Commitment to Continuing Care Retirement Community Practices

February 1, 2020

It is the goal of _____, Continuing Care Retirement Community ("the Community"), that its management team and staff shall always provide the highest quality of care and services to the residents of our Community. Toward this goal, LeadingAge Washington (LeadingAge) and the Washington Continuing Care Residents' Association (WACCRA) have jointly developed a series of practices for CCRCs in the State of Washington, which both organizations endorse. Accordingly, the Community, through the duly authorized signature of its Chief Executive Officer or Executive Director below, agrees to implement and adhere to the following practices developed by LeadingAge Washington and WACCRA.

A) Disclosure of Actuarial Information

If a community obtains an actuarial study after January 1, 2021, the following information should be provided to the Resident Association Financial Committee or equivalent resident selected group. Actuarial studies obtained for the exclusive purpose of future development and repositioning are excluded; however, once a pending decision is made to proceed forward with a future development and repositioning project, the Resident Council Financial Committee, or equivalent resident selected group, shall be provided the below information once the Community determines confidentiality is no longer necessary and such information can be released.

The Resident Association Financial Committee, or equivalent resident selected group, will be notified when the Actuarial Study has been received by management and a schedule for disclosure of the following information will be determined.

The Resident Association Financial Committee, or equivalent resident selected group, will be provided the following financial information, to the extent it is included in the actuarial study:

1. Actuarial funded status on date of the study
2. Average new entrant pricing surplus on date of the study
3. Assumed future occupancy rate for Independent Living. Projected mix of contracts for new entrants (non-refundable, 50% refundable, 80% refundable, etc., single/two person, etc.)
4. Operating expenses in the first year of the actuarial projection compared to actual operating expenses in the prior year
5. a) Increases in operating expenses and monthly fees over the projection period
   b) Increases in entrance fees over the projection period
   c) Increases in Health Center per diem rates over the projection period

6. Projected annual capital expenditures in the actuarial report
7. Management's summary of the actuary's opinion
8. Management's summary, if one is prepared, of the actuarial report

In addition to the items above from the actuarial study, the Community will:

1. Provide the number of residents who qualified for benevolence assistance, as defined by the community, and the total dollar amount of benevolence assistance provided in the prior year.
2. Describe whether the various health facilities (each of Assisted Living, Skilled Nursing and Memory Care) have sufficient capacity to meet the projected needs of existing and future residents over the projection period.

B) <u>Entrance Fee Refunds</u>

Repayment of resident Entrance Fees shall become due and payable in accordance with Residency Agreements. Except as provided, effective January 1, 2021 and thereafter, the entrance fee repayment date shall not exceed more than 24 months from the date of cancellation of the resident's Residency Agreement, as defined by their Residency Agreement. Exceptions to the 24 month entrance fee repayment period are the following:

1. A new separately incorporated organization, whether part of an obligated group or established as unrelated legal entity, has up to 7 years to stabilize before the 24 month entrance fee refund period begins to run. The 7 year stabilization time period and the subsequent 24 month refund window will begin to run from the date the certificate of occupancy is issued to the new community. The extended time period to repay entrance fees applies to residency agreements entered into for the new entity but it does not extend to other existing organizations included in an obligated group. An additional exception to this extension to repay entrance fees is the 90% occupancy provision described below.
2. An expansion (defined as a 10% or 20 unit increase in the number of Independent Living units, whichever is less) of the same legal entity extends the obligation to refund entrance fees by up to 5 years for newly developed independent living units and only as the repayment of entrance fees pertain to new residency agreements entered into as part of the expanded CCRC. The 5 year stabilization period begins immediately following the date on which the certificate of occupancy is issued for the expanded CCRC. The 24 month entrance fee refund period will then apply immediately following the close of the 5 year stabilization period. An additional exception to this extension to repay entrance fees is the 90% occupancy provision described below.
3. If the occupancy in the total inventory of independent living units of the Continuing Care Retirement Community is less than 90% within 60 days prior to the date on which the entrance fee repayment obligation is incurred, the community may delay

repayment of an entrance fee until the independent living units reach or exceed 60 consecutive days at the 90% occupancy threshold.

Management will provide a summary of refund performance that includes at least the total number of refunds during the reporting year and the shortest time, longest time and average time of the refunds during the reporting year. Management and the Resident Council will mutually agree on the date the Resident Council receives the report and thereafter the Resident Council will receive the report on that date.

Upon request, the resident that vacated the CCRC and/or the heir of the resident shall be provided a list of currently available apartments that are being marketed.

C) Resident Involvement in the Decision-Making

Residents of CCRCs seek an opportunity to learn about and have an opportunity to provide feedback regarding significant decisions affecting the residents' health, welfare, and financial security in material ways. At the same time, residents acknowledge that management retains its decision-making authority as provided in the residency agreement, applicable law and all other management responsibilities needed to carry out the organization's mission.

WACCRA recognizes that some decisions must be made quickly; others must be made with respect to confidentiality such as matters pertaining to employee wages and benefits, hiring and termination of employees or other proprietary market positioning strategies. It is not the intent of WACCRA that management be hindered in its ability to achieve organizational goals. Instead that intent is to create guidelines that foster understanding and collaboration. Major changes in procedures or services, policy decisions, and major financial decisions including investment policy decisions made by the community are examples of when residents will be informed of pending decisions, in advance and offered an opportunity to provide comments.

Most, if not all, CCRCs in the state of Washington have a Residents Council. As used here, the term "Resident Council" means the formal resident organization in place at each CCRC, regardless of the name. Fostering a spirit of understanding and collaboration requires an effective working relationship between the Executive Director, the Resident Council President, and the entire Resident Council. It is expected that the Executive Director and Resident Council President will meet regularly.

WACCRA does not expect management to seek input from all residents, but to use the Resident Council, or any of its formal committees or ad hoc committees to communicate the desire of the residents. Residents are encouraged to use the formalized structure at each community to offer their feedback, opinions, concerns, or praise regarding the operation of the community.

When the Resident Council is participating and considering a recommendation on a pending decision, the Resident Council shall:

- receive a briefing from management,
- be informed of the research that has been done and the context for the proposed solutions,
- be afforded an opportunity to offer feedback on proposed alternatives,
- be given the timeframe necessary for completion,
- make a recommendation to the Executive Director, or their designee, prior to a final decision being made, and
- the Executive Director, or their designee, presents the final decision to resident council with the rationale for the decision to explain how the Resident Council's recommendation was evaluated.

Working together, WACCRA and LeadingAge believe that following these steps will foster an environment of respect, collaboration, and community.

D) Resident Access to This Agreement

A copy of this agreement will be available to residents at the same location where other Management documents are available.

ACCOUNTABILITY and CONSEQUENCES – NON-COMPLIANCE PROCEDURE

Community Issue

When an issue relating to non-compliance affects a part or all of the community, the Resident Council President will work with the Executive Director of the facility to develop an acceptable resolution.

If no resolution is reached, the Resident Council President will submit a report of the situation to LeadingAge and to WACCRA, with a copy to the Community's Executive Director.

LeadingAge and WACCRA Roles

LeadingAge and WACCRA agree to inform each other when either one receives a non-compliance report.

When LeadingAge and WACCRA both have the non-compliance report:

- The President of WACCRA will gather information.
- The CEO of LeadingAge will gather information.

- The WACCRA President and LeadingAge CEO will share their findings and jointly develop options for resolution.

LeadingAge and WACCRA Leadership Roles

LeadingAge designates and WACCRA Leadership will meet at least annually to review performance/complaints related to the Commitments made by the CCRCs and any actions taken in response to or resolution of complaints.

_____ _____

Authorized Signature Date

_____

Printed Name & Title

_____

Community Name