the applicable period (but can be corrected within such longer period), and the Borrower initiates corrective action within said period, and diligently, continually, and in good faith works to effect a cure as soon as possible, the time period will be reasonably extended for a period not to exceed ninety (90) days.

The entry of a decree or order for relief by a court having jurisdiction in the Project in respect of the Borrower in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Borrower or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days.

The commencement by the Borrower of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by the Borrower to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Borrower or for any substantial part of the property of the Borrower or the making by it of any assignment for the benefit of creditors, or the failure of the Borrower generally to pay its debts as such debts become due, or the taking of action by the Borrower in furtherance of any of the foregoing.

Except as otherwise provided in the Loan Agreement, any dissolution, termination, partial or complete liquidation, merger or consolidation of the Borrower. Notwithstanding anything to the contrary in the Borrower Documents, the following will not constitute a default under the Borrower Documents: (i) the sale, transfer, conveyance or pledge of Investor Member's interest in the Borrower; (ii) the sale, transfer, conveyance or pledge of any member interest in the Investor Member; (iii) the appointment by the Investor Member of an additional or substitute Managing Member of the Borrower in accordance with the Borrower's Operating Agreement, provided that the Managing Member delivers prior notice thereof to the Trustee and the Issuer and any additional or substitute Managing Member of the Borrower is reasonably acceptable to the Issuer and is selected with reasonable promptness; (iv) the dilution of the Managing Member's interest in cash flow and/or capital transaction proceeds in the Borrower in accordance with the terms of the Operating Agreement; and (v) any amendment to the Operating

Agreement which does not affect the financial terms of the Operating Agreement, and does not otherwise adversely affect the security interest of the Trustee in the Project.

An Event of Default under the Indenture or any of the Borrower Documents.

Any failure (i) to pay principal of, redemption premium, if any, or interest on the Bonds pursuant to the Loan Agreement or (ii) to pay, within five (5) days following receipt of notice of such failure, any of the other amounts set forth in the Loan Agreement on the due date thereof.

The making of any representation or warranty by the Borrower in a Borrower Document or certificate, disbursement request or notice delivered pursuant thereto or executed in connection therewith which is false or misleading in any material respect when made or deemed made.

So long as the Borrower is otherwise in full compliance with its obligations under the Loan Agreement, including following, to the fullest extent practicable, the recommendations of the Independent Consultant provided for in the Loan Agreement, it will not constitute an Event of Default that the Debt Service Coverage Ratio is less than 1.10 to 1.0 for any Fiscal Year, commencing with the Fiscal Year ending December 31, 2021; provided, however (i) if the Debt Service Coverage Ratio is less than 100% for such annual period (provided that for purposes of this covenant, Revenues for such annual period will include any donation of cash or cash equivalents made to the Borrower by an affiliate during such annual period), it will not constitute an Event of Default if the Borrower is in compliance with the Days Cash on Hand covenant set forth in the Loan Agreement; (ii) if the Borrower is not in compliance with the Days Cash on Hand covenant set forth in the Loan Agreement, it will constitute an Event of Default if the Debt Service Coverage Ratio is less than 1.0 to 1.0 for such annual period (provided that for purposes of this covenant, Revenues for such annual period will include any donation of cash or cash equivalents made to the Borrower by an affiliate during such annual period); and (iii) notwithstanding (i) and (ii), it will constitute an Event of Default if the Debt Service Coverage Ratio for any two (2) consecutive Fiscal Years is less than 1.0 to 1.0 during such periods based on the related audited financial statements.

The Borrower will fail to make any required payment in respect of any Indebtedness (other than any subordinate obligations issued in connection with subordinated bonds reissued pursuant to the Indenture) in an amount exceeding \$100,000 which it has incurred and which will remain outstanding (other than any amount due under or pursuant to the Loan Agreement) when due and payable (subject to any applicable grace period).

A final and non-appealable judgment or judgments for the payment of money in excess of \$100,000 will be rendered against the Borrower, and the same will remain unpaid for a period of thirty (30) or more consecutive days from the date of entry thereof.

Any grant of a Lien to the Trustee on the collateral having a value in excess of \$100,000 contained in the Borrower Documents will cease to be a perfected Lien with the priority purported to be created thereby; provided, however, that the Borrower will have twenty (20) days after knowledge to cure any such cessation.

The foregoing provisions are subject to the following limitations: if by reason of Force Majeure (as defined hereto) the Borrower is unable in whole or in part to carry out its agreement on its part, other than the obligations on the part of the Borrower contained in the Loan Agreement, the Borrower will not be deemed in default under the Loan Agreement during the continuance of such inability. The term "Force Majeure" as used in the Loan Agreement will mean, without limitation, the following: acts of God; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or of any of their departments, agencies, or officials, or of any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions, breakage or accident to machinery, transmission pipes or canals; or any other similar cause or event not reasonably within the control of the Borrower. The Borrower agrees, however, to use its reasonable best efforts to remedy the cause or causes preventing the Borrower from carrying out its obligations under the Loan Agreement.

The following actions will not constitute an Event of Default under the Borrower Documents:

(a) the making of a bridge loan or the additional bridge loan to Borrower by the Investor Member or a third party; and

(b) the pledge to the Investor Member by the Managing Member of the Managing Member's interest in the Operating Agreement, as security for the performance of all of the Managing Member's obligations under the Operating Agreement.

Remedies. Upon the occurrence of an Event of Default pursuant to the Loan Agreement, the Trustee will notify by Mail all Owners of Bonds and all Interested Beneficial Holders thereof promptly after the Trustee learns of such occurrence, and at any time during the continuance of such Event of Default, the Trustee may (and will if required by the Indenture), pursue any action at law or in equity, appointing a receiver, collecting the payments then and thereafter due or enforcing performance and observance of any obligation, agreement or covenant of the Borrower thereunder, under the Loan Agreement, or under any documents securing the Loan.

The Investor Member will have the right, but not the obligation, to cure any Event of Default existing under the Borrower Documents which right must be exercised by the later of (i) any applicable cure period provided in the Borrower Documents or (ii) 15 days after receipt of written notice of default by the Investor Member. For the Investor Member to exercise effectively its cure rights, the Investor Member must fully pay the amount past due or perform the defaulted obligations, including the payment of any amounts due for legal expenses incurred in connection with the default. Notwithstanding anything to the contrary in the Borrower Documents, upon the occurrence of an Event of Default arising out of (i) the bankruptcy, insolvency or assignment of assets for the benefit of creditors by the Managing Member of Borrower or by any guarantor, or (ii) the withdrawal from Borrower of the Borrower's Managing Member, or the death or incapacity of a Managing Member or guarantor, or (iii) a breach of the representations concerning the Managing Member or any guarantor, the Investor Member will have the option, but not the obligation, within 45 days of receipt of written notice of such Event of Default from the Trustee or the Issuer, to cure any such default by appointing a substitute or additional Managing Member or guarantor that is an affiliate of the Investor Member to act as such Managing Member or guarantor.

If the Trustee will have proceeded to enforce the rights of the Issuer under the Loan Agreement and such proceedings will have been discontinued or abandoned for any reason or will have been determined adversely to the Trustee, then the Borrower, the Issuer and the Trustee will be restored respectively to their several positions and rights under the Loan Agreement, and all rights, remedies and powers of the Borrower, the Issuer and the Trustee will continue as though no such proceedings had taken place.

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LAND USE RESTRICTION AGREEMENT

The following are summaries of certain provisions of the Land Use Restriction Agreement not described elsewhere in the Official Statement. These summaries do not purport to be complete or definitive and are qualified in their entireties by reference to the full terms of the Land Use Restriction Agreement. Reference is made to the Second Supplement for complete details of the Land Use Restriction Agreement.

General

Qualified Residential Rental Project. The Borrower acknowledges and agrees that the Project will be owned, managed and operated in the same manner as a “qualified residential rental project” (within the meaning of Section 142(d) of the Code) for a term equal to the Qualified Project Period. To that end, and for the term of Land Use Restriction Agreement, the Borrower represents, covenants, warrants and agrees as follows:

The Project will be acquired, constructed and operated for the purpose of providing multifamily residential rental property. The Borrower will own, manage and operate the Project during the term of the Land Use Restriction Agreement as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, each containing at least one dwelling unit and all of which contain dwelling units and facilities functionally related and subordinate thereto, and no other facilities, in accordance with Section 142(d) of the Code, Section 1.103-8(b) of the Regulations and the provisions of the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

All of the dwelling units in the Project will be similarly constructed units, and each dwelling unit in the Project will contain separate and complete facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a microwave oven, refrigerator and sink.

None of the dwelling units in the Project will at any time be utilized on a transient basis, or will ever be leased or rented for an initial lease term of less than thirty (30) days, nor will any part of the Project be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park.

No part of the Project has or will at any time during the Qualified Project Period be owned by a cooperative housing corporation, nor will the Borrower take any steps in connection with a conversion to such ownership or use, and the Borrower will not take any steps in connection with a conversion of the Project to condominium unit ownership by individual persons during the Qualified Project Period.

All of the dwelling units in the Project (except for not more than one unit set aside for resident manager or other administrative use) will be available for rental during the Qualified Project Period on a continuous basis to members of the general public, on a first-come first-serve basis, and the Borrower will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent that dwelling units are required to be leased or rented to Low Income Tenants and to the extent dwelling units have been or will be leased in accordance with HUD Section 8 Program constraints and regulations and to the extent that dwelling units are required to comply with eligibility standards in place as a result of the fact that the Development will operate as a residential care facility.

The Project will consist of one or more discrete edifices and other man-made construction, each consisting of an independent foundation, outer walls and roof, all of which will be (i) owned by the same person for federal tax purposes, (ii) located on a common tract of land or two or more parcels of land that are contiguous except for the interposition of a road, street or stream, and (iii) all of the facilities of the Project comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

No dwelling unit in the Project will be occupied by the Borrower; provided, however, that if the Project contains five or more dwelling units, this provision will not be construed to prohibit occupancy of one dwelling unit by one or more resident managers or maintenance personnel any of whom may be the Borrower.

No portion of the Project will be used to provide any airplane, skybox or other private luxury box, health club facility, any facility primarily used for gambling or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

The Project will not include a dwelling unit in a building where all dwelling units in such building are not also included in the Project.

If the Project is converted to condominium or cooperative ownership, then none of the units of the Project will be sold or otherwise transferred during the Qualified Project Period.

The Bonds will not be “federally guaranteed,” as defined in Section 149(b) of the Code.

The Project will at all times be used and operated as an “economic development facility” as defined in the Act.

The Borrower will not discriminate on the basis of race, creed, color, sex, sexual preference, source of income (e.g., AFDC or SSI), physical disability, national origin, or marital status in the rental, lease, use, or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

The Project is financed by the Loan or otherwise pursuant to a common plan of financing and consists entirely of:

- (i) units which are similar in quality and type of construction and amenities; and
- (ii) property functionally related and subordinate in purpose and size to the Project, e.g., parking areas, laundries, swimming pools, tennis courts and other recreational facilities (none of which may be unavailable to any person because such person is a Low Income Tenant) and other facilities which are reasonably required for the Project, e.g., heating and cooling equipment, trash disposal equipment or units for residential managers or maintenance personnel.

Low Income Tenants; Reporting Requirements. Pursuant to the requirements of the Code, the Borrower represents, warrants and covenants as follows:

For the Qualified Project Period, no less than 40% of the total number of completed units of the Project will at all times be rented to and occupied by Low Income Tenants. For the purposes of this paragraph (a), a vacant unit which was most recently occupied by a Low Income Tenant is treated as rented and occupied by a Low Income Tenant until reoccupied, other than for a temporary period of not more than sixty (60) days, at which time the character of such unit will be redetermined.

No tenant qualifying as a Low Income Tenant will be denied continued occupancy of a unit in the Project because, after admission, such tenant’s Adjusted Income increases to exceed the qualifying limit for Low Income Tenants. However, should a Low Income Tenant’s Adjusted Income, as of the most recent determination thereof, exceed one hundred forty percent (140%) of the applicable income limit for a Low Income Tenant of the same family size, the next available unit of comparable or smaller size must be rented to (or, held vacant and available for immediate occupancy by) a Low Income Tenant. Until such next available unit is rented to a Low Income Tenant, the former Low Income Tenant, who has ceased to qualify as such will be deemed to continue to be a Low Income Tenant, for purposes of the forty percent (40%) of the Land Use Restriction Agreement until the rental of an available unit of comparable or smaller size to a tenant who is not a Low Income Tenant.

For the Qualified Project Period, the Borrower will obtain, complete, and maintain on file Income Certifications for each Low Income Tenant, including (i) an Income Certification dated immediately prior to the initial occupancy of such Low Income Tenant in the Project, and (ii) thereafter, an annual Income Certification with respect to each Low Income Tenant, within thirty days before or after the anniversary of such tenant’s initial occupancy of a unit in the Project. The Borrower will provide such additional information as may be required in the

future by the Issuer and by the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to Tax-Exempt obligations. A copy of the most recent Income Certifications for Low Income Tenants commencing or continuing occupation of a Low Income Unit will be attached to each report to be filed with the Issuer pursuant to the Land Use Restriction Agreement. The Borrower will make a good faith effort to verify that the income information provided by an applicant in a Verification of Income is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain a pay stub for the most recent pay period, (2) obtain an income tax return for the most recent tax year, (3) conduct a credit report search or other similar search, (4) obtain an income verification from the applicant's current employer, (5) obtain an income verification from the Social Security Administration and/or the Indiana Department of Social Services if the applicant receives assistance from either of such agencies, or (6) if the applicant is unemployed and does not have an income tax return, obtain another form of independent verification. No Income Verification will be required for any year if during such year no unit in the Project is occupied by a new resident whose income exceeds the applicable income limit.

The Borrower will maintain complete and accurate records pertaining to the Low Income Units, and will upon reasonable notice permit any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units.

For the Qualified Project Period, the Borrower will prepare and submit to the Issuer and the Trustee, no later than the fifteenth day of the first month of each calendar quarter until the end of the Qualified Project Period, a Certificate of Continuing Program Compliance executed by the Borrower stating (i) the percentage of the dwelling units of the Project which were occupied or deemed occupied, pursuant to subsection (a) hereof, by Low Income Tenants during the preceding calendar quarter; and (ii) that either (A) no unremedied default has occurred under the Land Use Restriction Agreement or the Loan Agreement, or (B) a default has occurred, in which event the certificate will describe the nature of the default in detail and set forth the measures being taken by the Borrower to remedy such default.

For the Qualified Project Period, all tenant leases will be subordinate to the Land Use Restriction Agreement and the Mortgage and will contain clauses, among others, wherein each tenant who occupies a Low Income Unit: (i) certifies the accuracy of the statements made in the Verification of Income and (ii) agrees that the family income and other eligibility requirements will be deemed substantial and material obligations of the tenancy of such tenant, that such tenant will comply promptly with all requests for information with respect thereto from the Borrower or the Trustee on behalf of the Issuer, and that the failure to provide accurate information in the Verification of Income or refusal to comply with a request for information with respect thereto will be deemed a violation of a substantial obligation of the tenancy of such tenant.

Each lease or rental agreement pertaining to a Low Income Unit will contain a provision to the effect that the Borrower has relied on the Verification of Income and supporting information supplied by the Low Income Tenant in determining qualification for occupancy of the Low Income Unit, as applicable, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement. Each such lease or rental agreement will also provide that the tenant's income is subject to annual certification.

The Low Income Units will be intermingled reasonably with all other dwelling units and on all floors in the Project and will be of a quality, and offer a range of sizes and number of bedrooms, comparable to those units which are available to other tenants. Tenants in the Low Income Units in the Project will have equal access and enjoyment to all common facilities of the Project.

The Borrower will notify the Issuer and the Trustee, in writing, of the occurrence of any default under the Land Use Restriction Agreement, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto. Such notice will be given promptly and in no event more than ten (10) business days after the Borrower receives notice or gains knowledge of the occurrence of any such event. The Borrower further agrees that it will give prompt written notice to the Trustee if insurance proceeds or

condemnation awards are received with respect to the Project and are not used to repair or replace the Project, which notice will state the amount of such proceeds or award.

The Borrower will send to the Issuer a written Land Use Restriction Agreement compliance review on or before December 1 of each year, commencing December 1, 2017, which describes the procedures performed by the Borrower, and will indicate whether, based on such procedures, the Borrower is and has been in compliance with the provisions of the Land Use Restriction Agreement for the prior 12-month period (or such shorter period in the case of the first such period) ending on the last day of each December.

Sale or Transfer of the Project. For the Qualified Project Period, the Borrower will not, except as provided below, sell, transfer or otherwise dispose of the Project, in whole or in part, without the prior written consent of the Trustee and the Issuer, which consent will be given as promptly as practicable following (A) the receipt by the Trustee and the Issuer of evidence reasonably acceptable to the Trustee and the Issuer that (1) the Borrower will not be in default under the Land Use Restriction Agreement or under the Loan Agreement (which may be evidenced by a Compliance Certificate) or the purchaser or assignee undertakes to cure any defaults of the Borrower to the reasonable satisfaction of the Trustee and the Issuer; (2) the continued operation of the Project will comply with the provisions of the Land Use Restriction Agreement; (3) either (a) the purchaser or assignee has at least three years' experience in the ownership, operation and management of large residential rental housing projects, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local government requirements applicable to such projects (which may be evidenced by a certificate from the assignee), or (b) the purchaser or assignee agrees to retain a property management firm with the experience and record described in subclause (a) above; and (4) the person or entity which is to acquire the Project does not have pending against it, and does not have a history of, building code violations or significant and material complaints concerning the maintenance, upkeep, operation, and regulatory agreement compliance of any of its projects as identified by any local, state or federal regulatory agencies (which may be evidenced by a certificate from the assignee); (B) the execution by the purchaser or assignee of any document reasonably requested by the Issuer or the Trustee with respect to the assumption of the Borrower's obligations under the Land Use Restriction Agreement, including without limitation an instrument of assumption hereof, and delivery to the Issuer and the Trustee of an opinion of such purchaser or assignee's counsel to the effect that each such document and the Land Use Restriction Agreement are valid, binding and enforceable obligations of such purchaser or assignee; (C) receipt by the Issuer and the Trustee of an opinion of Bond Counsel addressed to the Issuer and the Trustee to the effect that any such sale, transfer or other disposition will not adversely affect the Tax-Exempt status of interest on the Tax-Exempt Bonds; and (D) receipt by the Issuer and the Trustee of all fees then currently due and payable to the Issuer and the Trustee from the Borrower. It is expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of the Land Use Restriction Agreement will be null, void and without effect, will cause a reversion of title to the Borrower, and will be ineffective to relieve the Borrower of its obligations under the Land Use Restriction Agreement. Nothing in the Land Use Restriction Agreement will affect any provision of any other document or instrument between the Borrower and any other party which requires the Borrower to obtain the prior written consent of such other party in order to sell, transfer or otherwise dispose of the Project. Upon any sale or other transfer which complies with the Land Use Restriction Agreement, the Borrower will be fully and automatically released from its obligations under the Land Use Restriction Agreement to the extent such obligations have been assumed by the transferee of the Project. Any transfer of the Project to any entity, whether or not affiliated with the Borrower, will be subject to the provisions of the Land Use Restriction Agreement, except that no consent of the Trustee will be required in the case of any transfer of the Project to an entity wholly-owned by the Borrower if the conditions set forth in the Loan Agreement are satisfied. For the Qualified Project Period, the Borrower will not: (1) except pursuant, or subordinate, to the provisions of the Land Use Restriction Agreement and the Mortgage (and upon receipt by the Borrower of an opinion of Bond Counsel that such action will not adversely affect the Tax-Exempt status of interest on the Tax-Exempt Bonds), or except upon a sale, transfer or other disposition of the Project in accordance with the terms of the Land Use Restriction Agreement, encumber any of the Project or grant commercial leases of any part thereof, or permit the conveyance, transfer or encumbrance of any part of the Project (except for leases of apartments, garages, self-storage units and laundry facilities and except for Permitted Encumbrances permitted pursuant to the Mortgage); (2) demolish any part of the Project or substantially subtract from any real or personal property of the Project, except to the extent that what is removed is replaced with comparable property; or (3) permit the use of the dwelling accommodations of the Project for any purpose except rental residences.

Covenants to Run with the Land. The Borrower, by the terms of the Loan Agreement, subjects the Project to the covenants, reservations and restrictions set forth in the Land Use Restriction Agreement. The Issuer, the Trustee and the Borrower declare their express intent that the covenants, reservations and restrictions set forth in the Land Use Restriction Agreement will be deemed covenants running with the land and will pass to and be binding upon the Borrower's successors in title to the Project; provided, however, that on the termination of the Land Use Restriction Agreement said covenants, reservations and restrictions will expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof will conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

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MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING

The following are summaries of certain provisions of the Mortgage not described elsewhere in the Official Statement. These summaries do not purport to be complete or definitive and are qualified in their entireties by reference to the full terms of the Mortgage. Reference is made to the Mortgage for complete details of the Mortgage.

General

The Land described in the Mortgage, together with the entire interest (whether now owned or hereafter acquired) in and to said Land and in and to all buildings, structures, improvements and appurtenances now standing, or at any time hereafter constructed or placed upon the Land, including all building materials, building equipment and fixtures of every kind and nature whatsoever on the Land or in any building, structure or improvement now standing or hereafter constructed or placed thereon, and the reversion or reversions, and remainder or remainders, in and to the Land, and together with the entire interest of the Mortgagor in and to all and singular the tenements, hereditaments, easements, rights of way, rights, privileges and appurtenances to the Land, belonging or in any way appertaining thereto, and all right, title and interest of the Mortgagor in, to and under any streets, ways or alleys adjoining the Land or any part thereof including all bridges thereover and tunnels thereunder, including without limitation all claims or demands whatsoever of the Mortgagor either in law or in equity, in possession or expectancy of, in and to the Land, it being the intention of the parties hereto that, so far as may be permitted by law, all property of the character hereinabove described, which is now owned or hereafter acquired by the Mortgagor and affixed to or attached to or placed on the Land will be deemed to be, and will be considered as, fixtures and appurtenances to said Land, together with all Rents and Leases as defined in the Mortgage (collectively, the “Mortgaged Land”).

All personal property of Mortgagor, whether now owned or hereafter acquired, and wherever located, including, without limitation, the following: accounts, chattel paper, deposit accounts, documents, equipment, fixtures, general intangibles, goods, instruments, insurance policies, inventory, letter of credit rights, payment intangibles, promissory notes, software, including all present and future attachments and accessories thereto and replacements thereof, all as defined in Article 9.1 of the Uniform Commercial Code, as amended, of Indiana, and including, without limitation, all “Revenues” of Mortgagor, defined in the Indenture as all gross income, interest income (including interest income received by the Secured Party and deposited into the Revenue Fund pursuant to the Indenture) and revenue received by the Mortgagor from the ownership or operation of the Mortgaged Property including, but not limited to, all residential and commercial rents, income from the Mortgaged Property (except deposits held as security) received in connection with leases or occupancy or services or otherwise received from or in regard to tenants of the Mortgaged Property, any additional money deposited by the Borrower, the Issuer or the Trustee from time to time into the Revenue Fund created under the Indenture and, after certification of the Project by the Division of Aging of the Indiana Family and Social Services Administration, the payments to be made to the Mortgagor pursuant to the agreement to be entered into between the Mortgagor and the Indiana Family and Social Services Administration under the Indiana Health Care Provider program upon completion of the Project (defined in the Indenture as the “IHCP Provider Agreement”), all business interruption insurance proceeds, and all rights to receive the same whether in the form of accounts, accounts receivable, general intangibles, contract rights, chattel paper, instruments or other rights and the proceeds thereof, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the Mortgagor and any other moneys, revenues or receipts which are specifically included in definition of Revenues by the terms of any supplemental indenture (collectively, the “Personal Property”).

All judgments, awards of damages, settlements and other compensation heretofore or hereafter made resulting from condemnation proceedings or the taking of the Mortgaged Land described in Division I or any part thereof or any building or other improvement now or at any time hereafter located thereon or any easement or other appurtenance thereto under the power of eminent domain, or any similar power or right (including without limitation any award from the United States Government at any time after the allowance of the claim therefor, the ascertainment of the amount thereof and the issuance of the warrant for the payment thereof), whether permanent or temporary, or for any damage (whether caused by such taking or otherwise) to said property or any part thereof or the improvements thereon or any part thereof, or to any rights appurtenant thereto, including without limitation

severance and consequential damage, and any award for change of grade of streets (collectively, "Condemnation Awards").

Any and all other property of every kind and nature from time to time hereafter owned by the Mortgagor, by delivery or by writing of any kind, mortgaged, pledged, assigned or transferred as and for additional security under the Mortgage by the Mortgagor or by anyone on its behalf to the Trustee, together with all proceeds, including without limitation insurance proceeds with respect to anything referred to in the Mortgage.

Subject, however, to Permitted Encumbrances, as defined in the Loan Agreement;

To Have and To Hold all and singular, the Mortgaged Property, whether now owned or hereafter acquired, unto the Trustee, its successors and assigns forever; provided, however, that the Mortgage is upon the express condition that if the Mortgagor will pay or cause to be paid all Indebtedness secured by the terms of the Mortgage and will keep, perform and observe all and singular the covenants and promises in the Bonds, in the Loan Agreement and in the Mortgage expressed to be kept, performed and observed by the Mortgagor or the Borrower, then the Mortgage and the rights granted will cease, determine and be void, otherwise to remain in full force and effect.

Further Assurances; After-Acquired Property. The Mortgagor will execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such agreements supplemental hereto and all such further acts, deeds, conveyances, mortgages, assignments, instruments, transfers and assurances as the Trustee reasonably may require for the better assuring, transferring, mortgaging, conveying, pledging, assigning and confirming unto the Trustee all and singular the Mortgaged Property as now or hereafter constituted.

All right, title and interest of the Mortgagor in and to all improvements, betterments, renewals, substitutions and replacements of the Mortgaged Property or any part thereof hereafter constructed or acquired by the Mortgagor, immediately upon such construction or acquisition, and without any further mortgaging, conveyance or assignment, will become and be part of the Mortgaged Property and will be subject to the lien and security interest of the Mortgage as fully and completely and with the same effect as though now owned by the Mortgagor, but at any and all times the Mortgagor will execute and deliver to the Trustee all such further assurances, mortgages, conveyances or assignments therefor and other instruments with respect thereto as the Trustee may reasonably require for the purpose of expressly and specifically subjecting the same to the lien and security interest of the Mortgage.

Notwithstanding anything to the contrary set forth in the Mortgage or in the Indenture, in the event that Mortgagor acquires all or any portion of the property described on in the Mortgage (the "Excluded Property"), the Trustee will not have a lien on the Excluded Property or any machinery, equipment, furniture, spare parts, inventory or other personal property used exclusively with the Excluded Property (collectively, the "Excluded Collateral") and the Mortgage will not constitute a lien on the Excluded Property or the Excluded Collateral.

Event of Default Defined. The Mortgagor acknowledges and agrees that each and all of the terms and provisions of the Indenture and the Loan Agreement have been and are incorporated into the Mortgage by reference to the same extent as though fully set out in the Mortgage and that the term "Event of Default" wherever used in the Mortgage will mean (i) an Event of Default as defined in the Indenture and the Loan Agreement, (ii) the failure of the Mortgagor to comply with any covenant, agreement or warranty contained in the Mortgage within thirty (30) days after the Trustee will have given written notice thereof to the Mortgagor, provided that, if such default cannot with due diligence and dispatch be wholly cured within thirty (30) days but can be wholly cured, if it will be cured within the time specified in the Indenture no Event of Default will occur and (iii) the abandonment of the Mortgaged Property by the Mortgagor for sixty (60) consecutive days.

Remedies. When any Event of Default has occurred and is continuing, the Trustee may, in addition to the remedies hereinafter described, exercise any one or more or all, and in any order, of the remedies set forth in the Indenture, including without limitation the remedies provided therein with respect to real property; it being expressly understood that no remedy under the Mortgage or in the Indenture conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy will be cumulative and will be in addition to every other remedy given or now or hereafter existing at law or in equity or by statute.

APPENDIX D

MARKET STUDY

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**Market Demand Study
For the Proposed
Hellenic Senior Living of Elkhart
An Affordable Assisted Living Residence
2520 Bypass Road
Elkhart, Elkhart County, Indiana 45614
Owner: Hellenic Senior Living of Elkhart, LLC**

April 4, 2017

Prepared for

**AHEPA Affordable Housing Management Company, Inc.
10706 Sky Prairie Street
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317-845-3410**

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**Market Analysis Study for a Proposed
Affordable Assisted Living Residence
Elkhart, Elkhart County, Indiana 45614**

Executive Summary

Overview and Site Description

Howard & Associates has completed a market analysis for a proposed 136-unit affordable assisted living residence that is named Hellenic Senior Living of Elkhart. The Subject Site is 8.5 buildable acres at 2520 Bypass Road, Elkhart, Elkhart County, Indiana 46514 in Census Tract 15.01, which is a Qualified Census Tract (latitude 41.687429, longitude -86.010831). The Subject will serve frail seniors with most residents age 75 and older and all residents with annual income up to 60 percent of the area median income (AMI) and thus meeting the Low Income Housing Tax Credit Program's criteria (hereafter referred to as the Tax Credit Program). All services will be optional as required under the Tax Credit Program, however, industry experience shows that residents will need and want the services otherwise they will opt for other residential settings. The Subject will be licensed in Indiana as a "residential care facility."¹

Site Analysis

The Site is a flat, vacant, rectangular parcel in a commercial area of northwest Elkhart City and within one-half mile of residential enclaves. It is suitable for assisted living, as there is good drive-by visibility for marketing purposes. The area is safe, proximate to services, near a bus stop and accessible to multiple major roads. We found no adverse conditions. The Site backs northward to a pond once an active quarry and fronts southward to a Ford dealership. The view westward is a vacant land with a vacant building where there is intent for commercial use. The view eastward is a show-place for 3 to 4 new model mobile homes and an aesthetically pleasing 2-story mobile home office building.

Project Description

The Subject will be new construction of a single, 3-story building with 84 1-bedroom, 1-bath units and 52 studio units. There will be 80 1-bedroom units at 514 sq. ft., 4 1-bedroom units at 522 sq. ft. and 52 studio units at 350 sq. ft. Rents will be the maximum at 60 percent AMI, that is, \$600 for studio units and \$642 for 1-bedroom units. The rent includes utilities. Unit features include a kitchenette and emergency call system. The amenities include a dining room, café, activity centers, and outside patio - walking area.

Population Served and Qualifying Criteria

The Subject will have 70 percent of its units (95 units) dedicated to Medicaid Waiver recipients and 30 percent (41 units) dedicated to spend down/private pay residents.² The income qualifying criteria by program follows.

Qualifying Criteria for 1 person		
Program	Maximum Annual Income	Maximum Assets
Tax Credit Program @ 60% AMI	\$24,000	No limit
Medicaid Waiver	\$26,460	\$2000 "countable" assets
1/ SSI monthly payment for 1 person in 2017 is \$735. (\$735 x 3 = \$2205) x 12 = \$26,460 annually. (For a couple \$1103 x 3 = \$3309) x 12 = \$39,708 for a couple)		

¹ Indiana Department of Health's licensure criteria for a Residential Health Care Facility.

² The Indiana's Division of Aging's criteria for the Medicaid Aged and Disability Waiver.

Based on income and assets the Subject will serve 3 categories of frail individuals:

Medicaid Waiver eligible, that is, individuals with up to \$26,460 annual income and up to \$2000 in “countable” assets. For a couple the eligibility threshold is \$39,708 annual income and \$3000 “countable” assets. (The Subject will serve only those meeting the Tax Credit Program’s income criterion.)

Spend down eligible, that is, income qualified individuals who subsequently diminish their assets (called “spend down”) to the Medicaid Waiver asset criterion.

Private pay only eligible - persons that meet the Tax Credit criterion at 60 percent of area median income AMI (<\$24,000 annual income for 1 person, \$27,420 for couples) but will never meet the Medicaid Waiver asset criterion.

Market Area (Geographic Draw)

We define the geographic draw as Elkhart County. The market area spans 7 miles north, 18 miles south, 25 miles east, and 5 miles west. The furthest driving distance from the Site is a 30 to 40 minutes. Residents countywide will seek the Subject, according to our interviews. The county lacks affordable assisted living residences. Moreover, the Subject Site is easily accessible through many roadways and highways. Elkhart City and nearby Goshen City are the county’s hub for services and entertainment. Thus, Elkhart City has widespread familiarity.

Subject’s Competitive Position

The Subject is in a very favorable position. There is no competition for an affordable assisted living residence. The market area has 6 market rate assisted living residences with an aggregated 347 units. These properties do not accept Medicaid Waiver recipients and their fees are unaffordable to the Subject’s prospective private pay residents. Additionally, there is the Greencroft CCRC with 130 assisted living/memory care units but the units are filled primarily by the property’s 1100 independent living residents and the property doesn’t accept the Medicaid Waiver.

Moreover, the Subject will have 62 percent of its units as 1-bedrooms compared to the existing properties that have majority studio units. One-bedroom units are highly sought and typically have a waitlist. Additionally, the Subject’s unit features and amenities equal or surpass the market area’s properties.

Proposed Property

The market area has only 1 proposed property. Located in southeast Goshen the property will pose competition for the Subject, as it will have 70 of its assisted living units dedicated to Medicaid Waiver recipients. Plans call for 130 total units with 100 assisted living units and 30 memory care units. The property is not before the planning office as yet and likely will not be operating before 2022. It will be situated 16 miles from the Subject Site. (Information on the property from informal sources.)

Average Fees

The monthly average fee includes the average basic fee (rent, meals, housekeeping, social activities) plus the average care charge. The fees differ markedly among the properties.

Among the 6 assisted living residences the estimated average monthly fee (basic fee plus personal care) ranges from \$3500 to \$4390 monthly.

The overall average monthly fee (basic fee plus personal care) is estimated at \$3948.

For a studio unit the average monthly basic fee (rent, meals, housekeeping, social activities) ranges from \$2180 to \$3390. The exception is Residence at Waterford Crossing, which has a monthly basic of \$1548, but the fee includes no services (meals and other services are ala carte).

For a 1-bedroom, 1-bath unit the average monthly basic fee ranges from \$2500 to \$3245. Again the exception is the Residence at Waterford Crossing, which has a basic fee of \$2487 that doesn't include services.

Average Vacancy Rate and Occupancy

Vacancy is low. The vacancy rate averages 4.7 percent among the 6 assisted living properties. The properties have an aggregated 15 vacant units among their aggregated 374 units. We derived the vacancy rate during our site visit February 9-11, 2017.

Two properties have 100 percent occupancy with a waitlist. The number on the waitlist was not revealed. Properties with vacancies range for 2 to 5 vacant units.

Demand Analysis

The demand analysis format differs somewhat from the IHCD guidelines. We do not estimate new and existing renter households plus households apt to convert to rental or over rent burdened households since all households (owners and renters) comprise the Subject's market potential. Market potential is "need driven" rather than "owner vs. rental" driven. We also do not include the chart on page 8 of the market study guidelines. Its format excludes measures of frailty, which are significant for assessing assisted living demand. To derive market potential we reduce households to single person households, which are predominate in assisted living residences, and then reduce the group further to frail persons. The penetration rate factors in market potential and supply.

Penetration (Capture) Rates

The penetration (capture) rates from the market area are favorable in year 2017 through 2022. We show the penetration rates at 100 percent occupancy. We also show them when 75 percent of the units are occupied by households from the market area and 25 percent of the units (34 units) are occupied by residents from outside the market area. Our interviews revealed that "adult children" refer parents who live out of the area to assisted living residences near them. They also revealed that some residents will come from counties adjacent to Elkhart County's west and south, and some will come from nursing homes because they are misplaced there.

For affordable assisted living a penetration (capture) rate up to 30 percent is favorable. We reduce the households to those age 75 and older, frail, and single. Low income frail individuals have 3 options for care: an affordable assisted living residence, publicly financed home health care, and family care. Additionally, we estimate that 6 units will have couples. In the past few years more couples have moved into assisted living residences, but the number remains relatively minimal.

The table below shows market potential and penetration rates by category.

Market Potential and Penetration (Capture Rates) Elkhart, Indiana Market Area 1/			
Medicaid Waiver 95 Units	2017	2019	2022
Market potential (single persons)	419	413	405
Capture rates with all residents from market area 1/	22.7%	23.0%	28.4%
Capture rates with 75% of residents from market area	16.9%	17.2%	21.2%
Spend Down and Private Pay 35 Units			
Market potential (single persons)	138	136	134
Capture rates with all residents from market area 1/	25.4%	25.7%	26.1%
Capture rates with 75% of residents from market area	18.8%	19.1%	19.4%
Spend Down and Private Pay 6 Units			
Market potential (couples)	126	126	126
Capture rates with all residents from market area 1/	4.8%	4.8%	4.8%
Capture rates with 75% of residents from market area	4.0%	4.8%	4.8%
1/ Penetration (capture) rates reflect a 100% occupancy level.			

Summary of Strengths That Impact the Subject's Marketability and Performance

The Subject property will be the only property that caters strictly to low income individuals. Market demand is sufficient for both the existing properties and the proposed property.

The Subject's relatively large percentage of 1-bedroom units (62 percent) vs. studios will surpass the market area's assisted living properties. Its amenities and unit features will equal or surpass the market rate properties.

The Subject's operator has experience with the Tax Credit Program and assisted living care.

The Subject is located 3.5 miles from the east/west US 20 and I-80/90 and is at the north/west Nappanee Road (County Road US 19) plus near many major city streets, which makes it easily accessible throughout the market area

There is high demand for affordable assisted living care. We base this on our interviews with the Elkhart Council on Aging, the staff at the market area's assisted living residences, and REAL Services' professionals. Currently, many people in need of assisted living care are placed in Elkhart County's nursing homes. Four of the 6 assisted living residences in Elkhart County are connected to nursing homes. Many in subsidized senior apartment properties would benefit from an affordable assisted living residence.

Summary of Weaknesses (Threats) that Impact Marketability and Performance

We see no weaknesses or threats that will impact marketability and performance.

The Subject's lease-up will depend somewhat on the speed in which a Medicaid Waiver applicant gathers the necessary financial and medical information needed to qualify as well as the time the county takes to process applications. Currently, it takes 3-6 months, providing the applicant has the necessary income/asset information to complete the forms. To expedite the process the Subject staff can educate applicants about the process and suggest resources for help.

At the same time, prospective residents already Medicaid Waiver qualified will not have any wait time. Spend down and private pay residents also will not have any wait time.

Affect on IHCD-Assisted properties.

The Subject will not affect the existing IHCD properties, as none target low income frail seniors.

Statement of Market Feasibility and Long Term Performance

The Subject will be positioned to capture its target market because of its design features, Site location and pent up demand for affordable assisted living. Its unit mix with 62 percent 1-bedroom units vs. studios and the lack of semiprivate (shared units) are an asset. Most properties have a predominance of studios and some have shared units.

Demographics, Economy, Supply Factor Trends

The market area's overall population is forecast to increase by 3.1 percent. The market area's household population is forecast to increase at every age group except for the age 85 and older, which is estimated to decrease marginally – by 26 individuals - over the next 5 years.

The market area's economy is stable currently and forecast to remain this way. It has nearly recovered from the 2008-2012 recession so that unemployment rate in January 2017 was 3.1 percent, which is lower than the state at 4.0 percent and the nation at 4.8 percent. At the same time the Subject will generate jobs rather than its residents seeking jobs. The area's health care and services sectors are strong. These sectors are sources for the Subject's employees.

The existing supply of assisted living residences is to remain unchanged. None of the properties are expanding or changing their service mission to accept low income individuals. Market demand is sufficient for the supply and the Subject over the next 5 years. Market demand also is sufficient if the proposed property in Goshen comes to fruition.

Absorption Estimates and Estimated Lease up Start

Given 136 units we estimate that the Subject will reach at least a 95 percent occupancy level (129 units) in 16 months. The average monthly lease up is estimated at 8.5 units per month. We base this on pent up demand for affordable assisted living but also that some residents need to be assured that the property will have quality management. Some will have to initiate or complete the Medicaid Waiver qualifying process, which can take a few months.

We estimate an average lease up rate of 8.5 units monthly after opening. We estimate that 15 units will be preleased. Preleasing will be relatively minimal because most frail individuals seek immediate attention. In the absence of an affordable assisted living residence some individuals turn to nursing home care.

We assume a strong premarketing program that reaches all referral sources within the market area and in the adjacent counties.

The expected marketing start is April 2018 and project completion is October 2018.

Recommendations and Recommended Modifications

A means of scheduled transportation for residents to medical appointments and activities should be considered.

We suggest no modifications to the Subject's building, unit features and amenities.

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**Market Demand Study for a Proposed
Hellenic Senior Living of Elkhart
An Affordable Assisted Living Residence
2520 Bypass Road
Elkhart, Elkhart County, Indiana 46514
By Hellenic Senior Living of Elkhart, LLC**

Development Description

A. Overview

Howard & Associates has completed a market analysis for a proposed affordable assisted living residence. The property will be located in Elkhart, Indiana at 2520 Bypass Road in zip code 46514 (Census Tract 15.01, which is a qualified census tract). The Site is 8.5 buildable acres.

Hereafter referred to as the Subject and named Hellenic Senior Living of Elkhart, the affordable assisted living residence will be new construction that AHEPA will develop and a third party experienced in affordable assisted living will manage.

The Subject will be licensed as a Residential Care Facility (See Appendix I). It will serve frail individuals that meet the income qualifying criteria under the Low Income Housing Tax Credit Program (hereafter called the Tax Credit Program) at 60 percent of area median income (AMI). Within this income band the Subject will serve 3 groups:

Medicaid Waiver and Tax Credit eligible: single persons with annual income up to \$24,000 and “countable” assets up to \$2000; couples with annual income up to \$27,420 and “countable” assets up to \$3000. ³

Spend down eligible: individuals qualifying for the Medicaid waiver based on income but not assets; some individuals will “spend down” assets to the Medicaid Waiver qualifying criterion of \$2000 for single persons and \$3000 for couples.

Private pay eligible: Individuals who meet the Tax Credit Program’s income criteria at 60 percent AMI but likely will always have assets higher than the Medicaid Waiver qualifying criterion. The Tax Credit Program does not have an asset limitation.

We expect that nearly all residents will be age 75 and older with most age 85 and older. However, the Subject will be open to the age 62 and older. The assisted living services will be meals, housekeeping, transportation, and personal care known as activities in daily living (ADLs).⁴ The services will be optional, that is, residents will not be required to use them, as

³ The Medicaid Waiver annual income ceiling for 1 person is \$26,460, which is above the Tax Credit annual income limit of \$24,000 for single persons but not that for couples.

⁴ Activities in daily living (ADLs): assistance with grooming - showering, mobility (transferring in/out of chair, dressing, toileting, cutting food, and medicine management.

specified under the Tax Credit Program. However, we expect that all residents because they are frail will want and need the services offered. Otherwise, they would not move into an assisted living residence.

B. The Study

The study comprises several parts: A description of the Site's location, the Subject's geographic draw and demographic information, and a competitive analysis covering affordable and market rate assisted living care. The study includes calculations for deriving market potential, a penetration/capture rate analysis, and absorption rates. We made Site and location trips to the area February 9 through February 11, 2017 and telephone calls before and after the Site visit.

The conclusions reached in a market study are inherently subjective and should not be relied upon as a determinative predictor of results that will actually occur in the marketplace. There can be no assurance that the estimates made or assumptions employed in preparing this report will in fact be realized or that other methods or assumptions might not be appropriate. The conclusions expressed in this report are as of the date of this report, and an analysis conducted as of another date may require different conclusions. The actual results achieved will depend on a variety of factors including the performance of management, the impact of changes in general and local economic conditions and the absence of material changes in the regulatory or competitive environment.

C. Site Analysis

Site Description. The Site is 8.5 buildable acres. They comprise a flat, vacant, rectangular shaped parcel that backs to a pond (once a quarry) and fronts a two-way road. The Site consists partly of a concrete slab and partly of grass and evergreen trees. Currently, it lacks sidewalks, as does Bypass Road. A traffic light is not at the Site's ingress/egress and is likely not needed. Traffic flow is manageable. A traffic light is at the corner of Bypass Road that converges with Old US 20 and Lexington Avenue as well as at the corner of Bypass Road and Nappanee Street.

The Site is located on the northwest side of Elkhart City in a commercial area but within 1/2 mile of residential enclaves. Residential areas begin just beyond Nappanee Street at Lexington Avenue.

Site Visibility. The Site is highly visible from Bypass Road, which it fronts. Bypass Road is a connecting street between 2 major roads: the Old US 20 (a diagonal east/west road) and Nappanee Street that also is named County Road 19 (a major north/south road). The Subject's 3-story building likely will be seen from parts of Old US 20.

Besides being in easy view of drive-by traffic for marketing purposes the Site is sufficiently close to services and medical care (physicians, hospital, pharmacies) and proximate to a public bus stop for employees and the residents' family members.

Ingress/Egress and Walkscore. The Site's entrance will be from Bypass Road. It will be seen easily by traffic moving both eastward and westward. There are no physical obstructions blocking the view. We do not provide a Walkscore, as the Subject will serve frail individuals.

Adverse Conditions. We found no adverse conditions. The Site's surroundings are commercial and will not impair marketability. While dissimilar than the Subject, they are compatible.

Zoning of Vacant Parcels. The vacant parcel west of the Site is part of the city's redevelopment area per the city's comprehensive plan. The intent is for the parcel to have a commercial use though it is zoned industrial. Given the city's thrust, we can assume the land will be commercial in keeping with the neighboring sites.

Site's Surrounding Land Uses. As stated, the Site's location is commercial.

North Direction – The Site backs to a lake that once is a gravel/stone quarry, but is viewed as a pond.

South Direction – Across Bypass Road is the Harold Zeigler Ford/Lincoln dealership and parking lot for the new cars and trucks. The dealership backs to the West Side Middle School. A small part of the school is in view of the Site.

East Direction - Next door and east of the Site are 4 or 5 model, mobile homes as well as the mobile home sales office. Further eastward is the aesthetically appealing 2-story Skyline Corporation office, which is the administration building for the company's mobile home manufacturing. The manufacturing plant is not near the Site.

West Direction – Next to the Site is vacant land that likely will have a commercial and to its east is the 1-story Howard's Auto Sales building. Across Bypass Road just west of the Ford Dealership are a 1-story Chevrolet dealership and a Nissan auto dealership. As stated, the vacant parcel with a vacant building west of the Site is part of the city's redevelopment area.

Road Access. The Site is easily reached from multiple nearby roads that cut through Elkhart City and Elkhart County. Old US 20 is a 4 lane commercial street that connects to the east/west Lexington Avenue, which also is 4-lane commercial road that becomes County Road 120. Nappanee Street is the north/south County Road 19. At Bristol Street it turns east/west a few streets and then turns north again to the county line that borders Michigan State. The east/west Interstate I-80/I-90 is 3.25 miles north of the Site and the east/west US 20 is 4.25 miles south of the Site. Michigan is 6 miles from the Site.

Table 1 Major Roads At and Near the Subject Site	
Major Highways, Roads	Significance
US Old 20	Leads westward from the Site and Elkhart City into Elkhart County
Lexington Avenue	A diagonal road that also leads east/west through Elkhart
Nappanee Street (CR 19)	Also named County Road 19 and leads north/south from the Site
US 20	Just south of Site that leads east/west through the City and county
I-80/I-90	An east/west interstate 7 miles north of the Site off Nappanee Road
Other Roads	Many roads to include Beardsley St., Mishawaka St., county roads,

Crime Rate/Safety. The Subject will have alarm monitors at each door and 24 hour staff at the front desk, which is in view of the entrance door. Moreover, the Site's location is considered relatively safe even though Elkhart City's crime rate is higher than the state average, according to the Scout Neighborhood Report that follows.

Table 2 Crime Report			
Crime	Elkhart City	Indiana	National Median
Violent crime p/1000 population	14.77	3.88	3.8
Property crime p/1000 population	40.56	25.96	26.0
Crimes p/ square mile	119	31	33
Source: Neighborhood Scout website. March 15, 2017.			

Proximity to Services and Neighborhood Amenities. Services relevant to an assisted living residence and their distance from the Site follow.

Table 3 Significant Services and Distance from Site		
Service	Type	Distance from site
Hospital	Elkhart General Hospital	1.2 miles
Physicians	Beacon Medical Group	0.5 miles
Dentists	Elkhart Dental Center	0.5 miles
Pharmacy	Walgreens	0.4 miles
Medicaid waiver, referral source	Council on Aging	2.0 miles
Churches	Several churches	0.8 miles to 1.5 miles
Grocery Store	Martins Supermarket	1.1 miles
Community center	Elder Haus Senior Center	2.6 miles
Library	Elkhart Public Library	3.1 miles
Public Bus Stop (Interurban Trolley)	Old US 20/Lexington Ave.& Bypass Rd	0.2 miles
Public Bus Stop (Interurban Trolley)	Nappanee Street at Lexington	0.8 miles

Location's Marketability and Weaknesses

Location Strengths:

- Situated in an accessible area, given the Site's nearby highways and major streets.
- A safe area
- Sufficiently proximate to medical care to include physician offices, pharmacies and dentists
- Near residential neighborhoods with concentrations of prospective residents
- Located near public bus stops, which are helpful to families and employees
- Part of a community that lacks affordable assisted living care.
- Located in the western section of Elkhart, which is considered desirable.

Location Weaknesses:

- Not situated within a residential neighborhood but is within 0.4 to 0.5 miles of residential enclaves.
- Situated in view of a car dealership and mobile home models, but landscaping will create the Site as an oasis while retaining the property's high drive-by visibility.

Site Photographs



Site Facing North



Site Facing Northwest



Bypass Road - 2 Lane Road - East View



Bypass Road - 2 Lane Road - West View



Site – East View (Mobile Home Sales Park)



Skyline Office just East of Site

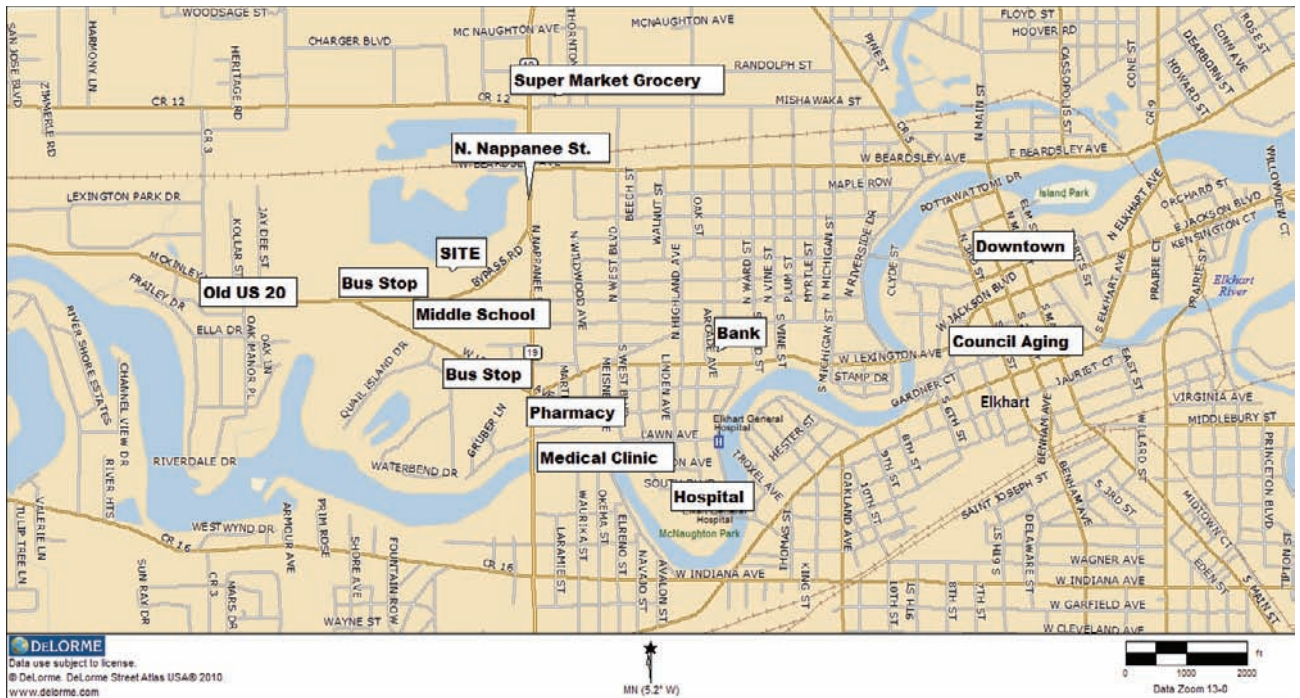


Across Bypass Road (South View)



Mobile Home Park Office Building – Next to Site

Site Map



Distance 2000 ft

Maps - Radii. See Appendix XI for 2 maps showing neighborhood amenities: (1) 0.25 and 0.5 mile radii, and (2) 1.0 and 1.5 mile radii of the Site.

D. Project Details

Total Proposed Project Units. The property will have 136 units. All units will have residents with annual income up to 60 percent of AMI and meet the Tax Credit Program's criteria.

The unit mix will be 52 studios, 1-bath units and 84, 1-bedroom, 1 bath units. The number of units by square feet, and rent are shown below. The rent includes utilities.

Table 4					
Unit Mix and Rent					
Unit Mix	#	Sq. Ft.	Net Rent	Gross Rent	AMI
Studios, 1-bath	52	350	\$600	\$600	60%
1-bedroom, 1-bath	80	514	\$642	\$642	60%
1-bedroom, 1-bath	4	522	\$642	\$642	60%
Total units	136				
Income Limit as % of AMI					
Income Limit: \$24,000 is 100% of AMI : Reflects 60% of AMI					

Target Market. The Subject's target market will be frail seniors with most age 75 and older. The will be renters and homeowners. Most will be single persons but there will be some couples. The majority will meet the Medicaid Waiver criteria either at the outset or after spending down assets to the qualifying level. As stated, all will meet the Tax Credit requirements at 60 percent of AMI.

The target market will require monitoring, supervision and/or hands-on assistance with personal care needs (ADLs). ⁵ The group may have such frailties as severe arthritis, diabetes or other disabilities that impair mobility and require support care. Some will have mild to moderate memory loss. Some will need supervision and one-person assistance but not 2-person assisted to comply with Indiana's Medicaid Waiver regulations (see Appendix II).

Residents with no other income will qualify for the maximum federal Supplemental Security Income (SSI) payment of \$735 monthly less the \$52 personal needs allowance. It will cover rent and meals. ⁶

Property Construction. The property will be a newly constructed, 3-story single building. The Site will have 97 parking spaces of which 5 spaces will be marked for the handicapped. The property's entryway is off Bypass Road. (See Appendix X for building rendering.)

⁵ ADLs refer to activities in daily living: grooming, transferring in/out of chair, dressing, toileting, showering, eating (cutting food), and medicine management.

⁶ Recipients keep \$52 for a personal needs allowance which is deducted from the \$735 monthly SSI payment. SSI of \$735 is reduced dollar for dollar by an individual's other "countable income."

Unit Features. Unit amenities will include window blinds, full bathrooms, kitchenettes (sink, small refrigerator and microwave), an emergency pull cord in the bathroom and bedroom area, and auto unlock doors during emergency call events.

Property Amenities. The planned amenities are a restaurant style dining room, café, activity rooms, wellness room for on-site therapy/wellness screenings/physician visits, exercise room, beauty shop, library/computer room, private dining room, TV lounge, general store, outside patio/sitting area, and outside walking plus gardening area.

Services. Services will include 3 meals daily, personal care services (assisted living activities in daily living - ADLs), weekly housekeeping and laundry, medication reminding and assistance, staff on-site 24 hours daily (certified nurse's assistants), supervision, and monitoring of well-being. Also included is assistance with transportation needs and a service coordinator.

Utilities. All utilities are included within the rent. None will be paid by residents.

Time Schedule.

Construction start:	August 2017
Construction completion:	October 2018
Pre-leasing start:	April 2018

II. Market Area (Geographic Draw) Analysis

A. Market Area Description

We define the market area as Elkhart County. It constitutes the geographic boundaries where most residents will come from. The Site is located on the northwest side of Elkhart County but near the major roads that transverse the county and expedite travel time.

The market area includes the cities of Elkhart, Goshen and Nappanee plus the county's smaller towns and rural areas. These areas are comfortably proximate to the Subject Site. The market area spans, as follows.

North boundary - 7 miles to the Elkhart County line where it meets the Michigan State line.

South boundary - 18 miles to the Elkhart County line through rural areas and the Towns of Nappanee and New Paris.

East boundary - 25 miles to the Elkhart County Line through the cities of Goshen Middlebury and Millersburg.

West boundary - 5 miles through to the Elkhart County line where it meets St. Joseph County.

Rationale. The market area covers a wide span, in part, because it lacks affordable assisted living like the Subject. We also considered the ease in reaching the Subject Site from all parts of the county. Additionally, we considered the location of population concentrations that could benefit from affordable assisted living.

The county's population concentration is in Elkhart City and Goshen City, which are within 11 miles of one another. Residents travel readily from one to the other for services, shopping and entertainment. Similarly, the remaining parts of the market area also are oriented to Elkhart and Goshen, as they are the county's retail and service hub. Most significantly, travel time to the Subject Site from the furthest distance in the market area is 35 minute drive. As stated, Interstate I-80/I90 cuts across the northern part of the market area. US 6 cuts across the southern part. County Road 19 (also named Nappanee Street) is virtually at the Site and is a major north/south road. Other access or connecting roads include the north/south County Road 15, east/west US 20, east/west State Road 33, and east/west County Road 4. Major roads that thread the area are vast in number and include the following.

Table 5	
The Market Area's Major Roads Proximate to the Subject Site's Connecting Roads	
Major Highways, Roads	Significance
US Old 20	Leads westward from the Site and Elkhart City into Elkhart County
Nappanee Street (CR 19)	Leads north/south from the Site to major east/west roads
US 20	Just south of Site that leads east/west through the City and county
I-80/I-90	An east/west interstate 7 miles north of the Site off Nappanee Road
State Road 33	Leads southeast diagonally through Goshen and beyond
State Road 6	Leads east/west in the county's southern part and connects to CR 19
County Road 15	Leads north/south through the county to CR 33 and US 20

The Elkhart County Council on Aging's Executive Director David Tony confirmed that an assisted living residence in Elkhart would generate demand countywide. He sees many individuals in need of housing plus services that would benefit from an affordable assisted living residence. The Council on Aging is located in Elkhart City and will be a referral source for the Subject.

B. Market Area's Economy

Overview. At the outset the Subject will generate jobs rather than its residents seeking employment. However, a strong economy is significant for the Subject. It will retain the adult children who otherwise may relocate for jobs, and in turn, influence their parents to move with them for senior housing in their new location.

The Elkhart-Goshen area is the economic hub of the Market area. In Elkhart City recreational vehicle manufacturing is a major employment source and represents 65 percent of the industry nationwide. (Source: US Bureau of Economic Analysis 2015.)

Economic Trends - Past 5 Years in Employment. The Elkhart-Goshen area is the employment hub of the market area. It is defined as the Elkhart-Goshen Metropolitan Statistical Area (MSA). The Elkhart-Goshen MSA saw a faster economic growth of 5 percent in 2015 compared to its adjacent South Bend MSA. The area rebounded in 2014 compared to the 2007-2010 recession years and years 2011-2013 with an expanded regional economy, a larger labor force, a lower unemployment rate and a slowly recovering housing market. The rebound was tempered in 2015. There was a moderate economic growth in 2015, a comparatively small expansion in the labor force, but there were lower unemployment rates, a slight growth in wages and continuous recovery in the housing market. (Source: The Bureau of Business and Economic Research Center at Indiana University. (Review by Hong Zhuang, Ph.D. Director, Bureau of Business and Economic Research. Indiana Business Review of the Indiana University, Kelly School of Business: Outlook 2015 as reported Winter 2014, Volume 89, No. 4.)

Employment Trends. The 5 year trend from July 2011 to July 2016 showed steady growth with some dips in 2014 but continuing upward. It peaked in July 2015 but was still relatively high through 2016 and into January 2017. (Source: Federal Reserve Bank of St. Louis as reported by FRED Economic Data website.)

Trends in Employment by Industry Sector. Given both the Elkhart-Goshen MSA and neighboring South Bend-Mishawaka MSA industries that experienced job growth from 2014 into 2016 were manufacturing, private educational and health services, trade, transportation and utilities, professional and business services, and leisure and hospitality. Since August 2014, the biggest job loss for the combined Elkhart/Gosh South Bend/Mishawaka MSAs occurred in natural resources, mining and construction with a loss of 700 jobs. Government and financial activities lost 500 and 300 jobs, respectively. Yet, these employment sectors remain significantly large. (Source: Outlook 2016. Hong Zhuang, Ph.D. Director, Bureau of Business and Economic Research. Indiana Business Review of the Indiana University, Kelly School of Business: 2016.)

The table below shows the market area's employment by sector. Manufacturing is the largest employer with 58,000 jobs, trade/transportation/utilities is the second largest with 18,900 jobs and education/health services is the third largest with 11,900 jobs.

Table 6 Employment by Industry Elkhart County	
Industry	Employed
Construction	2,400
Manufacturing	58,900
Trade, Transportation, Utilities	18,900
Information	600
Financial Activities	2,800
Professional and Business Services	10,700
Education and Health Services	11,000
Leisure and Hospitality	7,400
Other Services (not listed)	3,500
Government	9,300
Source: NAIC, 2014 as reported by the Elkhart County Economic Development Corporation.	

Specifically, the market area's largest employers by number of employees are shown below.

Table 7 Major Employers Elkhart County, Indiana, 2016		
Employer	Industry	Employees
Thor Industries	Manufacturing	13,000
Forest River, Inc.	Manufacturing	6,400
Lippert Companies, Inc.	Manufacturing	5,500
Beacon Health Systems	Health Care	2,584
Patrick Industries	Manufacturing	2,400
Elkhart Community Schools	Educational Services	1,883
Indiana Health Goshen	Health Care	1,517
Goshen Community Schools	Educational Services	1,442
Supreme Industries	Manufacturing	1,200
Martin's Super Markets	Retail	1,025
Elkhart County Government	Government	1,021
Utilmaster	Manufacturing	923
KIK Custom Products	Manufacturing	900
MasterBrand Cabinets	Manufacturing	850
Bennington Marine	Manufacturing	822
Newmar	Manufacturing	755
Norfolk Southern Railway Co.	Transportation	705
Source: Elkhart County Economic Development Corporation, 2016.		

Unemployment Trends. Over the past 10 years the Elkhart–Goshen MSA's unemployment rate increased to a high of 16.1 percent in November 2009 but has decreased to a low of 3.1 percent as of January 2017. (Source: US Bureau of Labor Statistics, March 2016.) See below.

Table 7				
Unemployment Rates (November Each Year) Elkhart-Goshen MSA				
Year	Unemployment Rate		Year	Unemployment Rate
2006	5.1		2012	8.3
2007	4.6		2013	6.1
2008	13.4		2014	4.7
2009	16.1		2015	3.6
2010	11.9		2016	3.3
2011	10.3		Jan. 2017	3.1
Source. US Bureau of Labor Statistics. March 2017				

Elkhart County Employment Sectors by Number Employees and Wages

The following shows employment sectors and average wages in Elkhart County. The nonfarm and private sectors dominate. (Source: Indiana Dept. of Workforce Development.) See below

Employment and Earnings by Industry, 2015	Employment	Pct Dist. in County	Earnings (\$000)	Pct Dist. In County	Avg. Earnings Per Job
Total by place of work	152,475	100.0%	\$8,044,588	100.0%	\$52,760
Wage and Salary	130,234	85.4%	\$5,849,959	72.7%	\$44,919
Farm Proprietors	1,512	1.0%	\$69,310	0.9%	\$45,840
Nonfarm Proprietors	20,729	13.6%	\$730,278	9.1%	\$35,230
Farm	1,743	1.1%	\$76,442	1.0%	\$43,857
Nonfarm	150,732	98.9%	\$7,968,146	99.0%	\$52,863
Private	141,391	92.7%	\$7,483,945	93.0%	\$52,931
Accommodation, Food Serv.	7,352	4.8%	\$145,223	1.8%	\$19,753
Arts, Ent., Recreation	1,218	0.8%	\$17,393	0.2%	\$14,280
Construction	4,822	3.2%	\$281,529	3.5%	\$58,384
Health Care, Social Serv.	11,703	7.7%	\$630,577	7.8%	\$53,882
Information	696	0.5%	\$33,794	0.4%	\$48,555
Manufacturing	61,987	40.7%	\$3,949,085	49.1%	\$63,708
Professional, Tech. Serv.	3,660	2.4%	\$173,518	2.2%	\$47,409
Retail Trade	12,121	7.9%	\$334,496	4.2%	\$27,596
Trans., Warehousing	4,884	3.2%	\$278,811	3.5%	\$57,087
Wholesale Trade	7,029	4.6%	\$524,118	6.5%	\$74,565
Other Private (not above)	25,357*	16.6%*	\$1,082,595*	13.5%*	\$42,694*
Government	9,341	6.1%	\$484,201	6.0%	\$51,836

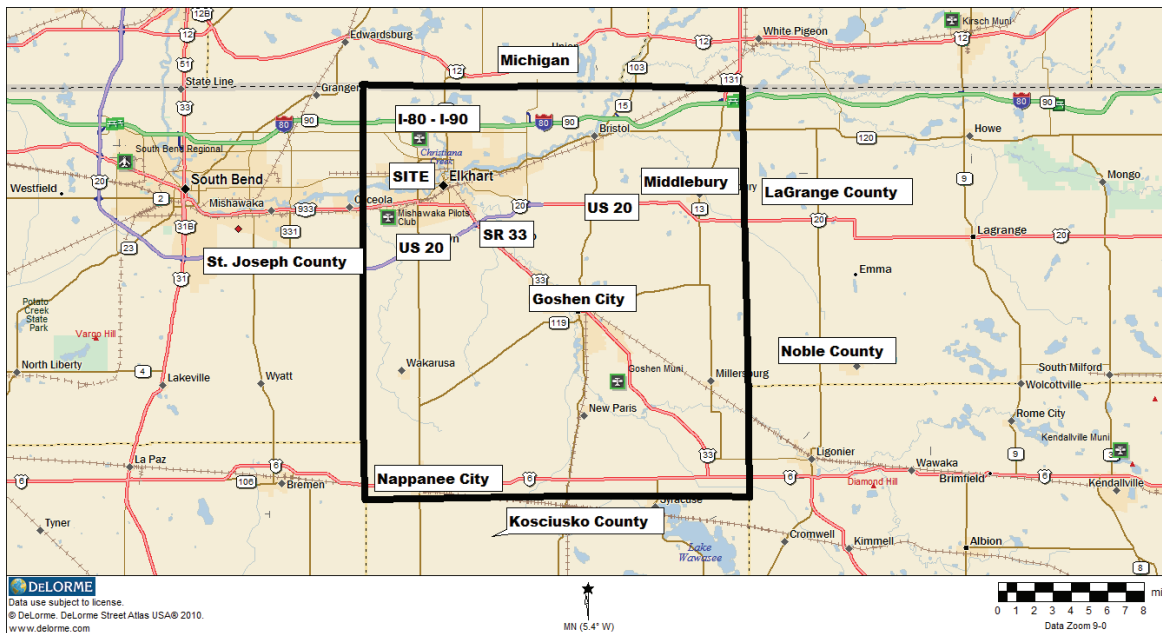
Source: U.S. Bureau of Economic Analysis. Website. The totals do not include county data that are not available

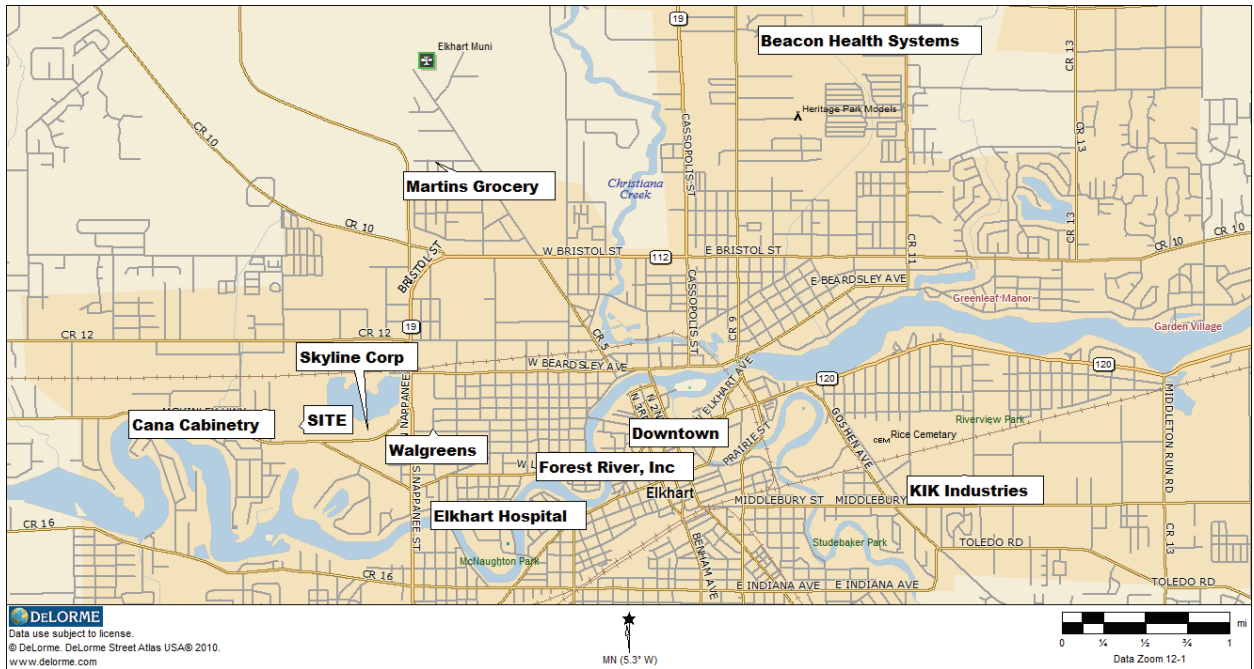
Analysis: Economic Status of Market Area and Effect on Subject Property

The market area's economy has come out of the recession years and today remains strong due in part to the manufacturing and health care sectors, among other sectors. The overall economy is expected to remain strong. This benefits the Subject. The health care and service sectors will generate a skilled labor force for the Subject and a steady economy will provide jobs for family members of the Subject's residents.

C. Map of the Market Area; Map Showing Employers

The map below shows the market area. A map identifying selected employers near the Subject Site follows.





Some of the Many Employers Near The Site

Distance is 1 mile

III. Demographic Information

A. Market Area Population Trends

The market area's population is projected to increase by 3.1 percent over the next 5 years. The age group 65-74 will increase the most. The age group 85 and older is estimated to increase but slightly. But, the age group 45-54 shows a slight decrease. This is typical nationwide, as the decrease reflects a lower birthrate during the years the group was born. The table below shows the market area's projected population growth by specified age group.

Market Area	2010 (Actual)	2017 (Estimate)	2022 (Projection)	% Change 2017 – 2022
Age 0-44	125,028	126,628	129,375	
Age 45-54	26,664	25,708	24,831	
Age 55-64	21,905	24,247	24,604	
Age 65-74	12,676	16,609	19,370	
Age 75-84	7,759	8,545	9,906	
Age 85+	<u>3,527</u>	<u>3,877</u>	<u>3,908</u>	
Total	197,559	205,614	211,994	3.1%

Source : Nielsen Solutions, Claritas, Inc. February 17, 2017.

B. Households by Tenure.

In the market area households age 65 and older are estimated at 80 percent homeowners and 20 percent renters. We do not provide tenure among the Subject's specific target market because assisted living is "need driven" rather than home owner vs. renter driven. Among all households in the market area tenure reflects 70 percent homeowners and 30 percent renters. (Source: Nielsen Solutions, Claritas, Inc. February 17, 2017.

C. Target Market Households by Age and Income

The next table shows annual income by age of the householder for the market area's age 65 and older. See Appendix IV for the market area's households ages 45 through 64 by annual income.

Between 2017 and 2022 the ages 65 to 84 households with annual income less than \$24,000 are estimated to increase slightly. But the age 85 and older households with annual income less than \$24,000 are estimated to decrease slightly. However, the number of age 85 and older households remains amply significant regarding the Subject's prospective residents.

Between 2017 and 2022 the ages 65 and older households with annual income over \$24,000 are estimated to increase in number.

See the table below.

Table 9 Households Age 65+ by Annual Income Elkhart, Indiana Market Area				
Age Group	2000	2017	2022	% Change for Age 75+ 2017 – 2022
Annual Household Income <\$15,000 (Medicaid Waiver and Tax Credit Income Eligible)				
65 – 69	573	435	421	
70 – 74	572	434	420	
75 – 79	719	374	386	
80 – 84	719	373	385	
85+	556	490	440	
Total 75+-	1994	1237	1211	-2.1%
Annual Household Income \$15,000 - \$19,999 (Medicaid Waiver and Tax Credit Income Eligible)				
65 – 69	344	324	319	
70 – 74	341	323	318	
75 – 79	358	288	302	
80 – 84	356	288	300	
85+	196	311	292	
Total 75+-	910	887	894	0.8%
Annual Household Income \$20,000 - \$23,999 (Medicaid Waiver and Tax Credit Income Eligible)				
65 – 69	161	323	319	
70 – 74	161	323	318	
75 – 79	357	288	301	
80 – 84	356	288	300	
85+	196	311	291	
Total 75+-	909	887	892	0.6%
Annual Household Income \$24,000 - \$27,420 (Couples, Medicaid Waiver and Tax Credit Income Eligible)				
65 – 69	162	190	189	
70 – 74	161	189	188	
75 – 79	101	134	141	
80 – 84	100	133	139	
85+	47	131	126	
Total 75+-	248	398	406	2.0%
Annual Household Income \$27,240 - \$34,999				
65 – 69	376	442	440	
70 – 74	375	442	439	
75 – 79	232	311	327	
80 – 84	231	310	326	
85+	109	305	294	
Total 75+-	572	926	947	2.3%
Annual Household Income \$35,000 - \$49,999				
65 – 69	606	1134	1159	
70 – 74	605	1133	1159	
75 – 79	307	627	685	
80 – 84	306	626	684	
85+	137	454	439	
Total 75+-	750	1707	1808	5.9%
Source: Nielsen Solutions, Claritas, Inc. February 17, 2017. Howard & Associates.				

Table 9, cont. Households by Annual Income and Age 65+ Elkhart, Indiana Market Area				
Age Group	2000	2017	2022	2017 – 2022 for 75+
Annual Household Income \$50,000 - \$74,999				
65 – 69	491	970	1145	
70 – 74	490	970	1144	
75 – 79	185	373	453	
80 – 84	185	372	453	
85+	80	248	282	
Total 75+-	450	993	1188	19.6%
Annual Household Income \$75,000+				
65 – 69	335	1219	1872	
70 – 74	335	1218	1871	
75 – 79	145	356	574	
80 – 84	144	355	574	
85+	58	217	311	
Total 75+-	347	928	1459	24.9%
Source: Nielsen Solutions, Claritas, Inc. February 17, 2017				

Demand Analysis. See Section V of this report.

IV. Competition Analysis for Assisted Living

A. Overview

We surveyed all the assisted living residences in the market area and just beyond for properties that pose competition for the Subject. We found none that accept Medicaid Waiver recipients or have fees affordable to the Subject's private pay residents. We profile 6 of the area's 7 assisted living properties for comparison purposes. We do not profile the Greencroft continuing care retirement community (CCRC) because nearly all, if not all, its assisted living residents come from the property's 1000+ apartments. The 6 properties we profile have an aggregated 374 units with an average 95.3 percent occupancy. (Also see Appendix VI for a profile of the area's properties.)

B. Vacancy Rate, Waitlist, Medicaid Waiver Recipients

Among the 6 profiled properties the average vacancy rate is 4.7 percent, reflecting 15 vacant units. The average occupancy is 95.3 percent. Three properties have waitlists but their staff would not reveal the number on the waitlist. Four properties have 4 or 5 vacancies. High occupancy suggests the properties will remain market rate rather than become affordable to the Subject's target market.

Table 10 Total Units, Vacancy Rate, Occupancy, Waitlist, Medicaid Waiver Policy Elkhart, Indiana Market Area						
Property by Location	Total AL Units	Vacancy Rate	# Units Vacant	Occu-pancy	Waitlist 1/	Medicaid Waiver Policy 1/
Elkhart City						
Beardsley House	39	10%	4	90%	0	Doesn't accept
East Lake Terrace	80	6%	5	94%	0	Doesn't accept
Greenleaf Health	36	6%	2	94%	0	Doesn't accept
Hubbard Hill 2/	100	0	0	100%	waitlist	Doesn't accept
Goshen City				0		
Residence Waterford	69	0%	0	100%	waitlist	Doesn't accept
Nappanee City				0		
Heritage House	50	6%	4	94%	1/1 units	Doesn't accept
Total or Average	374	4.7% ave	15	95.3% ave		
1/ Properties would not indicate number on waitlist. Does not accept individuals on the Medicaid Waiver or retain residents after spend down. 2/ Assisted living care provided in independent living units. Thus, some units have residents that don't need assisted living care.						

C. Average Fees

The estimated average fee (rent, meals and personal care) among the 6 properties ranges from \$3500 at Hubbard Hill to \$4390 at the Greenleaf Health Campus. Overall an average total fee would be \$3948.

The properties have a basic fee plus care charges. But, the properties' basic fees typically are not comparable, as they differ in what is covered. Some cover cable TV and/or telephone. Some include minimal care services, such as, 20 minutes of care per month. Additionally, 3 properties require a nonrefundable (called community fee) that is paid when a resident moves into the unit.

Among 5 of the 6 properties the monthly basic fee (rent, meals, housekeeping) for a studio unit ranges from \$2200 to \$3390 and for 1-bedroom units ranges from \$2500 to \$4500 (represents nonweighted average). We exclude the Residence at Waterford Crossing because its basic fee does not include meals and housekeeping but includes social activities provided at the property.

See below for average fees.

Table 11 Properties Average Fee, Est. Elkhart, Indiana Market Area					
Elkhart City	Average Total Fee 1/	Average Basic Fee 2/		Nonrefundable fee 3/	Comments 4/
		Studio	1-bedrm		
Subject		\$ 600	\$ 642	none	Rent doesn't include meals
Beardsley House	\$3545	\$2200	\$2500	\$1500	
East Lake Terrace	\$3714	\$2580	\$3245	\$1500	
Greenleaf Health	\$4390	\$3390	\$4500	\$ 500	Most units are studios
Hubbard Hill 2/	\$3500	\$2180	\$3200	none	Mostly independent living
Goshen City					
Residence Waterford	\$4300	\$1548	\$2487	none	Basic fee is for IL
Nappanee City					
Heritage House	\$4240	\$2615	\$3015	none	Converted from IL to AL.
1/ Average total fee refers to basic fee (rent/meals, etc.) plus personal care charges. Reflects nonweighted average. 2/ Average basic fee per unit type. (Basic fee includes rent, meals, housekeeping, social activities.) The basic fee at Hubbard Hill and Residence at Waterford Crossing is for independent living. Assisted living is provided in their independent living apartments. 3/ Nonrefundable fee is paid at entry. 4/ Greenleaf has mostly studio units. IL refers to independent living, AL is assisted living. Residence Waterford Crossings charges extra for all services including meals.					

D. Unit Sizes (Sq. Ft.) and Fees by Property

We do not provide rent per sq. ft. because rents are not comparable among the properties. Five of the 6 properties include meals and housekeeping charges as part of the rent. Some also include cable TV and minimal personal care services, among other items. The Subject will charge the Tax Credit rent, which will not include meals and other services. The Residence at Waterford Crossing also doesn't include meals, housekeeping and services as part of the basic fee. Its rent, which is for independent living, is the lowest among the properties. The property doesn't have a special assisted living section but instead residents receive personal care services in their apartments.

The Subject's unit sizes are similar to the 6 properties we surveyed. Its studio sizes equal that at 2 properties, are larger than those at 2 properties and smaller than those at 2 properties. Its 1-bedroom units are larger than those at 2 properties and smaller than those at 4 properties. See below.

Table 12 Average Rent (Monthly Basic Fee) by Unit Type Elkhart, Indiana Market Area 1/					
Elkhart City	Studios		1-Bedrooms		Comment 2/
	Sq. Ft.	Ave. Fee	Sq. Ft.	Ave Fee	
Subject	350	\$ 600	514, 522	\$ 642	Does not include meals, etc.
Beardsley House	400	\$2200	440	\$2500	
East Lake Terrace	320	\$2580	525	\$3245	
Greenleaf Health	350	\$3390	400	\$4500	
Hubbard Hill 2/	493	\$2180	563	\$3200	Fee for IL units
Goshen City					
Residence at Waterford	388	\$1548	641	\$2487	Independent Living units
Nappanee City					
Heritage House	350	\$2615	500	\$3015	

1/ Average is nonweighted.
2/ IL is independent living. The basic fee reflects the charge for independent living. In these properties assisted living is available in the independent living units on an ala carte basis. The basic fee is marginally lower at the Residence at Waterford because it does not cover meals, housekeeping, transportation, which are available on an ala carte basis. Typically, the basic fee for independent living is lower than that at assisted living. Residences,

E. Services Common among the Properties

Like the Subject the 7 assisted living properties are state licensed as a Residential Care Facility. (See Appendix I.) The typical services authorized at residential care facilities follow.

Table 13 Services Common Among the Properties 1/			
Services	Personal Care	Medicines	Staff Required
3 meals daily	ADL monitoring	Reminding	24 hour staff
Weekly housekeeping	1 person assist 2/		
Weekly Laundry	If Licensed 3/	If Licensed 3/	If Licensed 3/
Social activities	Insulin/Diabetes mgt	Management	Nurse on duty or on call
Scheduled transportation	Incontinence care	Administration	

1/ ADLs – bathing, dressing, toileting, grooming, personal hygiene, mobility, eating, cutting food.
2/ The limit allowed for the Medicaid waiver.
3/ Licensed as a Residential Care Facility.

F. Unit Features and Amenities.

The following are typical unit features and amenities among the properties.

Table 14 Selected Unit Features and Amenities Among the Properties. Elkhart, Indiana Market Area							
Unit Features							
Elkhart City	Kitchenette	Micro-wave	Shower Vs. Tub	Individual Heat/Cool	Emergency Response	Cable TV	
Subject	x	x	x	x	x		
Beardsley House	x	x	x		x	x	
East Lake Terrace	x	x	x	x	x	x	
Greenleaf Health			x		x		
Hubbard Hill 2/	x	x	x	x	x	x	
Goshen City							
Residence Waterford	x	x	x	x	x	x	
Nappanee City							
Heritage House	x		x		x		
Amenities							
Elkhart City	Private dining room	Cafe	Computer room/library	Outdoor walking area	Garden Area	Wellness Clinic	Transportation 1/
Subject	x	x	x	x	x	x	x
Beardsley House	x		x				
East Lake Terrace	x	x	x	x		x	x
Greenleaf Health	x		x	x		x	x
Hubbard Hill 2/	x	x	x	x	x	x	x
Goshen City							
Residence Waterford	x	x	x	x	x	x	x
Nappanee City							
Heritage House	x		x			x	x

1/ Residence at Waterford Crossing charges a fee for scheduled transportation.

G. Subject's Impact on the Rental Market

The Subject will not affect the rental market for seniors, as senior apartments do not provide 24-hour assisted living care. It also will not affect the market rate assisted living residences because they have relatively high pricing and do not accept the Medicaid Waiver. Additionally, the Subject's 41 spend down/private pay units will not affect the market rate properties because they have relatively high pricing.

H. Subject's Competitive Position

The Subject has a strong competitive position among the market area's 7 properties, as none accept the Medicaid Waiver or retain residents that no longer can afford the fees. Consequently the market rate assisted living properties are referral sources for the Subject. Currently, their residents no longer able to afford the fees are referred to a local nursing home or to an assisted living residence in South Bend. Furthermore, the Subject will be attractive because its units will

be privately occupied and most will be sizable 1-bedroom compared to the area's market rate properties, which have mostly studio units and some properties have shared units.

See below for the market area's properties, units, occupancy/Vacancy, waitlist, and Medicaid Waiver policy.

I. Profile of Assisted Living Properties

We profile each of the properties surveyed. We profile them by location. (Also see Appendix VI.)

The competitors serve the same target market – age 75 and older frail individuals. They provide the following services:

3 meals daily	Social activities
Snacks	supervision and monitoring
Wellness checks	Housekeeping, laundry linens

The profiles include the following information

Property name and Address
Property contact, telephone number
Population served
Property type (Design), number of units, year built
Medicaid Waiver information
Vacancy, occupancy, waitlist
Units/Amenities/Services (includes unit features and sq. ft.)
Fees by unit sizes
Concessions if provided
Geographic draw
Location
Owner (and/or) management

We do not specify the following information:

Utilities, as all properties include utilities in the rent (basic fee).
Number of units by unit type, as such information is not accessible for most properties
Management, as all properties have on-site management.
Absorption history, as none of the properties are recently completed

Assisted Living Residences in Elkhart City, Indiana

Beardsley House

27833 County Road 24, Elkhart, Elkhart County, Indiana 46517
Marketing Judy Hoese, 574-295-9058

Property Type, Units, and Year Built. A 1 story, wood framed building with 39 assisted living units. The property opened in 1997. The building has 4 wings that form a square around a courtyard.

Population Served. Frail individuals over age 75 with most over age 85.

Medicaid Waiver. Doesn't accept the Medicaid Waiver. The property accepted the Medicaid Waiver until the current owner purchased the property in 2014.

Vacancy Rate, Occupancy, Waitlist. 10% vacancy rate; 4 of 39 units vacant, 90% occupancy. No waitlist.

Competitiveness. The property is not competitive, as it does not accept the Medicaid Waiver and has relatively high average fees.

Units/Amenities/Services.

Unit Features: Units are about 340 sq. ft. to 700 sq. ft with a kitchenette (small refrigerator, sink, microwave, cupboards, counter), emergency response system.

Amenities: Dining room, private dining room, library, courtyard/sitting area, sitting area each hallway, library, activity center, beauty/barber salon.

Services: Nurse and CNAs during daytime, night aides, weekly housekeeping/linens, scheduled transportation.

Fees by Unit Sizes. \$2200 for an estimated 340 sq. ft. studio unit; \$2500 for an estimated 460 sq. ft. 1-bedroom plus monthly care charges at 5 levels: \$315, \$472, \$945, \$1575, and \$2105. The second person fee is \$900 monthly; nonrefundable community fee is \$1500; nonrefundable emergency response pendant is \$250, nonrefundable pet fee is \$500.

Geographic Draw. Attracts residents from Elkhart City, primarily.

Location. Situated in the southeastern section of Elkhart City - north of State Road 20, east of CR 19.

Owner. Senior Lifestyle of Chicago.



East Lake Terrace

3109 E. Bristol, Elkhart, Elkhart County, Indiana 46514
Marketing Courtney Kryder, 574-266-4508

Property Type, Units, and Year Built. A 1 story brick building with 80 assisted living units that opened in 1997.

Population Served. Frail individuals over age 75 with most over age 85.

Medicaid Waiver. Doesn't accept the Medicaid Waiver. Residents who no longer can afford the fees are referred to the owner's property in South Bend, which is Wood Ridge Assisted Living.

Vacancy Rate, Occupancy, Waitlist. 6% vacancy rate, 5 of 80 units vacant, 94% occupancy, no waitlist.

Competitiveness. The property is not competitive, as it does not accept the Medicaid Waiver and has relatively high fees. The property is a referral source. Currently, it refers Medicaid Waiver recipients to its Wood Ridge property in South Bend.

Units/Amenities/Services.

Unit Features: Units are 300 sq. ft. to 775 sq. ft. with a kitchenette (small refrigerator, sink, microwave, cupboards, counter), individually controlled heating/cooling, emergency response system.

Amenities: Dining room, private dining room, washers/dryers each hallway, library, activity centers, beauty/barber salon.

Services: Nurse and aides on staff 24 hours daily, on-site therapies, scheduled transportation.

Fees by Unit Sizes. \$2565 for a 300 sq. ft. studio unit; \$2595 for a 340 sq. ft. studio unit; \$3195 and \$3295 for a 500 sq. ft. and 550 sq. ft. 1-bedroom unit; and \$3595 for a 700 sq. ft. 2-bedroom, 2-bath unit plus monthly care charges at 9 levels: \$200, \$400, \$600, \$800, \$1000, \$1200, \$1400, \$1600 and \$10 per care point above \$1600. The nonrefundable community fee is \$1500; nonrefundable emergency response pendant is \$125, nonrefundable pet fee is \$500.

Geographic Draw. Attracts residents from Elkhart City.

Location. Situated in the northeast section of Elkhart City, which is north of the St. Joseph River

Owner. Ridgeline Management of Oregon



Greenleaf Health Campus

1201 E. Beardsley Avenue, Elkhart, Elkhart County, Indiana 46514
Marketing Katie Hojara, 574-206-0086

Property Type, Units, and Year Built. A 1 story, brick building with 36 assisted living units, 14 memory care units, and a skilled nursing facility. The assisted living units connect to the SNF. Assisted living opened in 2002.

Population Served. Frail individuals over age 75 with most over age 85.

Medicaid Waiver. Doesn't accept the Medicaid Waiver. People who no longer can afford the fee move into the property's nursing home.

Vacancy Rate, Occupancy, Waitlist. 6% vacancy rate, 2 of 36 units vacant, 94% occupancy. No waitlist. Typically, the property is at 100% occupancy.

Competitiveness. The property is not competitive, as it does not accept the Medicaid Waiver and has relatively high average fees.

Units/Amenities/Services.

Unit Features: Units are 350 sq. ft. and 400 sq. ft. No kitchenette in studio units, small refrigerator, and sink in 1-bedroom units, emergency response system.

Amenities: Dining room, private dining room, gathering area off the lobby, library, town square décor in hallway, beauty/barber salon.

Services: Nurse and CNAs, on-site rehab, weekly housekeeping/linens.

Fees by Unit Sizes. \$3390 for an estimated 350 sq. ft. studio unit; \$4500 for an estimated 400 sq. ft. 1-bedroom unit plus monthly care charges at 4 levels: \$350, \$500, \$1500, and \$1800. Nonrefundable community fee is \$500; nonrefundable pet fee is \$500.

Geographic Draw. Attracts residents from Elkhart City.

Location. Situated in central Elkhart just west of downtown and north of the St. Joseph River.

Owner. Trilogy Health Services, LLC of Louisville, Kentucky



Hubbard Hill Retirement Community (CCRC)

28070 County Road 24 West, Elkhart, Elkhart County, Indiana 46517

Marketing Linda Rider, 574-295-9058

Property Type, Units, and Year Built. A 1 story, brick building on a 70 acre campus that has 100 independent living apartments licensed for assisted living care plus 70 homes and 66 skilled nursing facility beds. Opened in 1977.

Population Served. Frail individuals over age 75 with most over age 85.

Medicaid Waiver. Doesn't accept the Medicaid Waiver.

Vacancy Rate, Occupancy, Waitlist. 0% vacancy; 0 vacant units, 100% occupancy. Waitlist but number on waitlist not revealed.

Competitiveness. The property is not competitive, as it does not accept the Medicaid Waiver. Persons who no longer can afford the fees must leave the property.

Units/Amenities/Services.

Unit Features: Units are about 360 sq. ft. to 754 sq. ft. with large (oversized) windows. Some units lack a kitchen and some have full kitchens, individually controlled heating/cooling, emergency response system.

Amenities: Dining room, private dining, library, activity centers, courtyard, beauty/barber salon, pond.

Services: Nurse and CNAs 24 hours daily, on-site therapy, weekly housekeeping/linens, cable service, scheduled transportation.

Fees by Unit Sizes. \$2179+ for a 360 to 625 sq. ft. studio unit; \$2900 to \$3500 for a 530 to 595 sq. ft. 1-bedroom unit. There is no nonrefundable community fee.

Geographic Draw. Attracts residents region-wide, as the property is faith based and a continuing care retirement community (CCRC).

Location. Situated in the southwest section of Elkhart City - north of State Road 20, west of CR 19 (Nappanee Road.)

Owner. Mission Church (Nonprofit, Catholic faith based)



Assisted Living Residence in Goshen City, Indiana

Residence at Waterford Crossing

1212 Waterford Circle, Goshen, Elkhart County, Indiana 46526
Marketing Megan Fletcher, 574-537-0300

Property Type, Units, and Year Built. A 2 story brick and masonry building that has 69 assisted living units and 11 memory care units. The property opened in 2004. Provides independent living with assisted living care available in the apartments.

Population Served. Frail individuals over age 75 with most over age 85.

Medicaid Waiver. Doesn't accept the Medicaid Waiver. .

Vacancy Rate, Occupancy, Waitlist. 0 vacancy; 100 percent occupancy. Waitlist for 1-bedroom units.

Competitiveness. The property is not competitive, as it does not accept the Medicaid Waiver and fees are relatively high. It will be a referral source for the Subject.

Units/Amenities/Services.

Unit Features: Units are 323 to 711 sq. ft. for studio and 1-bedroom units. Kitchenettes (refrigerator, sink, microwave, cupboards), individually controlled heating/cooling, cable TV, emergency response system.

Amenities: Dining room, private dining room, activity centers, library, beauty/barber salon.

Services: Aides on staff 24 hours daily, nurse and therapy service from owner's SNF located across the street, scheduled transportation.

Fees by Unit Sizes. Basic fee does not include meals and housekeeping, which can be purchased for \$633 per month. Thus, rent reflects independent living fee with no services: Rent is \$1390 to \$1706 for a 323-452 sq. ft. studio unit; \$2248-\$2573 for a 571-711 sq. ft. 1-bedroom unit; \$2738 for a 804 sq. ft. 1-bedroom, den unit; \$3026-\$3197 for a 928-1036 sq. ft. 2-bedroom, 2-bath unit. Monthly care charges are \$2094, \$2463, \$2805, \$3150, and \$3342, depending on frailty level. No nonrefundable fee.

Geographic Draw. The Elkhart/Goshen area.

Location. Situated in a relatively new residential neighborhood in the southern part of Goshen. .

Owner. Trilogy Health Services, LLC



Assisted Living Residence in Nappanee City

Heritage House

1700 Waterfall Drive, Nappanee City, Elkhart County, Indiana 46550
Executive Director Cindy Hill, 574-773-3592

Property Type, Units, and Year Built. A 2 story wood framed building with 50 assisted living units. Built as independent living in 2005 the property is evolving into assisted living.

Population Served. Individuals over age 75 with most over age 85.

Medicaid Waiver. Doesn't accept the Medicaid Waiver. Residents who no longer can afford the fees are able to move into the owner's nursing home.

Vacancy Rate, Occupancy, Waitlist. 6 percent vacancy rate, 3 of 50 units vacant, 94 percent occupancy, no waitlist. .

Competitiveness. The property is not competitive, as it does not accept the Medicaid Waiver and does not provide intensive assisted living care (1- and 2-person transfers). It is a non-licensed residence.

Units/Amenities/Services.

Unit Features: Units are 350 sq. ft. kitchenette with a refrigerator, sink, microwave, emergency response system.

Amenities: Dining room, private dining room, activity centers, library, soda café, patio, beauty/barber salon,

Services: Nurse 12 hours per day, 24-hour aides, scheduled transportation.

Fees by Unit Sizes. \$2715 for an estimated 350 sq. ft. studio unit and \$3015 for an estimated 500 sq. ft. 1-bedroom unit. Care charges are \$7.50 per minute (an escort to the dining area would be \$300 monthly). There is no nonrefundable fee.

Geographic Draw. The Nappanee City area.

Location. Situated in Nappanee City, which the southwest tip of Elkhart County.

Owner. Miller Health System



Website photo

J. Proposed Properties

We found 1 proposed assisted living property in Goshen City that will pose competition for the Subject. See below.

Elkhart City has 2 proposed senior apartment properties. Goshen City has a proposed housing development for the age 55 and older. They will not pose competition for the Subject, as they do not target frail seniors.

Goshen City.

Assisted Living property. A private developer is having informal discussions with a few city officials about building a 130-unit assisted living residence. While not under construction and not yet before the Goshen Planning Department, the property will pose competition for the Subject if it comes to fruition. Plans call for 100 assisted living units and 30 memory care units. About 70 percent of the units will be affordable, that is, 70 of the 100 assisted living units will target Medicaid Waiver recipients. The proposed location in Goshen City is about 16 miles from the Subject Site. It is near Berkshre Drive and Dorchester Court between Lincoln Way and Dierdorff Road in southeast Goshen.

Maple Estates. As part of the Maple Estates subdivision of single family homes there are 9 single family homes plus 4 such homes under construction where assisted living care and home health care is available to residents. The property has arrangements with Compassionate Care Givers and Goshen Hospital to serve residents on as needed basis. The buyer purchases the homes and the lot.

Additionally, the subdivision has under construction 4 homes with 12 suites each that will provide nursing home care. Located in southwest Goshen Blue Diamond Communities is developing both the homes and the nursing homes. (Contact person Tanya Detweiler, 574-370-7774 on 3-20-17).

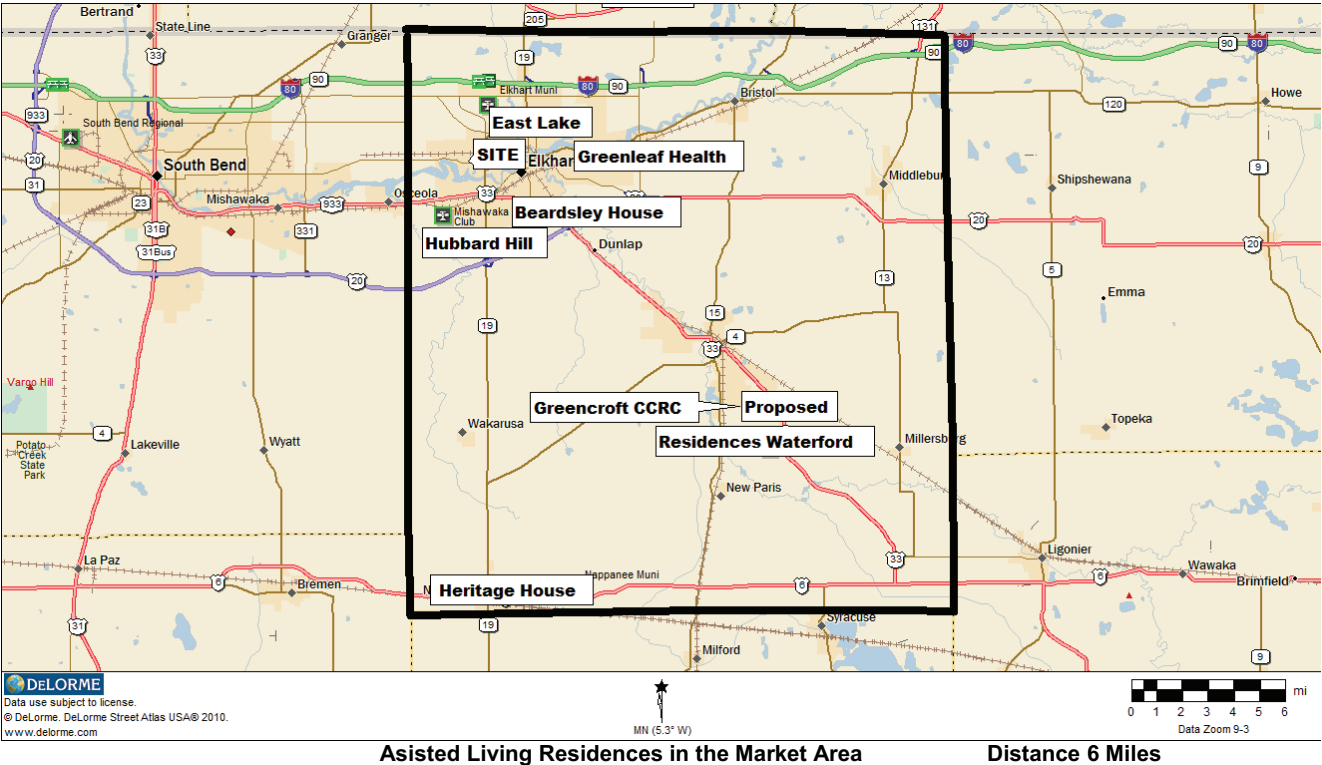
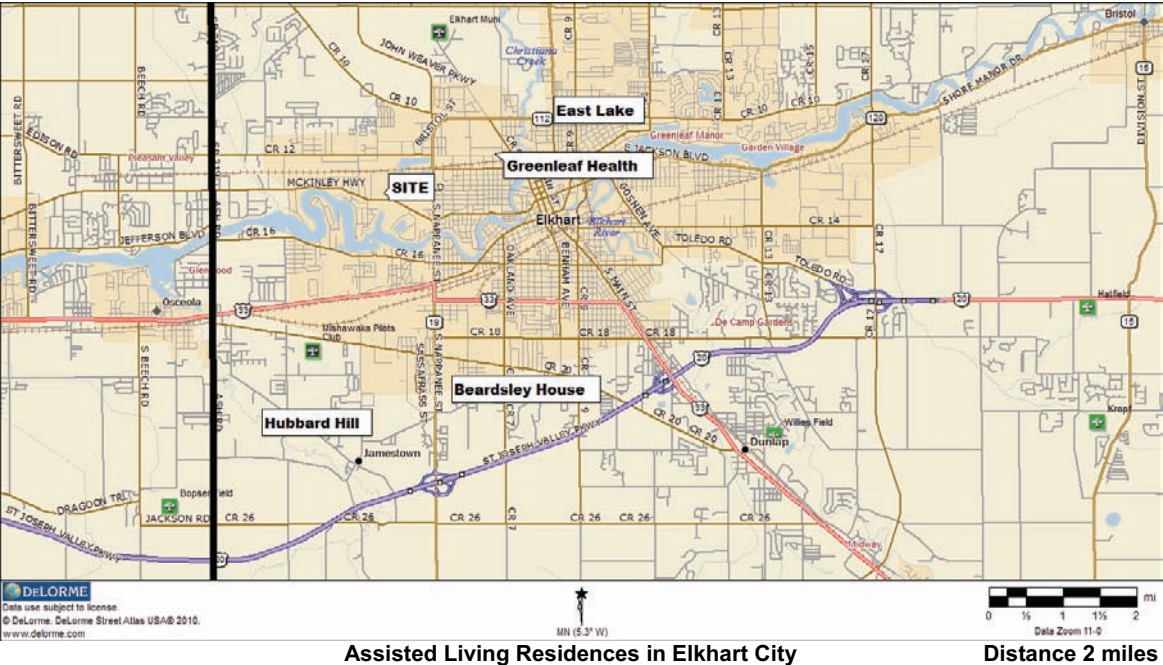
Elkhart City.

Elkhart Hotel. Located on 50 S. Maine Street, there is discussion about converting the hotel to mixed use to include some senior apartments. The property would not pose competition for the Subject. Moreover, it may not come to fruition, according to the planning office.

Senior Apartments. The Selmer's Manufacturer on N. Maine Street site may be redeveloped as a 54-unit senior housing property. Due to environmental issues relating to the site the property may not go forward. The property would not be competition for the Subject.

K. Maps Showing Assisted Living Properties

The following map shows the location of the assisted living properties in Elkhart City.



V. Demand Analysis: Market Potential and Capture Rate Analysis

A. Overview

In discussing market potential we do not include the chart shown on page 8 of the “market study guidelines.” The items addressing market potential leave out frailty measures significant to assisted living demand and include some items not pertaining to assisted living demand. Instead we use the following formats to derive frail seniors suitable for an assisted living residence. We provide market potential and capture rates for 2 groups identified as follows:

Medicaid Waiver Eligible. Market potential for this group consists of individuals with annual income under \$20,000. We assume “countable” assets for a single person will be less than \$2000, which is required.⁷

Spend Down Eligible and Private Pay Eligible. Some in this group will subsequently spend down assets to the Medicaid Waiver qualifying criterion and some will always have more than \$2000 in “countable” assets. We assume these groups have annual income from \$20,000 to \$24,000. Both groups will meet the Tax Credit Program’s 60 percent of AMI criteria.

In identifying market potential we assume that residents will be age 75 and older with most age 85 and older. Market potential includes renters and homeowners.

First, we derive single-person households. We assume that most residents will be single persons: widows, widowers, never married, divorced. The proportion of single persons is from the US Census. We also estimate couples with both persons frail and meeting the Tax Credit criteria.

Additionally, we estimate the number of individuals sufficiently frail to benefit from an assisted living residence. Our frailty data comes from the US Long Term Care Survey and the US Census Survey of Income and Program Participation (SIPP).

We assume that “spend down” and private pay assisted living residents are willing to spend up to 85 percent of their income for rent and care. This is reasonable, given that most needs, such as meals and personal care are provided by the assisted living residence. While such services are optional, our experience as well as the senior housing industry find that individuals will want and need them, given their level of frailty. Otherwise they will not move into an assisted living residence.

We assume that the Medicaid waiver eligible recipients will have at least \$600 monthly for rent and meals. Individuals with no “countable” income will have the SSI monthly payment, which for an assisted living resident is \$735 less the \$52 personal needs allowance.

The demand analysis format differs somewhat from the IHCD guidelines. We do not estimate new and existing renter households plus households apt to convert to rental since all households (owners and renters) comprise the Subject’s market potential. Market potential is

⁷ The annual income ceiling for the Medicaid Waiver for 1 person is \$26,460, which is above the Tax Credit Program’s income limit at 60% AMI.

“need driven” rather than “owner vs. rental” driven. Therefore we derive market potential by reducing households to single person households, which are predominate in assisted living residences and then reduce the group further to frail persons.

B. Deriving Market Potential

Market Waiver Eligible. We assume that frail single person households with the required asset limit will have annual income under \$20,000. Our findings show market potential as 578 individuals in 2017 and 546 individuals in 2022. See the table below.

Table 15 Medicaid Waiver Eligible <\$20,000 Assisted Living Care Market Potential Elkhart, Indiana Market Area					
Year 2017					
Age of Householder	# Households	% Single	# Single	% Frail	# Frail
75-79	662	39.8%	263	15.0%	39
80-84	661	39.8%	263	31.2%	82
85+	801	55.0%	441	49.5%	218
Total					339
Year 2022					
Age of Householder	# Households	% Single	# Single	% Frail	# Frail
75-79	688	39.8%	274	15.0%	41
80-84	685	39.8%	273	31.2%	85
85+	732	55.0%	403	49.5%	199
Total					325
Source: Nielsen Claritas February 17, 2017. US Long Term Care Survey.					

Spend Down/Private Pay Eligible. This group has annual income from \$20,000 to \$24,000 and is estimated at 138 individuals in 2017 and 134 individuals in 2022. See below.

Table 16 Spend Down/Private Pay Eligible \$20,000 - \$24,000 Assisted Living Care Market Potential Subjects Market Area 1/					
Year 2017					
Age of Householder	# Households	% Single	# Single	% Frail	# Frail
75-79	288	39.8%	115	15.0%	17
80-84	288	39.8%	115	31.2%	36
85+	311	55.0%	171	49.5%	85
Total					138
Year 2022					
Age of Householder	# Households	% Single	# Single	% Frail	# Frail
75-79	301	39.8%	120	15.0%	18
80-84	300	39.8%	119	31.2%	37
85+	291	55.0%	160	49.5%	79
Total					134
1/ Medicaid Waiver eligible based on income but not assets; expected to spend down assets & then qualify. Source: Nielsen Claritas February 17, 2017. US Long Term Care Survey.					

Households (Couples) Eligible - Both Frail - . This group has annual income from \$24,000 to \$27,420 and is estimated at 236 households in 2017 and 224 households in 2022. The Medicaid Waiver income ceiling for a couple is higher than the Tax Credit Program's ceiling for couples. The Medicaid Waiver ceiling for couples is \$26,460 and "countable" assets is up to \$3000. We assume some households may spend down to the Medicaid Waiver qualifying criteria (See below).

Table 17 Medicaid Waiver and Tax Credit Eligible (Couples) \$24,000 - \$27,420 Assisted Living Care Market Potential Subjects Market Area			
Year 2017			
Age of Householder	# Households	% Both Persons Frail	# Households (Couples) With Both Frail
75-79	134	15.0%	20
80-84	133	31.2%	41
85+	131	49.5%	65
Total frail			126
Year 2022			
Age of Householder	# Households	% Frail	# Frail
75-79	141	15.0%	21
80-84	139	31.2%	43
85+	126	49.5%	62
Total frail			126
Source: Nielsen Claritas February 17, 2017. US Long Term Care Survey.			

Age 75+ Nonhouseholders, as Market Potential for Medicaid Waiver Units

Individuals living with an adult child, other family member or a nonrelative are not counted among the household calculations in the above tables. Information on this group by annual income is unavailable. However, nonhouseholders are eligible for the Subject. In 2010 (the last year information is available) there were 1,599 nonhouseholders in Elkhart County. Assuming the same demographics in year 2017, we estimate that 5 percent (80 nonhouseholders) are age 75 and older, frail and low income. (Information from the American Community Survey, US Census Bureau)

C. Penetration (Capture) Rates

Overview. Penetration/capture rates are an indicator of risk. They are a quantitative analysis showing the percentage of market potential apt to select an assisted living residence. We assume a penetration/capture rate up to 30 percent is favorable since we factor into our analysis only frail single persons. Frail individuals have 3 choices for assisted living care: an

assisted living residence, publically financed home health care and family care. We also consider that low income individuals generally have more frailties compared to those with mid to upper incomes.

Regarding competition we factor in the proposed property in year 2022 because it will have 70 Medicaid Waiver units. The property is not yet before the planning office required for approval and thus is unlikely to be operating before year 2022. The market rate properties are not included as competition because they do not accept Medicaid Waiver recipients at entry or at "spend down." Moreover, their fees are unaffordable to the Subject's private pay market.

The penetration/capture rates factor in market potential and the competition. We do not provide a separate capture rate, which typically doesn't reflect the competition. The penetration rates reflect 100 percent occupancy.

The formula follows:

$$\frac{\text{Subject's Units}}{\text{Market Potential less Competitive Units}} = \text{Penetration (Capture) Rate}$$

See the penetration/capture rate analysis below.

Table 18 Assisted Living Demand Market Potential and Penetration (Capture) Rates Elkhart, Indiana Market Area 1/				
Medicaid Waiver 95 Units		2017	2019	2022
Market potential - single person HH @<\$20,000 Income		339	333	325
Market potential nonhouseholders @<\$20,000 Income		+ 80	+ 80	+ 80
Total market potential a		419	413	405
Less competition units b		0	0	-70
Market potential less competition units c		419	413	335
Penetration (capture) rates 95 ÷ c		22.7%	23.0%	28.4%
75% from market area (80 x .75%) = 71 71 ÷ c		16.9%	17.2%	21.2%
Spend Down/Private Pay 35 Units				
Market potential @\$20,000-\$24,000 d		138	136	134
Competition (factored above – Medicaid eligible e		0	0	0
Market potential less competition f		138	136	134
Penetration (capture) rates 35 ÷ f		25.4%	25.7%	26.1%
75% from market area (26 x .75%) = 30 26 ÷ f		18.8%	19.1%	19.4%
Couples Spend Down/Private Pay 6 Units				
Market potential @\$24,000 - \$27,420 g		126	126	126
Competition h		0	0	0
Market potential less competition i		126	126	126
Penetration (capture) rates 6 ÷ i		4.8%	4.8%	4.8%
75% from market area (6 x 75%) = 6 5 ÷ i		4.0%	4.8%	4.8%
1/ We provide 2 capture rates per category . First we assume all residents will come from the market area. Secondly, we assume 75 percent of the residents will come from our defined market area and 25 percent will come from outside the market area.				
Competition Units 2/				
Property Elkhart City	Total Units	Competition Beds		Rationale
		MW	SD/Priv.	
Beardsley House	39	0	0	Not affordable to Subject 's residents
East Lake Terrace	80	0	0	Not affordable to Subject 's residents
Greenleaf Health	36	0	0	Not affordable to Subject 's residents
Hubbard Hill 2/	100	0	0	Not affordable to Subject 's residents
Goshen City				
Residence at Waterford	69	0	0	Not affordable to Subject 's residents
Proposed assisted living 3/	100	70	0	Same market area though 15 miles from Subject
Nappanee City				
Heritage House	50	0	0	Not affordable to Subject 's residents
Total units	374	70	0	
1/ HH refers to household. 2/ MW refers to Medicaid waiver units; SD/Priv refers to spend down units/private pay. None of the properties accept the Medicaid Waiver. 3/ We assume the proposed property will come into fruition in 2022, as it is not yet before the planning office.				

D. Other Demand Sources

Additional sources of demand stem from the following sources.

Council on Aging of Elkhart County. Executive Director David Toney expressed a vast need for affordable assisted living. Many of the county's seniors are strapped financially and cannot afford the services they need. The county lacks housing to serve those with chronic personal care needs who cannot afford care. In fact, Mr Toney stressed that many seniors lack the financial means for both housing and services. The county has 3 subsidized housing properties but they do not meet many of their resident's service needs. He added that their residents would benefit significantly from affordable assisted living. Many people come to the agency first for financial assistance and then housing but what they really need is services.

The Council on Aging provides transportation, inhome services (cleaning, meals, help with grooming, showering) to Elkhart County's residents age 55 and older of which there are 30,000.

REAL Services. This area agency on aging is the Medicaid Waiver qualifying and administering agency for Elkhart County and its nearby counties: Marshall, La Grange, Kosciusko, Marshal, and St. Joseph. The agency receives about 300 calls daily for services with a large, but undocumented number of calls from frail seniors relating to in-home care. The agency refers homemaking agencies, among other caregivers. According to REAL services, there are insufficient caregivers to meet demand. (Interview with Megan Rogers 574-284-7107 and April Pierce's staff, 574-284-7160.)

Nursing homes. As of July 2016 REAL Services began administering the "Money Follows the Person Program" (MFP) whereby nursing home patients improperly suited for that level of care are transferred to an assisted living residence, home care or other community setting. The agency receives several calls for replacement but cannot easily find a suitable alternative.

To qualify a nursing home patient must be Medicaid eligible, have lived in the nursing home 90 or more days, and be suited health wise for transfer. Elkhart County has 9 nursing homes that can be tapped for transferring patients. The Indiana Division of Aging administers the (MFP) Program statewide. (Interview with Megan Rogers 574-284-7107; see Appendix II.)

PACE Program (Program for All Inclusive Care for the Elderly). The PACE Program is a demand source for the Subject when its clients need more than weekday and daytime care. According to the PACE staff, most clients should have a caregiver, and in turn are candidates for an affordable assisted living residence. Located in Mishawaka and serving Elkhart County, the PACE Program began September 2016 with the intent of providing personal care services and therapies, among other services that allow Medicaid eligible, frail individuals to remain in their home. The program's capacity is 200 individuals but thus far it has 30 clients. Its client load is limited currently because of the timely process involved in qualifying individuals for the program. Like that for the Medicaid Waiver, the clients must have frailties in at least 3 ADLs and need the nursing home level of care. (Interview with Kathleen Murphy, 574-247-8700; see Appendix II.)

Adult Children. Industry experience shows as do the Subject's competitors that the age group 55 to 69 is a demand source for their parents. Many relocate a parent from another area to an assisted living residence near them.

For the Subject's market area we feel that adult children households with at least \$35,000 in annual income are most apt to be referral sources for their parents. If in 2017, one percent influenced a low income frail parent to move to the market area for an assisted living residence, demand would increase by 143 individuals. Moreover, the market area's age group 55-69 is projected to increase by 5.8 percent or 1031 households over the next 5 years. Thus, this group's influence on the in-migration of seniors should not be offset by the market area's seniors moving out to be with their adult children who live elsewhere. See below for the adult children influence.

Table 19 Households Ages 55-69 with \$35,000+ Annual Income Elkhart, Indiana Market Area 1/					
Age Group		2000	2017	2022	% Change
Age 55 - 64		9,809	10,947	11,095	
Age 65 - 69		1,431	3,322	4,145	
Total		11,240	14,269	15,240	6.8%
1/ Nielson Solutions Claritas. Inc. February 17, 2017.					

Other Counties. A source of demand extends to counties east and south of Elkhart County, as these counties (La Grange, Novel and Kosciusko) lack affordable assisted living.

E. Absorption Rate

Given 136 units we feel the Subject will reach at least a 95 percent occupancy level (129 units) in 16 months.

We estimate an average lease up of 8.5 units monthly after opening. We estimate 15 units (11 percent) will be preleased. We assume there will be marketing before the property opens and we also recognize that Elkhart County has strong referral sources to include the Elkhart County Council on Aging and the executive directors plus other staff at the county's market rate assisted living residences.

We further base our estimates on the county's lack of affordable assisted living residences as well as the pent up demand expressed by professionals in senior services and staff at the market rate assisted living residences. At the same time we are guarded by the reality that affordable assisted living is a new concept in the market area. It will take time to educate consumers that publically financed assisted living can be equated with quality care and a desired residential environment. Moreover, we recognize that for some residents time will be needed to qualify for the Medicaid Waiver. This requires having financial statements and medical records available.

We estimate the lease up schedule as follows.

	Lease-up Schedule, est.														
	Residents p/Month														
Month	Prelease	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Residents	15	8	9	9	7	6	5	5	7	8	9	9	8	6	6
	Total Residents p/Month														
Month	Prelease	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Total >>>	15	23	32	41	48	54	59	64	71	79	88	97	105	111	117

	Lease-up Schedule, cont. est.				
	Residents p/Month				
Month	15	16	17	18	
Residents	6	6			
	Total Residents p/Month				
Month	15	16	17	18	
Total >>>	123	129			

VI. Conclusions and Recommendations

The Subject will be the only property in the market area accepting low income individuals in need of assisted living care. Market demand is sufficient for the subject's 95 Medicaid Waiver residents plus the proposed 70 units that may become operational in Goshen City. The Subject Site is easily accessible from the county's major through streets and highways. It is in a safe area, proximate to medical services, and in a desirable section of Elkhart City. The proposed unit sizes are sufficiently large to compete with market rate assisted living residences as are the proposed unit features and amenities. In fact the Subject surpasses many competitors because all units will be privately occupied and most will be 1-bedroom units vs. studios.

The Subject should guard against an identity as a low income property through quality personal care services and management. Scheduled transportation should be considered.

VII. Documents

Market Study Analyst Statement of Experience

Evelyn Howard

Evelyn Howard, President of Howard & Associates has specialized in market demand analysis and market positioning solely for the various types of seniors housing since 1987. She covers affordable and market rate assisted living, Alzheimer's care, seniors apartments, active adult communities, continuing care retirement communities, and nursing homes. She helps developers plan residential products and services best suited for their market place.

Ms. Howard assesses a product's market quantitatively and qualitatively. She assesses consumer attitudes and preferences through focus groups, interviews, and survey assessments. Markets include Arizona cities, Arkansas towns, Atlanta, Baltimore, Boston, Chicago, Denver, Gainesville, Fort Myers, Indianapolis, Miami, New Jersey cities, New York City, Pittsburgh, Raleigh, Salt Lake City, St. Louis, Washington, D.C., among other metro and nonmetro areas throughout the country.

Her studies have been submitted for financing to Fannie Mae, HUD, Lloyds of London, Citigroup, Virginia Housing Development Authority, New Jersey Housing and Mortgage Finance Agency, HUD regional offices, Standard & Poors, among many others. She is on the approved list as a market feasibility analyst at Fannie Mae, State housing finance agencies, and several real estate syndication and mortgage firms.

Evelyn Howard is co-author of the HDR 1997 and 2005 editions of the Affordable Seniors Housing Handbook and has authored several articles. Ms. Howard speaks at national conventions of the National Association of Home Builders, Multi-housing World, Assisted living Federation of America, the National Leased Housing Association, and NIC.

Ms. Howard was selected as a 1994, 2001, 2005, and 2008 juror for the "Best in Seniors Housing" design award by the National Association of Home Builders (NAHB), and was a trustee of the 50+ Council of NAHB and vice chair of its research committee. Ms. Howard is an active member of the American Seniors Housing Association and formerly the American Assisted Living Federation of America (ALFA). She served on the former HDR (Housing and Development Reporter) Advisory Board.

Ms. Howard was a 6-year board member for St. Mary's Court, a HUD 202 property in Washington, DC. She instructed at American University on housing and services for the elderly, and co-chaired IPED seminars on Housing the Elderly. She taught courses on seniors housing at the N.Y. University School of Real Estate. Ms. Howard spent more than 10 years at the Congressional Research Service, the primary research arm of the U.S. Congress, as a senior research analyst in health care, social services and housing for the elderly. Ms. Howard holds a B.A. from the University of Minnesota, an M.A. from George Washington University, and MBA course work in finance at American University.

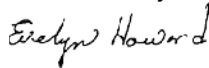
Market Study Checklist

Standard	Included yes, no	Page
Resume	yes	41
Executive Summary	yes	i - vi
Development Description		
Site Map	yes	8
Color photos of site	yes	6, 7
Type of construction, etc.	yes	9
Discussion of incompatible land uses adjacent to Site	yes	3
Scope of Rehabilitation, if applicable	no	
Identification of public Subsidy programs on Site	no	
Projected construction start	yes	10
Market Area Description		
Detail of boundaries of primary market area	yes	10, 11
Scaled color map of shopping, medical services, etc.	yes	16, 57-60
Scaled color map of PMA	yes	15, 57
Color photos of immediate surrounding area or neighborhood	yes	6, 7
Market Area Economy		
Description of employment by industry sector for PMA and county	yes	12, 13
List of major employers in PMA	yes	13, 14
Employment and unemployment trends for PMA, workforce figures	yes	12-14
Analysis and conclusions on economic status of PMA	yes	15
Identification of data sources to compile statistics	yes	12-14
Demographic Data		
Total population and householders by age group	yes	16
Number senior and nonsenior households, if applicable	yes, seniors	17, 18
Total number of households by age, tenure, income, group quarters	partly	17, 18, 49
Renter households by number of persons in household	not applicable	17
Demand Analysis		
Projection total demand new renter households, Schedule C	not applicable	
Minimum, maximum income ranges for each targeted group	yes	I, 33
Definition of absorption period and rate to reach 95% occupancy	yes	39, 40
Presentation of net demand in narrative, chart and/or tabular format	yes	33-37
Calculation of capture rate for each target group and bedroom size	No (see penetration)	
Calculation of penetration rate for PMA	No, capture rate	36-37
Comparison of market rents and rents at proposed development	yes	20, 21
Demand calculations with rental assistance and w/o, if applicable	no	
Assumptions for demand analysis	yes	33-36
Supply Analysis		
Survey of market rate and tax credit rental properties	yes	24-30
Type of federal and/or municipal subsidies	Medicaid Waiver	I, ii, 1
Presence of on-site management	yes	24
No. units by bedroom size, bathrooms, sq. ft., etc.	Partly	20, 21
Rents by No. bedrooms and baths, and sq. ft.	yes	21
Unit and site amenities relative to subject property	yes	22
Type of utilities	no	
Occupancy rates for each property	yes	20. 51-52
Absorption history of each property if recently completed	not applicable	
Color photos of comparables	yes	25-31
Color map depicting location relative to Subject property	yes	32

Supply analysis, cont.	Included yes, no	Page
Market vacancy rate for PMA	yes	19, 20
Number of people on waitlists	Yes (# not revealed)	19, 20
Discussion of availability of other affordable housing options	not applicable	
In rural areas – developments	not applicable	
Multifamily pipeline (proposed properties) (Identified assisted living)	yes	31
Conclusions and Recommendations		
Candid conclusions about Subject's feasibility in the market	yes	ii, 23

Acknowledgement of Market Analyst

Market Study Analyst

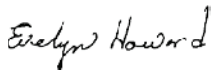


Evelyn Howard
President, Howard & Associates

Analyst's Signed Statement

Market Analyst Certification

I have made a physical inspection of the site and market area and that information has been used in the full study of the need and demand for new rental units. To the best of my knowledge, the market can support the demand shown in the study. I understand that any misrepresentation in this statement may result in the denial of participation in the rental housing tax credit program in Indiana as administered by the Indiana Housing and Community Development Authority. Neither I nor anyone at my firm has any interest in the proposed development or relationship with the ownership entity. Compensation for my services is not contingent upon this development receiving a reservation or allocation of tax credits. I affirm under the penalties of perjury that the foregoing representations are true.



Market Analyst

April 4, 2017
Date

Appendices

Appendix I	Indiana Residential Care Facilities
Appendix II	Indiana Medicaid Waiver Program (Aged and Disabled)
Appendix III	Spend Down of Assets
Appendix IV	Households Age 45-64 by Income
Appendix V	Low Income Housing Tax Credit Program Parameters
Appendix VI	Profile of Assisted Living Residences
Appendix VII	List of Contacts for this Report
Appendix VIII	Limiting Conditions
Appendix IX	Schedule C
Appendix X	Rendering of Subject Property
Appendix XI	Maps of Neighborhood Amenities: Up to 1/4 Mile and 1.5 mile Radii of Site
Appendix XII	Demographic Information Nielsen Claritas.

Appendix I
Indiana's Residential Care Facilities

The Subject will be licensed as a Residential Care Facility through the Indiana Department of Health's Division of Long Term Care. The required and optional services are as follows.

Indiana's Residential Care Facility Required and Optional Services 1/			
Services Required	ADL Care Required	Medicines	Staff Required
3 meals daily	ADL monitoring	Reminding	24 hour staff
housekeeping	ADL assistance		LPN on duty or on call
Laundry	Incontinence support		
Social activities			
Optional and Typical	Optional	Optional	Optional
Transportation	Insulin/Diabetes mgt	Management	CNAs
	Incontinence care	Administration	
	Blood sugar monitoring		
1/ ADLs – bathing, dressing, toileting, grooming, personal hygiene, transferring (mobility), eating.			

Indiana allows assisted living residences to be unlicensed. Such residences provide relatively limited care. They cannot provide hands-on assistance with ADLs, medicine management and incontinence care. They are not required to have a licensed nurse on-call. Such residences must file certain disclosure information to the State's Family and Social Services Administration.

Appendix II

Indiana Medicaid Waiver Program for the Aged and Disabled (A&D)

The REAL Services, Inc. an area agency on Aging, qualifies applicants for the Medicaid Waiver, determines the applicant's level of care based on a physical examination and physician's recommendation, and provides case managers to monitor individuals once they are approved.⁸

Generally, individuals with 2 or 3 ADLs and the need for medication assistance can receive Medicaid Waiver services.⁹ Additionally, individuals are eligible if they have 3 or more of 14 specified medical conditions or activities in daily living (ADL) impairments. The list includes supervision and direct assistance on a daily basis to ensure that prescribed medication is taken correctly; 24 hour supervision and/or direct assistance due to confusion, disorientation not related to a mental illness; inability to eat, transfer from bed or chair, change clothes, bathe, manage bladder and/or bowel functions, or ambulate or use a wheelchair without direct assistance.

The residence requirement for a Medicaid Waiver is living in the state for 24 hours. Financial eligibility is based on 300% of the maximum SSI amount (Year 2017 is \$735 x 3 = \$2205 monthly (\$26,460 annually) plus "countable" assets up to \$2000 for 1-person.

Miller Trust. A Miller Trust is a special legal arrangement for holding some of an individual's income. This will allow the individual to put a specific amount into the Miller Trust so that his/her income is less than the standard necessary to remain eligible for Medicaid.

Money Follows the Person (MFP) Program. REAL Services qualifies individuals in Elkhart County for the Money Follows the Person Program (MFP). The program transfers individuals from a nursing home to the community to include assisted living residences. Statewide the Indiana Division of Aging administers it. To qualify an individual must be a resident of a qualifying institution for at least 90 consecutive days, have needs that can be met safely through services available in the community, and is Medicaid eligible.

A person can remain in the MFP program for a maximum of 365 days. Each participant has a MFP case manager that coordinates and manages the variety of services and supports the participant will be receiving. At the end of 365 participation days in the MFP program, funding for the supports received by the participant will change from the MFP program to a partnering funding source.

The MFP program is a federal demonstration program authorized through 2020. Its purpose is to eliminate nursing home care for those that can function in the community.

⁸ REAL Services, Inc. South Bend, Indiana, (574-284-2644), Indiana Family and Social Services Administration, Division of Aging.

⁹ Medicaid is a federal and state medical assistance program that makes reimbursements for reasonable and necessary medical care to people meeting eligibility requirements. The program is state administered by the Office of Medicaid Policy and Procedure (OMPP), which is a part of the Indiana Family and Social Services Administration.

PACE Program (Program for All Inclusive Care for the Elderly)

Elkhart and Goshen are served by the PACE program, which opened August 2016 with the first client in September 2016. Located in Mishawaka the PACE program serves individuals needing 3 levels of ADL care (activities in daily living). Thus far, most PACE clients live in HUD subsidized housing but some live in private homes. Overall the PACE program is serving 30 clients. The client load is small due to the time it takes to qualify individuals for the program. Clients come from 1 to 5 days a week for health care, therapies, social activities. (PACE Marketing Director Kathleen Murphy, 574- 247-8700; 250 E. Day Road, Mishawaka, Indiana).

Appendix III

Spend Down of Assets

Deriving Wealth from Spend Down of Assets

An example of spend down follows.

Wealth After "Spend Down" of Assets 1/						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Equity	\$100,000	\$81,600	\$62,832	\$43,689	\$24,162	\$4,245
Less spend down	- 20,000	- 20,000	- 20,000	- 20,000	- 20,000	- 20,000
Remaining	\$ 80,000	\$61,600	\$ 2,832	\$23,689	\$ 4,162	0
Yield @ 2%	+ 1,600	+ 1,232	+ 875	+ 473	+ 632	
End of Year	\$81,600	\$62,832	\$43,689	\$24,162	\$ 4,235	
1/ Assumes a 2% tax free yield.						

Appendix IV
Households Age 45-64 by Annual Income

Adult children ages 45-64 are a referral source for a parent in need of assisted living care.

Households by Annual Income and Age 45 – 64 Subject's Elkhart Market Area				
Age Group	2000	2017	2022	
Annual Household Income <\$15,000				
45 - 54	810	111	825	
55 - 64	729	1356	1103	
Annual Household Income \$15,000 - \$24,999				
45 - 54	888	760	564	
55 - 64	1005	932	741	
Annual Household Income \$25,000 - \$34,999				
45 - 54	1428	1053	792	
55 - 64	1030	1170	938	
Annual Household Income \$35,000 - \$49,999				
45 - 54	2088	1914	1524	
55 - 64	1642	2038	1735	
Annual Household Income \$50,000 - \$74,999				
45 - 54	3657	3045	2658	
55 - 64	2073	3006	2819	
Annual Household Income \$75,000+				
45 - 54	4064	5988	6913	
55 - 64	2308	5298	6551	
Source: Nielsen Solutions, Claritas, Inc. February 17, 2017				

Appendix V

Low Income Housing Tax Credit Program Parameters

Maximum Allowable Rent by Unit Size In Elkhart County Under The Tax Credit Program, 2017			
Rent by AMI Threshold and Unit Size			
Area Median Income (AMI)	Studio	1-bedroom	2-bedroom
60% AMI	\$600	\$642	\$721
50% AMI	\$500	\$535	\$601
40% AMI	\$400	\$428	\$481

Maximum Allowable Income in Elkhart County Under the Tax Credit Program, 2017			
Area Median income (AMI)	Income Range by Unit Size		
	1-Person		2-Persons
60% AMI	\$24,000		\$27,420
50% AMI	\$20,000		\$22,850
40% AMI	\$16,000		\$18,280

Appendix VI Profile of Assisted Living Residences									
Property Address Owner/Manager	Units Yr. Opened	Occup Est.	Medicaid Waiver	Unit Size SF, est.	Basic Fee Range Per Occupant	Fee Above Basic Care Mo. by Level of Care			Other Fees. Comments Miles to Site
						1	2	3	
Elkhart County									
Elkhart City									
Subject 2520 Bypass Road Elkhart, IN 46515	AL 136 MC 0								
Beardsley House 27833 County Road 24 Elkhart, Indiana 46517 574-295-9058 Judy Hoes Senior Lifestyle of Chicago	AL 39 MC 0 Opened 1997	90% 4 vacant	Doesn't accept Medicaid Waiver	0/1 340 1/1 460	\$2200 \$2500	\$315 Level 4 \$1575	\$472.50 Level 5 \$2105+	\$945	Nonrefundable fee \$1500 2nd person \$900 p/mo Nonrefundable pet fee \$500; lifeline \$250 3.2 miles, 6 min. to Site
East Lake Terrace 3109 E Bristol Elkhart, Indiana 46514 574-266-4508 Administrator Stephanie Moupin Ridgeline Management	AL 80 MC 0 Opened 1997	94% 5 vacant	Doesn't accept Medicaid Waiver	0/1 300, 340 1/1 500, 550 2/1 700, 775	\$2565, \$2595 \$3195-\$3295 \$3595	\$200 Level 4 \$800 Level 7 \$1400	\$400 Level 5 \$1000 Level 8 \$1600+	\$600 Level 6 \$1200	Nonrefundable fee \$1500 Nonrefundable pet fee \$500, lifeline \$125 4.8 miles, 9 min. to Site
Greenleaf Health Campus 1201 E. Beardsley Elkhart, Indiana 46514 574-206-0086 Trilogy Health Services, LLC	AL 36 MC 0 SNF Opened 2002	94% 2 vacant	Doesn't accept Medicaid Waiver	0/1 350 1/1 400	\$3390 (\$113 p/dy) \$4500 (\$150 p.dy)	\$350 cuing Level 4 \$1800 (nearly bedridden)	\$500 Slight hands- on needs	\$1500 Hands on physical need	Nonrefundable fee \$500 2.9 miles, 7 min. to Site
Hubbard Hill Retirement Community CCRC 28070 County Road 24 W Elkhart, Indiana 46517 574-295-6260 Marketing Linda Rider Mission Church (nonprofit)	IL/AL 100 Villas 70 MC 0 SNF 48 Rehab 18 Opened 1977	100% waitlist Opened 1977	Doesn't accept Medicaid Waiver	0/1 360 - 625 1/1 530 – 595 2/1 754	\$2179+ \$2900-\$3500	\$400-\$800 (points)	Nurse assess- ment		No none refundable fee Some units with kitchenettes, some with full kitchens 70 acre campus 3.4 miles, 7 min. to Site
1/ IL - independent living ; AL- assisted living, MC - Alzheimer's/dementia care. 0/1 is a room and bathroom ; 1/1 is 1-bedroom, 1-bath ; SNF - skilled nursing facility.									

Appendix VI Profile of Assisted Living Residences									
Property Address Owner/Manager	Units Yr. Opened	Occup Est.	Medicaid Waiver	Unit Size SF	Basic Fee Range Per Occupant	Fee Above Basic Care Mo. by Level of Care			Other Fees. Comments Miles to Site
						1	2	3	
Goshen City									
Greencroft CCRC 1721 Greencroft Blvd. Goshen, Indiana 46526 574-537-4000 Greencroft nonprofit Director of Marketing Sheena Whitaker	IL 670 AL/MC 130 SNF Opened 1967 New AL building 2000	AL 3 vacant Waitlist for larger units	After 5 years private pay	0/1 355 w/patio 1/1 395	\$1485 \$2476	\$1800	\$2250	none	200 apartments are HUD subsidized Waitlist for all units except the least desirable studio units in old building 15.2 miles, 37 min.
Residence at Waterford Crossing Circle Goshen, Indiana 46526 574-537-0300 Marketing Megan Fletcher Trilogy Health Services, LLC	AL 69 MC 11 Opened 2004	100% waitlist for 1/1	Doesn't accept Medicaid Waiver	0/1 323-452 1/1 571-711 1/1 den 804 2/2 928 -1036	\$1390 - \$1706 \$2400 - \$2573 \$2738 \$3026 - \$3197 Fee for IL without services	\$2094 Level 4 \$3150 Average \$4300	\$2463 Level 5 \$3342	\$2805	No nonrefundable fee Basic fee for IL: does not include meals, housekeeping, transportation. 37 miles, 16.8 min.
Nappanee City									
Heritage House 1700 waterfall Drive Nappanee, Indiana 46550 574-773-3592 RN Brenda Wolff Millers Health System (Employee owned)	AL 50 MC 0 Opened as AL 2005	94% 3 vacant	Doesn't accept Medicaid	0/1 350 est. 1/1 500 est.	\$26 15 \$3015 Includes 15 min. care daily	\$7.50 p/min. Escort 40 min.+ \$300			No nonrefundable fee Nurse 12 hours p/day; was IL that turned into AL. IL under prior owner; "light" AL 17.5 miles, 28 min. to Site
Koshakato County									
Lake City Place 425 Chinworth Court Warsaw, Indiana 46580 574-267-6352 Melinda Scott Enlivant of Chicago	AL 39 MC 0 Opened 2001	97% 1 vacant Waitlist for 1/1 units	Doesn't accept Medicaid Waiver	0/1 320 1/1 430	\$2600 \$2900 check	\$540 \$18 p/day Level 4	 Level 5	 Level 6	Nonrefundable fee 1 month rent. Elivant purchased 2012; formerly named The Gardens. 6 levels of care, Near hospital 41.4 miles, 59 min. to Site
1/ IL - independent living ; AL- assisted living, MC - Alzheimer's/dementia care. 0/1 is a room and bathroom ; 1/1 is 1-bedroom, 1-bath ; SNF - skilled nursing facility.									

Appendix VII

List of Contacts for this Report

Planning Offices

Elkhart County Planning Office, Planner Liz Gunden, 574-875-3335

City of Elkhart, Department of Community Development and Redevelopment, Planner Eric Trotter, 574-294-5471, ext. 124

City of Elkhart, Department of Community Development and Redevelopment, Crystal Welsh, 574-294-5471, ext. 124

City of Elkhart, Department of Planning and Zoning, Planner, Planner Eric Trotter, 574-294-547, ext. 124.

City of Goshen, Department of Planning, Planner Rhonda Yoder, 574-534-3600

Nappanee City, Planning Department, Planner Donald Lehman 574-773-2112

Other

Council on Aging for Elkhart City, Executive Director David Toney, 574-295-1820, ext. 222
Chief Financial Officer Tina Fraily

Indiana Division of Aging, Money Follows the Person Program, Program Coordinator Jennifer Wigley, 317-234-6367

Carestar (Contractor for Money Follows the Person Program) Cindy Lydict, Clinical manager, 513-206-7844; Marketing Director, Sabrina Thomas.

Indiana Division of Aging, Aged & Disabled Medicaid Waiver Enrollment Specialist, Lavinia Sykes, 317-232-4650

REAL Services, Inc. Client Services Megan Rogers, 574-284-7107. Director of Client Services, Julie Olson Tobias, 574-284-7108.

REAL Services, Geriatric Care Managers, Quality Assurance Judy Milcherska; Director April Pierce, 574-284-7160.

REAL Services, Inc. (Area Agency on Aging for Elkhart County), 574-284-2644
www.realservices.org; (Elkhart, LaPorte, Kosciusko, Marshall, and St. Joseph Counties)

REAL Services. Client Services Megan Rogers, 574-284-7107. Director of Client Services, Julie Olson Tobias, 574-284-7108.

La Casa under Goshen Housing for needs, Exec. Director Larry Gautshe, 574-533-4450

Habitat for Humanity "Restore"

Appendix VIII

Limiting Conditions

The analysis will be subject to the following limiting conditions, except as otherwise noted in our report:

1. The analysis contained in this report necessarily incorporates numerous estimates and assumptions with respect to property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material.
2. Our absorption estimates are based on the assumption that the product recommendations set forth in our report will be followed without material deviation.
3. All estimates of future dollar amounts are based on the current value of the dollar, without any allowance for inflation or deflation.
4. We have no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal matters, environmental matters, architectural matters, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering matters.
5. Information, estimates and opinions contained in or referred to in our report, which we have obtained from sources outside of this office, are assumed to be reliable and have not been independently verified.
6. The conclusions and recommendations in our report are subject to these Limiting Conditions and to any additional assumptions or conditions set forth in the body of our report.

Appendix IX

Schedule C

MARKET ANALYSIS SUMMARY									
Development's Name		Hellenic Senior Living of Elkhart				Total Units		136	
Development City		Elkhart				Total LIHTC Units		136	
Target Population		Frail seniors age 75 and older				LIHTC Vacancy Rate		NA	
New Construction, Rehab/Adaptive Reuse		New construction				Penetration Rate (Overall)		25.8% frail seniors	
Demographic Data (beginning on page 17)									
		2010		2017		2022			
Population		197,559		205,614		211,994			
Renter HH All Ages		21,051	30.0%	21,599	29.7%	22,112	29.5%		
Renter Households 65+		3,105	20.5%	3,673	20.4%	4,040	19.7%		
Income qualified 75+ Renter Households		1,896	25.9%	2,135	26.8%	2,248	25.5%		
Capture Rate by AMI and Unit Mix (beginning on page 37)									
	Net Income Qualified Renter HH			Overall Capture Rate		Eff	1BR	2 BR	
30%									
40%									
50%									
60%	0 - \$24,000			25.8% frail seniors		25.8%	25.8%	NA	
Overall Project Absorption Period Months: 17 months									
Development Details						Adjusted Market Rent		Highest Unadj. Comp Rent	
Units	AMI	BDR	BA	SF	Proposed Rent	Unit	Advantage	LIHTC	Market
52	60%	Eff	1	350	\$600	NA		NA	
80	60%	1 bdrm	1	514	\$642	NA		NA	
4	60%	1 bdrm	1	522	\$642	NA			
Miles Distance to Amenities or Undesirable Sites (Only if under 1 mile, details beginning on page									
Supermarket		1.1	Healthcare Facility			0.5	Heavy Manufacturing		1.3
Bus Stop		0.2	Park or Trail			1.3	Water/Sewage Treatment		2.5
Restaurants		1.0	Government Office			2.0	Power Plant or Substation		10+
Farmers Market		NA	Pharmacy			0.4	Railroad Tracks		2
			Community Center			2.6	Other		
Analysts Level of Confidence in Project (beginning on page									
High confidence no changes needed		X	High confidence if no noted changes occur			Moderate confidence		Little confidence in project success	

HELLENIC Senior Living of Elkhart
2520 Bypass Rd.
Elkhart, Indiana



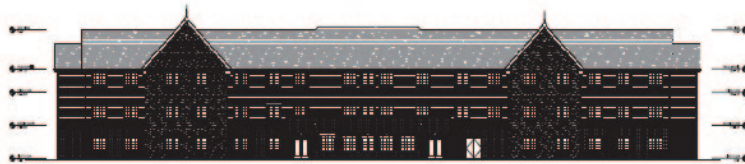
SOUTH ELEVATION

SCALE: 1/32" = 1'-0"



EAST ELEVATION

SCALE: 1/32" = 1'-0"



NORTH ELEVATION

SCALE: 1/32" = 1'-0"



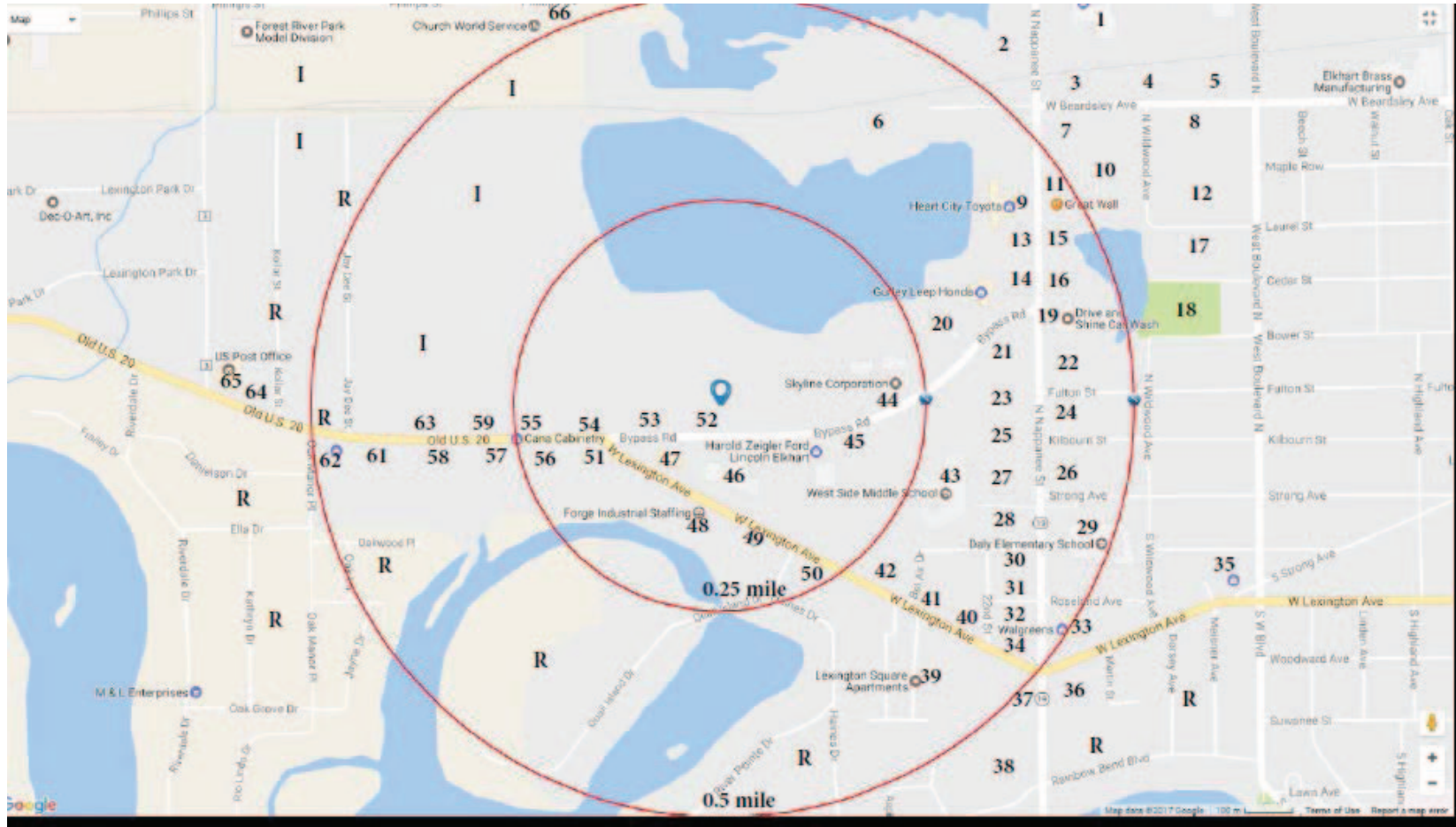
ELEVATIONS

SCALE: 1/32" = 1'-0"

EXTERIOR
MATERIALS

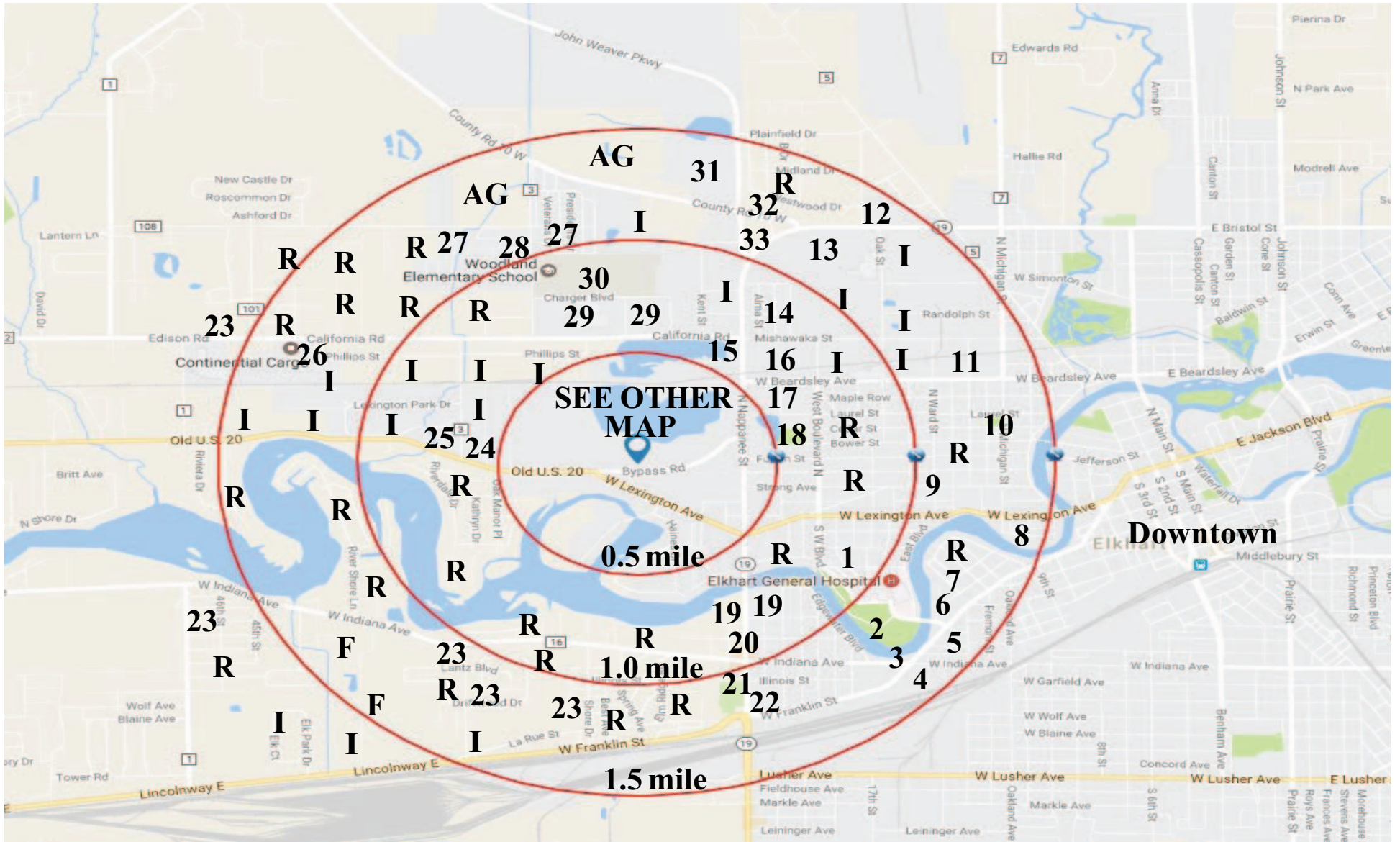


Appendix XI **Maps of Neighborhood Amenities: Up to 0.25 Mile and 1.5 mile Radii of Site**



Elkhart Map Legend (0.25 & 0.5 Mile Radii)

- | | |
|---|---|
| 1 – Auto Dealer | 26 – Family & Cosmetic Dentistry |
| 2 – Car Lot | 27 – Urologist |
| 3 – Car Lot | 28 – Dentist |
| 4 – Industrial Building | 29 – Elementary School |
| 5 – Tire & Auto Business | 30 – Dentist |
| 6 – Gravel & Asphalt Co. | 31 – Interventional Spine & Pain Specialist |
| 7 – Tavern | 32 – Architectural Group |
| 8 – Credit Union | 33 – Walgreens |
| 9 – Toyota Dealership | 34 – Speedway Gas Station |
| 10 – Car Lot | 35 – Home Medical Equipment Company |
| 11 – Great Wall Restaurant | 36 – Bank |
| 12 – Industrial Building | 37 – Elkhart Clinic: Cardiologist, Surgery Center, Cancer Specialist |
| 13 – Body Shop | 38 – Nursing Home & Rehab Center |
| 14 – Honda Dealership | 39 – Lexington Square Apartments |
| 15 – Executive Building: Law Office, Great Lakes Anesthesia, Metalworking Machine Systems, Security Guard & Patrol Services | 40 – Eye Clinic, Rehab Specialists, Limb & Orthopedic Office |
| 16 – N. Indiana Hispanic Health Coalition | 41 – Motel |
| 17 – Hair Salon | 42 – Doctor's Office |
| 18 – Hayden Park | 43 – Middle School |
| 19 – Car Wash & Auto Glass Company | 44 – Skyline Corporation Headquarters |
| 20 – Body Shop | 45 – Ford Dealership |
| 21 – Dunkin Donuts | 46 – Chevrolet Dealership |
| 22 – Medical Group (Several Specialists) | 47 – Nissan Dealership |
| 23 – Breakfast Restaurant | 48 – Industrial Staffing Company |
| 24 – Doctor's Office | 49 – Auto Center/Body Shop |
| 25 – Dermatologist | 50 – OB/GYN Office |
| | 51 – Pawn Shop |
| | 52 – Empty Building |
| | 53 – Motel |
| | 54 – Cabinet Showroom & Design Business |
| | 55 – Empty Building |
| | 56 – Bus Stop & Gas Station/Convenience Store |
| | 58 – Motel |
| | 59 – Vision Center, Physical Therapist, Neurologist, Internal Medicine Office |
| | 60 – Mobile Home Park |
| | 61 – Auto Repair Shop |
| | 62 – Car Rental Business |
| | 63 – Trucking Company |
| | 64 – Veterinarian Clinic |
| | 65 – Post Office, Antiques/Collectibles/Arts & Crafts |
| | 66 – Church World Service |
| | I – Industrial Buildings |
| | R – Residential |



Elkhart Map Legend (1.0 & 1.5-Mile Radii)

- 1 – Church
- 2 – Park with Spray Park
- 3 – BBQ Restaurant
- 4 – Gas Station
- 5 – Church
- 6 – Nursing Home/Hospice Care/Memory Care
- 7- Elkhart County Health Department
- 8 – Church
- 9 – Church
- 10 – Weston Park, Bookstore, Accountant/Tax Preparation, Neighborhood Convenience Store
- 11 – Antique Stores
- 12 – Family Restaurant, Barber Shop, Gym, Hair Salon, Tattoo Shop, Amish Mall, Car Lot
- 13 – Supermarket, CVS, Great Clips, Subway, Fazoli's, Bank, Jiffy Lube, VFW Building, Starbucks, GNC,
- 14 – Countertop Store, Car Lot, U-Haul Rental, Insurance Agency
- 15 – Gas Station, Enterprise Rent-A-Car
- 16 – Car Dealer, Car Detailing, Tire & Auto Care, Welding Supply Store
- 17 – Tavern, Great Wall Restaurant, Credit Union
- 18 – Hayden Park
- 19 – Wastewater Treatment Plant
- 20 – Jade Garden Restaurant, Advance Auto Parts, Pizza Hut, Big & Tall Outlet, McDonald's, Burger King, Church, 7-Eleven, Car Lot, Public Utilities Office Building
- 21 – Bank, Little Caesars Pizza, Check Cashing Store, Rent-A-Center, Discount Tobacco, Pet Store, Italian Restaurant, Bruno's Pizza
- 22 – Taco Bell, AutoZone, Long John Silver's, Save-A-Lot, Insurance Office, Family Dollar
- 23 – Church
- 24 – Post Office, Veterinary Clinic
- 25 – Foster Care Services
- 26 – Fire Department
- 27 – Mobile Home Park
- 28 – Apartment Complex
- 29 – Elkhart Memorial High School
- 30 – School Athletic Facilities
- 31 – Landfill
- 32 – Furniture Store, Auto Body Shop, Brakes Shop, Oil Change Store
- 33 – Casey's General Store
- AG – Agricultural/Farm Land
- F – Forest
- I – Industrial Buildings
- R - Residential

Appendix XII
Demographic Information Nielsen Claritas
Elkhart County, Indiana

Data Version: 2017 Jan (Quick Market Insights - Transactional)

Analysis Area: Elkhart County

Reporting Detail: As Selected

Include Map: Yes

Include Labels: Yes

Map Reporting Detail: As Selected

Base Map Style: Bing Road

Subtotal Method: None

Include Charts: No

Analysis Area Detail: Yes

Report Sections:

Pop-Facts Summary

Pop-Facts Detail

Pop-Facts Housing Totals

Population by:	Elkhart County (County)	
	Total Population	Population Growth
Pop-Facts Summary		
2022 Projection	211,994	
2017 Estimate	205,614	
2010 Census	197,559	
2000 Census	182,801	
Growth 2000 - 2010		8.07%
Growth 2010 - 2017		4.08%
Growth 2017 - 2022		3.10%

Description	Elkhart County (County)					
	2000* / 2010**		2017			
	Census	%	Estimate	%	Projection	%
Pop-Facts Detail						
Population by Age**						
Total Population	197,559		205,614		211,994	
Age 45 - 54	26,664	13.50%	25,708	12.50%	24,831	11.71%
Age 55 - 64	21,905	11.09%	24,247	11.79%	24,604	11.61%
Age 65 - 74	12,676	6.42%	16,609	8.08%	19,370	9.14%
Age 75 - 84	7,759	3.93%	8,545	4.16%	9,906	4.67%
Age 85 and over	3,527	1.79%	3,877	1.89%	3,908	1.84%
Age 65 and over	23,962	12.13%	29,031	14.12%	33,184	15.65%

Total Population, Male	97,458		101,729		104,939	
Age 45 - 54	13,329	13.68%	12,873	12.65%	12,335	11.75%
Age 55 - 64	10,624	10.90%	11,840	11.64%	12,098	11.53%
Age 65 - 74	5,984	6.14%	7,789	7.66%	9,092	8.66%
Age 75 - 84	3,174	3.26%	3,709	3.65%	4,319	4.12%
Age 85 and over	1,085	1.11%	1,259	1.24%	1,305	1.24%
Age 65 and over	10,243	10.51%	12,757	12.54%	14,716	14.02%

Total Population, Female	100,101		103,885		107,055	
Age 45 - 54	13,335	13.32%	12,835	12.36%	12,496	11.67%
Age 55 - 64	11,281	11.27%	12,407	11.94%	12,506	11.68%
Age 65 - 74	6,692	6.69%	8,820	8.49%	10,278	9.60%
Age 75 - 84	4,585	4.58%	4,836	4.66%	5,587	5.22%
Age 85 and over	2,442	2.44%	2,618	2.52%	2,603	2.43%
Age 65 and over	13,719	13.71%	16,274	15.67%	18,468	17.25%

Population by Single - Classification Race**						
White Alone	163,792		166,881		169,318	
Age 65 and over	22,834	13.94%	27,443	16.44%	31,106	18.37%
Black or African American Alone	11,307		12,385		13,241	
Age 65 and over	671	5.93%	891	7.19%	1,098	8.29%
American Indian and Alaska Native Alone	747		773		793	
Age 65 and over	37	4.95%	43	5.56%	56	7.06%
Asian Alone	1,915		2,335		2,670	
Age 65 and over	117	6.11%	181	7.75%	242	9.06%
Native Hawaiian and Other Pacific Islander Alone	81		99		113	

Description	Elkhart County (County)					
	2000* / 2010**		2017			
	Census	%	Estimate	%	Projection	%
Age 65 and over	1	1.23%	2	2.02%	5	4.42%
Some Other Race Alone	14,792		17,132		18,991	
Age 65 and over	186	1.26%	290	1.69%	423	2.23%
Two or More Races	4,925		6,009		6,868	
Age 65 and over	116	2.36%	181	3.01%	254	3.70%

Population by Hispanic or Latino**

Hispanic or Latino	27,886		32,371		35,934	
Age 65 and over	475	1.70%	737	2.28%	1,035	2.88%
Not Hispanic or Latino	169,673		173,243		176,060	

Households by HH Income by Age of Householder*

Householder Age 45 - 54	12,935		13,863		13,276	
Income Less than \$15,000	810	6.26%	1,111	8.01%	825	6.21%
Income \$15,000 - \$24,999	888	6.87%	760	5.48%	564	4.25%
Income \$25,000 - \$34,999	1,428	11.04%	1,053	7.60%	792	5.97%
Income \$35,000 - \$49,999	2,088	16.14%	1,914	13.81%	1,524	11.48%
Income \$50,000 - \$74,999	3,657	28.27%	3,045	21.96%	2,658	20.02%
Income \$75,000 - \$99,999	1,974	15.26%	2,092	15.09%	2,069	15.58%
Income \$100,000 - \$124,999	960	7.42%	1,694	12.22%	1,908	14.37%
Income \$125,000 - \$149,999	417	3.22%	1,057	7.62%	1,353	10.19%
Income \$150,000 - \$199,999	280	2.16%	697	5.03%	958	7.22%
Income \$200,000 or more	433	3.35%	440	3.17%	625	4.71%

Median Household Income	\$58,569	\$67,188	\$78,323
--------------------------------	-----------------	-----------------	-----------------

Householder Age 55 - 64	8,787	13,800	13,887			
Income Less than \$15,000	729	8.30%	1,356	9.83%	1,103	7.94%
Income \$15,000 - \$24,999	1,005	11.44%	932	6.75%	741	5.34%
Income \$25,000 - \$34,999	1,030	11.72%	1,170	8.48%	938	6.75%
Income \$35,000 - \$49,999	1,642	18.69%	2,038	14.77%	1,735	12.49%
Income \$50,000 - \$74,999	2,073	23.59%	3,006	21.78%	2,819	20.30%
Income \$75,000 - \$99,999	1,093	12.44%	1,937	14.04%	2,056	14.81%
Income \$100,000 - \$124,999	446	5.08%	1,452	10.52%	1,758	12.66%
Income \$125,000 - \$149,999	262	2.98%	947	6.86%	1,304	9.39%
Income \$150,000 - \$199,999	277	3.15%	587	4.25%	868	6.25%
Income \$200,000 or more	230	2.62%	375	2.72%	565	4.07%

Description	Elkhart County (County)					
	2000* / 2010**		2017			
	Census	%	Estimate	%	Projection	%
Median Household Income	\$49,886		\$61,677		\$71,519	

Householder Age 65 - 74	6,450		10,069			11,661	
Income Less than \$15,000	1,145	17.75%	869	8.63%	841	7.21%	
Income \$15,000 - \$24,999	1,367	21.19%	1,293	12.84%	1,274	10.93%	
Income \$25,000 - \$34,999	1,076	16.68%	1,263	12.54%	1,256	10.77%	
Income \$35,000 - \$49,999	1,211	18.78%	2,267	22.51%	2,318	19.88%	
Income \$50,000 - \$74,999	981	15.21%	1,940	19.27%	2,229	19.11%	
Income \$75,000 - \$99,999	322	4.99%	997	9.90%	1,303	11.17%	
Income \$100,000 - \$124,999	161	2.50%	482	4.79%	713	6.11%	
Income \$125,000 - \$149,999	60	0.93%	283	2.81%	481	4.12%	
Income \$150,000 - \$199,999	76	1.18%	335	3.33%	608	5.21%	
Income \$200,000 or more	51	0.79%	340	3.38%	638	5.47%	
Median Household Income	\$31,626		\$45,650			\$51,587	

Householder Age 75 - 84	4,881		5,496			6,330	
Income Less than \$15,000	1,518	31.10%	747	13.59%	771	12.18%	
Income \$15,000 - \$24,999	1,427	29.24%	1,152	20.96%	1,203	19.00%	
Income \$25,000 - \$34,999	664	13.60%	888	16.16%	933	14.74%	
Income \$35,000 - \$49,999	613	12.56%	1,253	22.80%	1,369	21.63%	
Income \$50,000 - \$74,999	370	7.58%	745	13.56%	906	14.31%	
Income \$75,000 - \$99,999	115	2.36%	331	6.02%	458	7.24%	
Income \$100,000 - \$124,999	80	1.64%	119	2.17%	192	3.03%	
Income \$125,000 - \$149,999	31	0.64%	84	1.53%	150	2.37%	
Income \$150,000 - \$199,999	35	0.72%	93	1.69%	179	2.83%	
Income \$200,000 or more	28	0.57%	84	1.53%	169	2.67%	
Median Household Income	\$21,465		\$34,561			\$37,827	

Householder Age 85 and over	1,378	2,467			2,475	
Income Less than \$15,000	556	40.35%	490	19.80%	440	17.78%
Income \$15,000 - \$24,999	392	28.45%	622	25.13%	583	23.56%
Income \$25,000 - \$34,999	155	11.25%	436	17.62%	420	16.97%
Income \$35,000 - \$49,999	137	9.94%	454	18.34%	439	17.74%
Income \$50,000 - \$74,999	80	5.81%	248	10.02%	282	11.39%
Income \$75,000 - \$99,999	21	1.52%	95	3.84%	121	4.89%
Income \$100,000 - \$124,999	12	0.87%	54	2.18%	75	3.03%
Income \$125,000 - \$149,999	10	0.73%	29	1.17%	47	1.90%

Description	Elkhart County (County)					
	2000* / 2010**		2017			
	Census	%	Estimate	%	Projection	%
Income \$150,000 - \$199,999	8	0.58%	21	0.85%	36	1.45%
Income \$200,000 or more	7	0.51%	18	0.73%	32	1.29%
Median Household Income	\$18,393		\$27,787		\$30,107	

Households by Household Income*							
Total Households	66,123		72,734			74,838	
Income Less than \$15,000	7,239	10.95%	7,537	10.36%	6,514	8.70%	
Income \$15,000 - \$24,999	8,514	12.88%	7,291	10.02%	6,517	8.71%	
Income \$25,000 - \$34,999	9,004	13.62%	7,573	10.41%	6,748	9.02%	
Income \$35,000 - \$49,999	12,811	19.37%	12,054	16.57%	11,059	14.78%	
Income \$50,000 - \$74,999	15,986	24.18%	15,489	21.30%	15,252	20.38%	
Income \$75,000 - \$99,999	6,603	9.99%	9,574	13.16%	10,513	14.05%	
Income \$100,000 - \$124,999	2,590	3.92%	5,719	7.86%	7,059	9.43%	
Income \$125,000 - \$149,999	1,140	1.72%	3,152	4.33%	4,415	5.90%	
Income \$150,000 - \$199,999	1,108	1.68%	2,341	3.22%	3,565	4.76%	
Income \$200,000 - \$249,999	524	0.79%	907	1.25%	1,518	2.03%	
Income \$250,000 - \$499,999	439	0.66%	823	1.13%	1,197	1.60%	
Income \$500,000 or more	165	0.25%	274	0.38%	481	0.64%	
Average Household Income	\$54,730		\$67,001		\$77,129		
Median Household Income	\$44,723		\$53,086		\$60,787		

Owner-Occupied Housing Units by Value*							
Total Owner-Occupied Housing Units	47,794		51,135			52,726	
Value Less than \$20,000	2,497	5.23%	2,419	4.73%	2,315	4.39%	
Value \$20,000 - \$39,999	2,164	4.53%	1,531	2.99%	1,311	2.49%	
Value \$40,000 - \$59,999	4,104	8.59%	1,693	3.31%	1,633	3.10%	
Value \$60,000 - \$79,999	7,435	15.56%	3,179	6.22%	2,620	4.97%	
Value \$80,000 - \$99,999	9,837	20.59%	4,886	9.56%	3,691	7.00%	
Value \$100,000 - \$149,999	12,821	26.84%	14,512	28.38%	13,510	25.62%	
Value \$150,000 - \$199,999	4,799	10.05%	10,306	20.15%	11,218	21.28%	

Value \$200,000 - \$299,999	2,747	5.75%	7,562	14.79%	9,572	18.15%
Value \$300,000 - \$399,999	646	1.35%	2,677	5.24%	3,418	6.48%
Value \$400,000 - \$499,999	313	0.66%	1,359	2.66%	1,764	3.35%
Value \$500,000 - \$749,999	227	0.48%	636	1.24%	1,110	2.11%
Value \$750,000 - \$999,999	75	0.16%	237	0.46%	334	0.63%
Value \$1,000,000 or more	129	0.27%	138	0.27%	230	0.44%

Description	Elkhart County (County)					
	2000* / 2010**		2017			
	Census	%	Estimate	%	Projection	%
Median All Owner-Occupied Housing Unit Value	\$95,649		\$140,861		\$155,718	

Group Quarters by Population Type**						
Group Quarters Population	3,804		3,768		3,739	
Correctional Institutions	1,298	34.12%	1,294	34.34%	1,289	34.47%
Nursing Homes	1,345	35.36%	1,325	35.16%	1,310	35.04%
Other Institutions	68	1.79%	68	1.80%	68	1.82%
College Dormitories	407	10.70%	402	10.67%	399	10.67%
Military Quarters	0	0.00%	0	0.00%	0	0.00%
Other Noninstitutional Quarters	594	15.62%	588	15.61%	583	15.59%

Occupied Housing Units by Tenure						
Owner-Occupied	49,193		51,135		52,726	
Renter-Occupied	21,051		21,599		22,112	

Description	Elkhart County (County)					
	2000* / 2010**		2017			
	Census	%	Estimate	%	Projection	%
Pop-Facts Housing Totals						
Households by Tenure by Age of Householder**						
Total Households	70,244		72,734		74,838	
Owner-Occupied	49,193		51,135		52,726	
Householder 55 to 64 Years	10,328	20.99%	11,201	21.90%	11,217	21.27%
Householder 65 to 74 Years	6,591	13.40%	8,531	16.68%	9,869	18.72%
Householder 75 to 84 Years	4,022	8.18%	4,364	8.53%	5,078	9.63%
Householder 85 and over	1,406	2.86%	1,464	2.86%	1,479	2.81%
Renter-Occupied	21,051		21,599		22,112	
Householder 55 to 64 Years	2,348	11.15%	2,599	12.03%	2,670	12.07%
Householder 65 to 74 Years	1,209	5.74%	1,538	7.12%	1,792	8.10%
Householder 75 to 84 Years	1,021	4.85%	1,132	5.24%	1,252	5.66%
Householder 85 and over	875	4.16%	1,003	4.64%	996	4.50%

Map



APPENDIX E

CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this “**Agreement**”) dated as of October __, 2017, between HELLENIC SENIOR LIVING OF ELKHART, LLC, an Indiana limited liability company (the “**Borrower**”) and U.S. BANK NATIONAL ASSOCIATION, as dissemination agent (the “**Dissemination Agent**”) in connection with the issuance by the City of Elkhart, Indiana (the “**Issuer**”) of its \$_____ Multifamily Housing Revenue Bonds (Hellenic Senior Living of Elkhart Project), Series 2017 (the “**Bonds**”).

The Bonds are being issued by the Issuer pursuant to (i) an ordinance duly adopted by the Common Council of the Issuer, and (ii) a Trust Indenture dated as of October 1, 2017 (the “**Indenture**”) between the Issuer and U.S. Bank National Association, as trustee (the “**Trustee**”). The proceeds of the sale of the Bonds will be loaned to the Borrower pursuant to the Loan Agreement dated as of October 1, 2017 (the “**Loan Agreement**”) between the Issuer and the Borrower, for the purpose of providing funds for the payment and reimbursement of certain permitted costs in connection with acquiring, constructing and equipping the Project.

1. **Purpose of the Agreement.** This Agreement is being executed and delivered by the Borrower for the benefit of the beneficial owners of the Bonds (the “**Beneficial Owners**”).

2. **Definitions.** Capitalized terms used but not otherwise defined in this Agreement have the same meanings given them in the Indenture.

3. **Provision of Information by the Borrower.** The Borrower shall submit to the Dissemination Agent all of the following information:

(i) (A) annual audited financial and operating statements as soon practicable after the end of each fiscal year of the Borrower (commencing with the fiscal year ended December 31, 2018), and in any event within 120 days thereafter, copies of an audited consolidated balance sheet of the Borrower at the end of such year, prepared in accordance with generally accepted accounting principles; (B) quarterly unaudited financial and operating statements within 30 days after the end of each quarter (commencing with the quarter ended March 31, 2018); (C) with the quarterly financial statements, a summary comparison of actual to budgeted results with respect to the previous quarter and year-to-date; and (D) with the quarterly and annual financial statements, the occupancy rate for such quarter or year, as the case may be;

(ii) concurrently with the delivery of the unaudited financial and operating statements required pursuant to paragraph (i)(B) above, the Borrower shall provide (1) a management discussion summarizing financial operating results, (2) current calculations of the Debt Service Coverage Ratio (for the preceding 12 months) and Days Cash on Hand (as of the last day of the quarter), (3) quarterly calculations of Days Cash on Hand (as of the last day or the quarter), commencing with the quarter ending December 31, 2020, (4) a breakdown of the amount of Medicaid revenues versus private revenues, and (5) the balance of the Project reserves;

(iii) within 120 days after the end of each of the Borrower’s fiscal years (commencing with the fiscal year ended December 31, 2018), a written statement signed by an Authorized Borrower Representative stating, as to the signer thereof, that (A) a review of the activities of the Borrower during such year and performance under the Borrower Documents has been made under such Representative’s supervision and (B) to the best of the knowledge of such Representative, based on such review, the Borrower has fulfilled all of its obligations under the Borrower Documents throughout such year, or if there has been a default in the fulfillment of any such obligation, specifying each such default known to such Representative and the nature and status thereof;

(iv) notice in writing of the occurrence of any Event of Default under the Loan Agreement or any event which, with the passage of time or service of notice, or both, would constitute an Event of Default under the Loan Agreement or under the Indenture, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto;

(v) not later than the 45th day preceding each fiscal year (beginning with the fiscal year commencing January 1, 2019) of the Borrower, its budget for such fiscal year, which shall include, on a monthly

basis, all Operating Expenses (as defined in the Loan Agreement) and capital expenditures (as determined in accordance with generally accepted accounting principles) to be made with respect to the Project and all payments of principal of and interest and any redemption premium due or payable on the Bonds, together with rents and other income projected to be produced by the Project (such budget may be amended from time to time and such amended budget shall be provided to the Trustee);

(vi) (A) during the construction period, commencing in December 2017, monthly construction reports regarding expenditures relative to the budget for the Project, including explanations for deviations from the budget, which monthly construction report may be satisfied by submitting the construction monitor report and related materials produced pursuant to the Disbursing Agreement, and (B) during the rent-up phase, monthly reports setting forth the waiting lists for the Project and monthly move-ins, as well as then-current occupancy for the Project; and

(vii) such other information with respect to the Project and its results of operations as the Issuer shall from time to time reasonably request.

4. **Provision of Information by the Dissemination Agent.** The Dissemination Agent shall submit to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system (“EMMA”) within 7 Business Days after receipt, all information provided to it under Section 3 above in a word searchable portable document format (PDF), or other applicable document or agreement, accompanied by identifying information as prescribed by the MSRB (a description of such format and information is included in Exhibit A hereto). The Dissemination Agent shall have no duty or obligation to review the contents of any information provided to it under Section 3 hereof nor shall the Dissemination Agent have any obligation to confirm whether or not it has been provided such required information on a timely basis.

5. **Material Events.**

(i) The Borrower shall provide written notice to the Dissemination Agent of the following events within seven (7) business days of the occurrence of such events, if material (which determination of materiality shall be made by the Borrower in accordance with the standards established by federal securities laws), in order to allow the Dissemination Agent to disclose the occurrence of such events in a timely manner, within ten (10) business days of the occurrence of such events, to the MSRB through EMMA, or as otherwise prescribed by the MSRB:

- (a) nonpayment related defaults;
- (b) modifications to rights of Bondholders;
- (c) bond calls;
- (d) release, substitution or sale of property securing repayment of the Bonds;
- (e) the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the obligated person, or entry into or termination of a definitive agreement relating to the foregoing; and
- (f) appointment of a successor or additional trustee or the change of name of a trustee.

(ii) The Borrower shall provide written notice to the Dissemination Agent of the following events within seven (7) business days of the occurrence of such events, in order to allow the Dissemination Agent, **regardless of materiality**, to disclose the occurrence of such events in a timely manner, within ten (10) business days of the occurrence of such events, to the MSRB through EMMA, or as otherwise prescribed by the MSRB:

- (a) principal and interest payment delinquencies;
- (b) unscheduled draws on debt service reserves reflecting financial difficulties;
- (c) unscheduled draws on credit enhancements reflecting financial difficulties;
- (d) substitution of credit or liquidity providers, or their failure to perform;
- (e) defeasances;
- (f) rating changes;
- (g) adverse tax opinions or other material events affecting the tax exempt status of the Bonds; the issuance by the Internal Revenue Service of proposed or final

determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities;

- (h) tender offers; and
- (i) bankruptcy, insolvency, receivership or similar event of the obligated person.

(iii) The Dissemination Agent has no duty or obligation to confirm whether or not it has been provided such required information on a timely basis.

6. **Termination of Reporting Obligation.** The obligations under this Agreement will terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

7. **Additional Information.** Nothing in this Agreement shall be deemed to prevent the Borrower from disseminating any other information using the means of dissemination set forth in this Agreement or any other means of communication in addition to that which is required by this Agreement.

8. **Periodic Investor Calls.** The Borrower agrees to be available for periodic conference calls with the Beneficial Owners to discuss the information provided above and to discuss the general status of the Project.

9. **Beneficiaries.** This Agreement shall inure solely to the benefit of the Beneficial Owners and shall create no rights in any other person or entity.

10. **Dissemination Agent.** The Borrower may discharge the Dissemination Agent, with or without appointing a successor dissemination agent. The Dissemination Agent shall have no obligation to disclose information about the Bonds except as expressly provided herein. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Borrower, apart from the relationship created hereby shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as, may be provided by written notice from the Borrower. The Borrower shall indemnify and hold harmless the Dissemination Agent and its respective officers, directors, employees and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorney fees) which such indemnified party may incur by reason of or in connection with the Dissemination Agent's performance under this Agreement; provided that the Borrower shall not be required to indemnify the Dissemination Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of the Dissemination Agent in such disclosure of information hereunder. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. Nothing in this Agreement shall be construed to require the Dissemination Agent to interpret or provide an opinion concerning any information made public. If the Dissemination Agent receives a request for an interpretation or opinion, the Dissemination Agent may refer such request to the Borrower for response. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Borrower, the Bondholder or any other party.

11. **Notices.** Any notices or communications to the Dissemination Agent shall be given as follows:

U.S. Bank National Association
10 W. Market Street, Suite 1150
Indianapolis, IN 46204
Attn: Corporate Trust Services

The Dissemination Agent may, by written notice to the Borrower, c/o Hellenic Senior Living – Elkhart MM, Inc., at 10706 Sky Prairie Street, Fishers, Indiana 46038, Attn: Todd Jensen, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

HELLENIC SENIOR LIVING OF ELKHART, LLC,
an Indiana limited liability company

By: Hellenic Senior Living - Elkhart MM, Inc.,
an Indiana corporation, its Managing Member

By: _____
Arthur N. Poly, CEO and President

U.S. BANK NATIONAL ASSOCIATION, as
Dissemination Agent

By: _____
[NAME], [TITLE]

EXHIBIT A

MSRB Procedures for Submission of Continuing Disclosure Documents and Related Information

Securities and Exchange Commission Release No. 34-59061 (the “Release”) approves an MSRB rule change establishing a continuing disclosure service of the MSRB’s Electronic Municipal Market Access system (“EMMA”). The rule change establishes, as a component of EMMA, the continuing disclosure service for the receipt of, and for making available to the public, continuing disclosure documents and related information to be submitted by issuers, obligated persons and their agents pursuant to continuing disclosure undertakings entered into consistent with Rule 15c2-12 (“Rule 15c2-12”) under the Securities Exchange Act of 1934. The following discussion summarizes procedures for filing continuing disclosure documents and related information with the MSRB as described in the Release.

All continuing disclosure documents and related information is to be submitted to the MSRB, free of charge, through an Internet-based electronic submitter interface or electronic computer-to-computer data connection, at the election of the submitter. The submitter is to provide, at the time of submission, information necessary to accurately identify: (i) the category of information being provided; (ii) the period covered by any annual financial information, financial statements or other financial information and operating data; (iii) the issues or specific securities to which such document is related or otherwise material (including CUSIP number, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate); (iv) the name of any obligated person other than the issuer; (v) the name and date of the document; and (vi) contact information for the submitter.

Submissions to the MSRB are to be made in a portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. If the submitted file is a reproduction of the original document, the submitted file must maintain the graphical and textual integrity of the original document. In addition, such PDF files must be word-searchable (that is, allowing the user to search for specific terms used within the document through a search or find function), provided that diagrams, images and other non-textual elements will not be required to be word-searchable.

All submissions to the MSRB’s continuing disclosure service are to be made through password protected accounts on EMMA by (i) issuers, which may submit any documents with respect to their municipal securities; (ii) obligated persons, which may submit any documents with respect to any municipal securities for which they are obligated; and (iii) agents, designated by issuers and obligated persons to submit documents and information on their behalf. Such designated agents are required to register to obtain password-protected accounts on EMMA in order to make submissions on behalf of the designating issuers or obligating persons. Any party identified in a continuing disclosure undertaking as a dissemination agent or other party responsible for disseminating continuing disclosure documents on behalf of an issuer or obligated person will be permitted to act as a designated agent for such issuer or obligated person, without a designation being made by the issuer or obligated person as described above, if such party certifies through the EMMA on-line account management utility that it is authorized to disseminate continuing disclosure documents on behalf of the issuer or obligated person under the continuing disclosure undertaking. The issuer or obligated person, through the EMMA on-line account management utility, is able to revoke the authority of such party to act as a designated agent.

The MSRB’s Internet-based electronic submitter interface (EMMA Dataport) is at www.emma.msrb.org.

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