MORAVIAN MANOR
COMMUNITIES
A Unitas Communities® Affiliate

Disclosure Statement

December 2025

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

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SUMMARY
DISCLOSURE STATEMENT

1. Name and Address of Facility:
   Moravian Manor Communities
   300 West Lemon Street
   Lititz, PA 17543

2. Name and Address of Licensed Provider
   Moravian Manors, Inc.
   300 West Lemon Street
   Lititz, PA 17543

3. Contact for Admissions
   Nicole Michael
   Director of Sales & Marketing
   Moravian Manor Communities
   544 West 6th Street
   Lititz, PA 17543
   (717) 626-0214

4. Description of Property:

   Moravian Manor Communities, Founders Campus, is located in the rural setting of Lititz Borough on 22.5 acres of land provided by the Lititz Moravian Church. Skilled nursing, assisted living and personal care are housed in the main building, as well as 35 Residential Living apartments (Garden Court apartments) that are attached to the core building. Moravian Manor Communities' Founders Campus also includes 12, two-story townhomes (Hendricks Place), 16, one-story cottages (Moravian Avenue Cottages), and four, two-story apartment buildings (Manor Greene) totaling 26 apartments. A chapel/multi-purpose room is centrally located and is available for community and private functions.

   Moravian Manor Communities' Warwick Woodlands Campus is operating under our licensure as a Continuing Care Retirement Community (CCRC). The 72-acre site includes one hundred and seventy-two (172) carriage homes and townhomes as well as fifty-four (54) apartments (The Woods apartments). All cottages, carriage homes and townhomes were reserved under an entrance fee contract. All apartments were reserved under entrance fee or rental contracts.

5. Minimum age requirement for admission for the cottages, apartments, carriage homes and townhomes is 58.

6. Moravian Manor Communities is affiliated with the Eastern District, Northern Province of the Moravian Church in North America. The Provincial Office is located at 1021 Center Street, Bethlehem, PA 18018.

7. Effective November 1, 2023, Moravian Manor Communities is controlled by its parent entity, Unitas Communities, a Pennsylvania not-for-profit corporation. Unitas Communities is the sole member of Moravian Manor Communities and is exempt from the payment of federal income tax under Internal Revenue Code Section 501(c)(3). Unitas Communities is also the sole member of Morningstar Senior Living. As such, Moravian Manor Communities and Morningstar Senior Living are considered affiliated entities under their shared parent entity.

8. Current resident population as of 12/31/24: 612 (492 – apartment/cottage/carriage homes/townhomes) and (81 – nursing, 11 - personal care, and 28 - assisted living).

9. Sample one-bedroom apartment rate: Entrance Fee – 0% Refund Plan is $158,400; 25% Refund Plan is $190,000; 50% Refund Plan is $221,000. Monthly Service Fee is $1,637 (see Attachment 1 for a complete listing of rates for all residence options.)

10. Sample two-bedroom apartment rate: Entrance Fee – 0% Refund Plan is $230,000; 25% Refund Plan is $276,000; 50% Refund Plan is $322,000. Monthly Service Fee is $1,637. (See Attachment 1 for a complete listing of rates for all living options.

Moravian Manors, Inc.

Pro Forma Statement of Operations

For the Year Ended

December 31, 2026

Resident Revenue		
Nursing Care	$	16,817,000
Assisted Living/Personal Care		4,611,000
Founder's Campus Monthly Fees		2,518,000
Warwick Woodlands Monthly Fees		7,029,000
Medicare Part B		584,000
Other Operating Revenue		1,087,000
Net assets released from restrictions		750,000
Total resident revenue before contractual allowances		33,396,000
Medicare and Medicaid Contractual Allowances		(2,775,000)
Total Resident Revenue		30,621,000
Resident Expenses		
Nursing Services		9,205,000
Assisted Living/Personal Care		1,987,000
Administration		3,300,000
Marketing and Sales		463,000
Dining Services		4,450,000
Housekeeping		1,456,000
Laundry		327,000
Transportation		216,000
Activities and Community Life		1,044,000
Resident Services		455,000
Plant Operation and Maintenance		5,938,000
Total Resident Expenses		28,841,000
Net Resident Revenue		1,780,000

Interest expense and non-cash items	
Amortization of Entrance Fees	6,700,000
Depreciation	(4,783,000)
Amortization-Bond Issue Costs	(90,000)
Interest Expense	(2,311,000)
Operating gain	1,296,000
Net non-operating revenue	
Investment Income - General	632,000
Investment Income-Debt Service Reserves	56,000
Investment management fees	(79,000)
Net realized gains (losses)	-
Net unrealized gains (losses)	632,000
Gain or loss on sale of asset	-
Grants and contributions	125,000
Total net non-operating revenue	1,366,000
Increase in unrestricted net assets	2,662,000
Net assets with donor restrictions	
Grants and contributions	125,000
Investment Income - General	298,000
Investment management fees	(37,000)
Net realized gains (losses)	-
Net unrealized gains (losses)	298,000
Net assets released from restriction	(750,000)
Decline in net assets with restrictions	(66,000)
Increase in Net Assets	$ 2,596,000

DISCLOSURE STATEMENT
(As set forth in Section 7, PA Act 82)

1. Moravian Manors, Inc. is a non-profit Pennsylvania corporation. The mailing address is:

   Moravian Manor Communities
   300 West Lemon Street
   Lititz, PA 17543

2. Board of Directors:

   The following people, all of whom meet the definition of Section 7(a) (2) of the Act, comprise the Board of Directors of Moravian Manor Communities
   - J. David Swartley, 86 Spencer Avenue, Lancaster, PA 17603
   - Rick Jackson, 124 Fieldcrest Lane, Ephrata, PA 17522
   - Christopher Hunt, 136 Blackstone Drive, Wind Gap, PA 18091
   - Cynthia Meier, 537 E. Woods Drive, Lititz, PA 17543
   - Robert Newell, 523 W. 6th Street, Lititz, PA 17543
   - Lois Leister *Advisory, non-voting, 103 Moravian Avenue, Lititz, PA 17543

3. Information concerning individuals named in items:
   1. A description of the business experience of such persons, if any, in the operation or management of facilities similar to Moravian Manor Communities: None

   2. Name and address of any entity in which such person has a 10% or greater interest and which it is presently intended will or may provide goods, leases or services to the facility of a value of $500 or more within any year: None

   3. Description of any matters in which such a person has been convicted of a felony or civil action, is subject to an injunctive or restrictive order of a court of record or had any State or Federal license or permit suspended or revoked within the past five (5) years: None

4. The purpose of Moravian Manor Communities is to carry out, on behalf of the Eastern District, Northern Province of the Moravian Church in America, the purposes set forth in the Articles of Incorporation as a nonprofit organization. Moravian Manor Communities is governed by a Board of Directors consisting of no less than five(5) nor more than seven (7) persons.

1. The Board of Directors of Moravian Manor Communities and in some instances, the Board of Directors of Unitas Communities are responsible for the financial and contractual obligations of the Facility.

2. Moravian Manor Communities is exempt from the payment of federal income tax under Section 501(c) (3) of the Internal Revenue Code.

3. The address of Moravian Manor Communities is 300 West Lemon Street, Lititz, PA 17543. The address of the Moravian Manor Communities Sales Office is 544 West 6th Street, Lititz, PA 17543.

5. List of Services
   Included in Contract:

   General Services:
   - Use of living unit
   - Furnishing, which specifically include floor coverings, washer, dryer, refrigerator, dishwasher, water heater, water softener, microwave, and stove
   - Trash removal
   - Use of common areas including lounges, library, lobbies, social and recreational rooms, and other facilities
   - Maintenance and repair service to exterior and common areas of building, maintenance repair, or replacement of, floor covering, and major appliances, reasonable services for care of lawns, shrubbery, and sidewalks, snow removal, garage and trash removal
   - Housecleaning of common areas, yearly cleaning of exterior windows and $100 toward carpet cleaning upon request
   - Minor Wellness Center services
   - Full-time Chaplain service, vesper services, and Bible study
   - Courtesy shuttle transportation between campuses to local grocery store
   - Social Services counseling
   - 24-hour emergency maintenance service
   - Night security service
   - 24-hour resident alert system
   - Parking space (underground parking for Garden Court and Woods apartments)
   - Limited check cashing
   - Real Estate taxes
   - Annual membership to Lititz recCenter

Included for Manor Greene Apartments:

- Declining meal balance of $125/month/residence
- Gas & Electric
- Water & Sewer

Included for Carriage Homes:

- Declining meal balance of $125/month/residence

Included for Woods Apartments:

- Declining meal balance of $125/month/residence
- Utilities (Gas, electric, Senior TV)
- Water and Sewer
- Storage cage

Included for Garden Court Apartments:

- Declining meal balance of $275/month/person
- Bi-weekly housekeeping
- All utilities except phone, cable, and internet
- Water and Sewer
- Storage cage

Available at Extra Cost:

- Meals in any of the available dining venues above what's provided as per the meal plan outlined in the signed Residential Living Agreement
- Meal delivery
- Beauty and barber shop services
- Telephone service
- Cable TV service
- Non-emergency Wellness Center services
- Podiatry services
- Therapy services
- Dental services
- Laboratory services
- Gift shop
- Garage parking (applicable to GCA Agreements predating 2012) or for residents who want a 2nd space in the parking garage
- Transportation to medical appointments
- Housekeeping services (does not apply to GCA as housekeeping services are included in this Agreement)
- Community Life opportunities such as museums, trips and other excursions

6. Fees charged to residents are set forth in the attached exhibits (Attachment 1 and 2). Monthly service fees under normal circumstances are adjusted annually with thirty a (30) day notice. Fees for services not included in the basic Agreement may be adjusted from time to time as the cost of providing services changes due to external factors. Under ordinary circumstances, these adjustments are announced on December 1 and take effect January 1.

7. A table of rate history for cottages, carriage homes, townhomes, and apartments for the past five (5) years is as follows:

Cottages

	Monthly Service Fee	Increase Amount
2021	$1,385.00	$ 44.00
2022	$1,443.00	$ 58.00
2023	$1,540.00	$ 97.00
2024	$1,605.00	$ 65.00
2025	$1,665.00	$ 60.00

Manor Greene Apartments

	Monthly Service Fee	Increase Amount
2021	$1,218.00	$ 37.00
2022	$1,269.00	$ 51.00
2023	$1,353.00	$ 84.00
2024	$1,410.00	$ 57.00
2025	$1,637.00	$227.00

Garden Court Apartments

	Monthly Service Fee	Increase Amount
2021	$1,766.00 - $2,679.00	$ 60.00 - $ 76.00
2022	$1,846.00 - $2,780.00	$ 80.00 - $101.00
2023	$1,980.00 - $2,950.00	$134.00 -$170.00
2024	$2,069.00 – $3,063.00	$ 89.00 – $113.00
2025	$2,152.00 - $3,168.00	$ 83.00 - $105.00

Hendricks Place Townhomes

	Monthly Service Fee	Increase Amount
2021	$2,004.00	$ 64.00
2022	$2,090.00	$ 86.00
2023	$2,034.00	$144.00
2024	$2,330.00	$ 96.00
2025	$2,419.00	$ 89.00

Carriage Homes / Townhomes

	Monthly Service Fee	Increase Amount
2021	$1,811.00 - $2,484.00	$ 61.00 - $ 84.00
2022	$1,889.00 - $2,596.00	$ 82.00 - $112.00
2023	$2,030.00 - $2,784.00	$137.00 - $188.00
2024	$2,121.00 - $2,909.00	$ 91.00 - $125.00
2025	$2,206.00 - $3,025.00	$ 85.00 - $116.00

Woods Apartments

	Monthly Service Fee	Increase Amount
2021	$1,383.00 - $2,152.00	$ 47.00 - $ 73.00
2022	$1,445.00 - $2,249.00	$ 62.00 - $ 97.00
2023	$1,550.00 - $2,212.00	$105.00 - $163.00
2024	$1,620.00 - $2,521.00	$ 70.00 - $109.00
2025	$1,685.00 - $2,622.00	$ 65.00 - $101.00

The monthly service fee paid by Residential Living residents includes a proportionate share of property taxes.

8. Moravian Manor Communities has insurance department reserves of **$3,127,765** , which meets the minimum liquid reserve calculations. Fulton Bank is the custodian of these funds. Investment decisions are made by the Moravian Manor Communities Board of Trustees.

9. Financial Statements – Certified financial statements of Moravian Manor Communities, including:

    a) A balance sheet as of the end of the two most recent fiscal years;
    b) Income statements for the two most recent fiscal years are available upon request at the Reception Desk or in the Executive Office.

Statement of Material Differences
Year Ended December 31, 2025

In 2025, Moravian Manor Communities' (MMC's) increase in net assets was $7.4 million of which $6.5 million was from unrestricted activities. This increase included $6.6 million of revenue from the amortization of entrance fees which was $282 thousand over budget. Realized investment gains in 2025 were $862 thousand. Net unrealized gains from both our investments and our interest rate swap contracts were $243 thousand combined. Unrestricted contribution revenue for 2025 was $4.3 million which included $3.8 million of refunds under the Employee Retention Credit provision of the American Rescue Plan Act. In addition, MMC benefitted $1.1 million this year from its annual release endowment funds. MMC's releases from its named (donor restricted) endowment funds an amount equal to all the lost revenue from benevolent care provided to residents and 20% of reduced revenue from providing services in nursing care under the Pennsylvania medical assistance program. In 2025, the costs of benevolent care and the reduction in revenue because of providing services in nursing care under the Pennsylvania medical assistance program were approximately $2.0 million. Our resident services revenue excluding the amortization of entrance fees mentioned above was $28.7 million. This revenue resulted from strong occupancy in the nursing home, reflecting an increase in private pay residents and a decline in residents receiving benefits from the Pennsylvania medical assistance program, as well as continued strong occupancy in residential living on the Founder's Campus and at Warwick Woodlands. Revenue from Assisted Living and Personal Care continues to be lower than anticipated due to lower than expected occupancy. Expenses, excluding depreciation and interest, were $28.2 million and reflect higher labor and related costs and higher than anticipated nursing agency costs. Nursing agency costs were approximately $540 thousand greater than budget. We continue to use nursing agencies to fill open positions in both nursing care and personal care/assisted living.

In 2025, MMC benefitted again from the continued generosity of our donors and is deeply grateful for their contributions which totaled $1.4 million throughout the past year. The unwavering support of our donors plays a pivotal role in advancing our mission and making a positive impact on the lives of our residents. We are blessed to have dedicated individuals who contribute regularly toward our mission of enriching the journey of aging for those we serve. Whether giving financially or donating time, every gift makes a difference in the life of our community. We are grateful for your continued support, generosity, and compassion as we strive to continue to serve our residents with quality, meaningful interactions.

In 2023, MMC affiliated with Morningstar Senior Living, Inc. (MSL), another Moravian Church sponsored life plan community located in Nazareth, Pennsylvania. The affiliation resulted in

the formation of Unitas Communities which serves as the parent company for both organizations. This affiliation was officially approved on November 1, 2023. The affiliation provides us with the opportunity to share our knowledge and centralize certain administrative functions. MMC continues to focus on our core services but share continued excitement in our journey with MSL as Unitas Communities.

While MMC and MSL continue to operate separate organizations or, Obligated Groups, the financial statements shown herein are the consolidated balance sheets and results of operations for Unitas Communities with supplemental combining financial information for both organizations separately.

STATEMENT RE RESIDENT'S AGREEMENT

Part VIII, Section 151.8 (f) (2) and (3) of Title 31 states:

(2): "A copy of the current Resident's Agreement shall be attached to each disclosure statement given to a prospective resident, unless the individual previously received a disclosure statement with a Resident's Agreement attached thereto, and the Resident's Agreement has not been amended subsequent to that time."

Current Resident's Agreement Sample is attached.

(3): "A copy of the current Resident's Agreement does not need to be given to current residents."

Moravian Manor Communities
300 West Lemon Street
Lititz, PA 17543

Attachment 1
Residential Living Fees and Charges

Cottages & Townhomes

MORAVIAN AVENUE COTTAGES		ENTRANCE FEE PLANS			MONTHLY FEES
Cottage Style	Description	Traditional	25% Refund	50% Refund	Per Home
Cottage 1,400 sq. ft.	2 BR / 1.5 BA	$340,100	$408,100	$476,100	$1,665
Deluxe Cottage 1,756 sq. ft.	3 BR / 1.5 BA	$355,000	$426,000	$497,000	$1,665

HENDRICKS PLACE TOWNHOMES		ENTRANCE FEE PLANS			MONTHLY FEES
Townhome Style	Description	Traditional	25% Refund	50% Refund	Per Home
Models A, B, C 2,609 – 2,833 sq. ft.	3 BR / Den / 3 BA	$463,700	$556,400	$649,200	$2,419
Model C (middle unit) 2,726 sq. ft.	3 BR / Den / 3 BA	$440,700	$528,800	$616,900	$2,419

Monthly Service Fee includes:

- Real Estate taxes
- Trash removal
- 24-hour resident alert system
- 24-hour emergency maintenance
- 24-hour security
- Building & grounds maintenance
- Annual Lititz recCenter membership
- Use of amenities
- Dining Dollars – $125/home *(Balance does not carry over from month to month. A 50% credit will be applied if resident is away for the entire month starting day 1.)*

Additional Charges:

See related page for details

Resident Responsibility:

- Electric
- Gas (fireplace & heat)
- Water/Sewer (including storm water management fee)
- Phone, Cable & Internet
- Housekeeping
- Ambulance membership
- Elevator inspection and maintenance (if applicable)

Entrance Fee Descriptions:

All plans are amortized over a 50-month period

- Traditional – 2% per month
- 25% Refund – 1.5% per month
- 50% Refund – 1% per month

Rates effective January 1, 2025 and subject to change upon 30-day notice

Garden Court Apartments

GARDEN COURT APARTMENTS		ENTRANCE FEE PLANS			MONTHLY FEE*		
Apartment Style	Description	Traditional	25% Refund	50% Refund	Per Home		
1 Bedroom 790 sq. ft.	1 BR / 1 BA	$188,400	$226,100	$263,800	$2,152		
Classic 1,020-1,100 sq. ft.	2 BR / 2 BA	$236,100	$283,400	$330,600	$2,525		
Select 1,070-1,225 sq. ft.	2 BR / 2 BA	$250,900	$301,100	$351,300	$2,549		
Premier 1,260–1,510 sq. ft.	2 BR / 2 BA	$267,200	$320,700	$374,100	$2,615		
Deluxe 1,605 sq. ft.	2 BR / Den & 2 BA	$309,600	$371,500	$433,400	$2,733		

** Additional Monthly Service Fee of $435.00 for second occupant*

Monthly Service Fee includes:

- Utilities (except phone, cable, internet)
- Real Estate taxes
- Trash removal
- Water/Sewer
- 24-hour resident alert system
- 24-hour emergency maintenance
- 24-hour security
- Building & grounds maintenance
- Annual Lititz recCenter membership
- Use of amenities
- Bi-weekly housekeeping
- Meal plan *($275/month per resident. Balance does not carry over from month to month. A credit of $9.00 per day will be given when resident is away for 10 or more consecutive days (starting on day 11).*

Additional Charges:

See related page for details

Resident Responsibility:

- Phone, Cable & Internet
- Ambulance membership

Entrance Fee Descriptions:

All plans (except Rental) are amortized over a 50-month period

- Traditional – 2% per month
- 25% Refund – 1.5% per month
- 50% Refund – 1% per month

Rental Plan:

One-time non-refundable Community Fee

Rates effective January 1, 2025 and subject to change upon 30-day notice

Manor Greene Apartments

MANOR GREENE APARTMENTS		ENTRANCE FEE PLANS			MONTHLY FEE		
Apartment Style	Description	Traditional	25% Refund	50% Refund	Per Home		
1 Bedroom 900 sq. ft.	1 BR / 1.5 BA	$158,400	$190,000	$221,700	$1,637		
2 Bedroom 1,200 sq. ft.	2 BR / 1.5 BA	$230,000	$276,000	$322,000	$1,637		

Monthly Service Fee includes:

- Real Estate taxes
- Gas & Electric
- Trash removal
- Water/Sewer
- 24-hour resident alert system
- 24-hour emergency maintenance
- 24-hour security
- Building & grounds maintenance
- Annual Lititz recCenter Membership
- Use of amenities
- Dining Dollars – $125/home *(Balance does not carry over from month to month. A 50% credit will be applied if resident is away for the entire month starting day 1.)*

Additional Charges:

See related page for details

Resident Responsibility:

- Phone, Cable & Internet
- Housekeeping
- Carport – $25/month (upon availability)
- Ambulance membership

Entrance Fee Descriptions:

All plans (except Rental) are amortized over a 50-month period

- Traditional – 2% per month
- 25% Refund – 1.5% per month
- 50% Refund – 1% per month

Rental Plan:

One-time non-refundable Community Fee

Rates effective January 1, 2025 and subject to change upon 30-day notice

Carriage Homes & Townhomes

CARRIAGE HOMES & TOWNHOMES		ENTRANCE FEE PLANS			MONTHLY FEES
Style	Description	Traditional	25% Refund	50% Refund	Per Home
Bonfield..... 1,772 sq. ft.	2 BR / 2 BA	$388,100	$465,700	$543,400	$2,206
Forester/Alley ..... 1,955 sq. ft.	2 BR / 2 BA	$417,700	$501,200	$584,800	$2,420
Forester/Street ... 1,908 sq. ft.	2 BR / 2 BA	$417,700	$501,200	$584,800	$2,420
Saxony..... 1,945 sq. ft.	2 BR / 2 BA	$417,700	$501,200	$584,800	$2,420
Springs ..... 2,198 sq. ft.	2 BR / Den / 2 BA	$441,200	$529,400	$617,600	$2,547
Sturgis..... 2,114 sq. ft.	2 BR / Den / 2 BA	$441,200	$529,400	$617,600	$2,547
Klein..... 2,771 sq. ft.	3 BR / Loft / 3 BA	$486,500	$583,800	$681,200	$2,817
Lexington ..... 2,854 sq. ft.	3 BR / Loft / 3 BA	$486,500	$583,800	$681,200	$2,817
Woodridge ..... 3,049 sq. ft.	4 BR / 3.5 BA	$491,600	$590,000	$688,300	$3,025
Wilbur..... 3,280 sq. ft.	4 BR / 3.5 BA	$566,600	$679,900	$793,300	$3,025

Monthly Service Fee includes:

- Real Estate taxes
- Trash removal
- 24-hour resident alert system
- 24-hour emergency maintenance
- 24-hour security
- Building & grounds maintenance
- Annual Lititz recCenter membership
- Use of amenities
- Dining Dollars – $125/home *(Balance does not carry over from month to month. A 50% credit will be applied if resident is away for the entire month starting day 1.)*

Additional Charges:

See back for details

Resident Responsibility:

- Electric
- Gas (fireplace & heat)
- Water/Sewer (including storm water management fee)
- Phone, Cable & Internet
- Housekeeping
- Ambulance membership
- Elevator inspection and maintenance

Entrance Fee Descriptions:

All plans are amortized over a 50-month period

- Traditional – 2% per month
- 25% Refund – 1.5% per month
- 50% Refund – 1% per month

Rates effective January 1, 2025 and subject to change upon 30-day notice

The Woods Apartments

THE WOODS APARTMENTS		ENTRANCE FEE PLANS			MONTHLY FEE		
Style	Description	Traditional	25% Refund	50% Refund	Per Home		
Alden 1,040 sq. ft.	1 BR & 1.5 BA	$232,100	$278,500	$324,900	$1,685		
Bomberger 1,222 sq. ft.	1 BR / Den & 1.5 BA	$288,200	$345,800	$403,400	$2,111		
Clair 1,397 sq. ft.	2 BR & 2 BA	$326,400	$391,700	$457,000	$2,307		
Steinman 1,575 sq. ft.	1 BR / Den & 1.5 BA	$347,800	$417,400	$486,900	$2,390		
Linden 1,592 sq. ft.	2 BR / Den & 2.5 BA	$364,700	$437,600	$510,500	$2,425		
Zinzendorf 1,782 sq. ft.	2 BR & 2.5 BA	$374,300	$449,200	$524,100	$2,586		
Tait 1 ,944 sq. ft.	2 BR & 2 BA	$385,600	$462,700	$539,800	$2,622		

Monthly Service Fee includes:

- Utilities (except phone & internet)
- Real Estate taxes
- Cable/Senior TV
- Trash removal
- 24-hour resident alert system
- 24-hour emergency maintenance
- 24-hour security
- Building & grounds maintenance
- Annual Lititz recCenter membership
- Use of amenities
- Dining Dollars – $125/home *(Balance does not carry over from month to month. A 50% credit will be applied if resident is away for the entire month starting day 1.)*

Additional Charges:

See related page for details

Resident Responsibility:

- Phone & Internet
- Housekeeping
- Ambulance membership

Entrance Fee Descriptions:

All plans (except Rental) are amortized over a 50-month period

- Traditional – 2% per month
- 25% Refund – 1.5% per month
- 50% Refund – 1% per month

Rental Plan:

One-time non-refundable Community Fee

Rates effective January 1, 2025 and subject to change upon 30-day notice

Moravian Manor Communities
300 West Lemon Street
Lititz, PA 17543

Attachment 2
Residential Living Additional Charges

Additional Charges

Barber/Styling Salon	Current price list posted in styling salon
Telephone: ***The Woods Apartments only***	Bulk Package – 25 MB high speed internet ($35/month) & 1 Basic Residential Phone line ($15/month)
Medical Transport	Zone 1 – $10 (0-5 miles round trip) Zone 2 – $20 (6-10 miles round trip) Zone 3 – $30 (11-15 miles round trip) Zone 4 – $44 (16-25 miles round trip) Mileage – $1.50 for each mile over 25 miles Companion Fee – $45 per appointment Cancellation Fee – $25 (less than 24-hour notice)
Non-Medical Transport	Prices vary based on services requested
Maintenance Service	$20/quarter hour plus supplies for repair of personal belongings
Emergency Call Pendant	$255 replacement fee (must be returned upon discharge)
Technology Charge	$120/hour plus supplies (billed in 1/2 hour increments)
Transfer Fee	Fee charged when transferring from one residential living accommodation to another. Contact Sales & Marketing for details (not applicable to Assisted Living, Personal Care, or Skilled Nursing)
Garage Rentals	Additional parking space $100/month
Homes with a Deck	$5,000
Wellness Center	Appointment must be scheduled. Additional charges may apply if deemed necessary.
Keys/Fobs	Replacement Fob: $20 each Additional Fob: $25 each (criminal background check required) Additional Key: $15 each
Item Disposal Fee	$100 standard fee (price may be adjusted based on number of items requested to be disposed of – submit a work order for pricing)

Rates effective January 1, 2025 and subject to change upon 30-day notice

MORAVIAN MANOR
COMMUNITIES

Residential Living Sales Center

WARWICK WOODLANDS CAMPUS
544 W. 6th Street | Lititz, PA 17543 | 717-625-6151 | info@moravianmanor.org
Open M–F, 8:00 AM – 4:30 PM
moravianmanorcommunities.org

EQUAL HOUSING OPPORTUNITY
TOBACCO FREE

Moravian Manor Communities
300 West Lemon Street
Lititz, PA 17543

Attachment 3
Awareness and Qualification Letter

Baker Tilly US, LLP
1650 Market St, Ste 4500
Philadelphia, PA 19103-7341

T: +1 (215) 972 0701
F: +1 (888) 264 9617

bakertilly.com

Mr. Michael Humphreys
Insurance Commissioner
Commonwealth of Pennsylvania
Insurance Department
Strawberry Square
Harrisburg, Pennsylvania 17120

Dear Commissioner Humphreys:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated financial statements of Unitas Communities, Inc. and Controlled Entities (the Corporation) for the year ended December 31, 2025, and have issued our report thereon dated April 30, 2026. In connection therewith, we advise you as follows:

a. We are independent certified public accountants with respect to the Corporation and conform to the standards of the accounting profession as contained in the Code of Professional Conduct and pronouncements of the American Institute of Certified Public Accountants, and the Rules of Professional Conduct of the Pennsylvania Board of Public Accountancy.

b. The engagement Partner, who is a certified public accountant, has over 18 years of experience in public accounting and is experienced in auditing continuing care retirement communities. Members of the engagement team, most of whom have had experience in auditing continuing care retirement communities and some of whom are certified public accountants, were assigned to perform tasks commensurate with their training and experience.

c. We understand that the Corporation intends to file its audited consolidated financial statements and our report thereon with the Commonwealth of Pennsylvania Insurance Department (the “Insurance Department”) and that the Commonwealth of Pennsylvania Acting Insurance Commissioner (the “Insurance Commissioner”) will be relying on that information in monitoring and regulating the financial condition of the Corporation.

d. While we understand that an objective of issuing a report on the consolidated financial statements is to satisfy regulatory requirements, our audit was not planned or conducted to satisfy all objectives or responsibilities of insurance regulators. In this context, the Corporation and the Insurance Commissioner should understand that the objectives of an audit of financial statements in accordance with auditing standards generally accepted in the United States of America is to form an opinion as to whether the consolidated financial statements, which are the responsibility and representations of management, present fairly, in all material respects, the financial position, results of operations, changes in net assets, and cash flows in conformity with accounting principles generally accepted in the United States of America. Consequently, under generally accepted auditing standards, we have the responsibility, within the inherent limitations of the auditing process, to design our audit to obtain reasonable assurance that errors and fraud that have a material effect on the financial statements will be detected, and to exercise due care in the conduct of the audit. The concept of selective testing of the data being audited, which involves judgment both as to the number of transactions to be audited and as to the areas to be tested, has been generally accepted as a valid and sufficient basis for an auditor to express an opinion on the financial statements. Thus, our audit, based on the concept of selective testing, is subject to the inherent risk that material errors or fraud, if they exist, would not be detected. In addition, an audit does not address the possibility that material errors or fraud may occur in the future. Also, our use of professional judgment and the assessment of materiality for the purpose of our audit means that matters may have existed that would have been assessed differently by you.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

e. It is the responsibility of the management of the Corporation to adopt sound accounting policies, to maintain an adequate and effective system of accounts, and to establish and maintain internal control that will, among other things, provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America.

f. The Insurance Commissioner should exercise due diligence to obtain whatever other information that may be necessary for the purpose of monitoring and regulating the financial position of continuing care retirement communities and should not rely solely upon the independent auditors' report.

g. We will retain the audit documentation prepared in the conduct of our audit until the Insurance Department has filed a Report of Examination covering 2025, but no longer than seven years. After notification to the Corporation, we will make the audit documentation available for review by the Insurance Department at the offices of the Corporation, at our offices, at the Insurance Department, or at any other reasonable place designated by the Insurance Commissioner. Furthermore, in the conduct of the aforementioned periodic review by the Insurance Department, photocopies of pertinent audit documentation may be made (under the control of the accountant) and such copies may be retained by the Insurance Department.

h. The engagement Partner has served in that capacity with respect to the Corporation since 2021, is licensed by the Pennsylvania Board of Public Accountancy, and is a member in good standing of the American Institute of Certified Public Accountants.

i. To the best of our knowledge and belief, we are in compliance with the requirements of Section 7 of the NAIC's Model Rule (Regulation) Requiring Annual Audited Financial Reports regarding qualifications of independent certified public accountants.

This letter is intended solely for the information and use of the finance committee, Board of Directors, and management of the Corporation, and the Insurance Department, and is not intended to be and should not be used by anyone other than these specified parties.

Baker Tilly US, LLP

Philadelphia, Pennsylvania
April 30, 2026

Moravian Manor Communities
300 West Lemon Street
Lititz, PA 17543

Attachment 4
Issued Financial Statement

Unitas Communities, Inc. and Controlled Entities

Consolidated Financial Statements
and Supplementary Information

December 31, 2025 and 2024

Unitas Communities, Inc. and Controlled Entities

Table of Contents
December 31, 2025 and 2024

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Independent Auditors' Report

To the Board of Directors of
Unitas Communities, Inc. and Controlled Entities

Opinion

We have audited the consolidated financial statements of Unitas Communities, Inc. and Controlled Entities (the Corporation), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as of December 31, 2025 and 2024, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

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

Baker Tilly US, LLP

Philadelphia, Pennsylvania
April 30, 2026

Unitas Communities, Inc. and Controlled Entities

Consolidated Balance Sheets
December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	$ 8,388,904	$ 6,403,201
Investments and assets whose use is limited	53,395,390	45,534,710
Statutory minimum liquid reserve	7,217,073	7,029,439
Accounts receivable, net	3,368,550	3,848,348
Prepaid expenses and deposits	1,930,372	1,969,502
Property and equipment, net	251,827,312	246,921,731
Interest rate swaps	563,419	1,463,048
Total assets	$ 326,691,020	$ 313,169,979
Liabilities and Net Assets		
Liabilities		
Accounts payable:		
Operations	$ 1,008,938	$ 1,744,197
Construction	1,098,796	1,498,471
Accrued expenses	5,910,427	4,711,339
Short-term debt	3,970,000	3,500,000
Refundable advance	1,790,992	-
Long-term debt	135,203,349	139,925,902
Refundable entrance fees and deposits	27,771,363	31,481,399
Deferred revenues from entrance fees	100,194,245	93,472,171
Total liabilities	276,948,110	276,333,479
Net Assets		
Without donor restriction	40,022,664	28,040,826
With donor restriction	9,720,246	8,795,674
Total net assets	49,742,910	36,836,500
Total liabilities and net assets	$ 326,691,020	$ 313,169,979

See notes to consolidated financial statements

Unitas Communities, Inc. and Controlled Entities

Consolidated Statements of Operations
Years Ended December 31, 2025 and 2024

	2025	2024
Revenues Without Donor Restrictions		
Net resident service revenues	$ 58,748,941	$ 56,134,674
Amortization of nonrefundable entrance fees	12,630,502	13,456,654
Contributions	936,768	2,527,930
Interest and dividends, net of expenses	1,366,690	1,395,716
Gain on sale of property and equipment	159,984	-
Net assets released from restrictions, operations	1,439,251	1,166,112
Total revenues without donor restrictions	75,282,136	74,681,086
Expenses		
Healthcare	22,406,404	21,954,116
Residential living	376,269	287,786
Dining services	9,095,913	8,783,255
Housekeeping and laundry	2,847,292	2,745,870
Community life	1,689,772	1,707,361
Resident support services	382,915	697,125
Plant operations	11,371,911	9,849,825
General administration	7,094,186	6,921,517
Marketing and community relations	1,109,086	898,091
Depreciation	11,956,100	11,043,702
Interest	5,402,786	5,896,977
Total expenses	73,732,634	70,785,625
Operating income	1,549,502	3,895,461
Other Income (Loss)		
Change in fair value of interest rate swaps	(899,629)	588,247
Employee Retention Credit revenue	7,299,296	-
Net realized gains on investments	1,443,406	903,314
Change in net unrealized gains and losses on investments	2,589,263	874,788
Revenues in excess of expenses and change in net assets without donor restrictions	$ 11,981,838	$ 6,261,810

See notes to consolidated financial statements

Unitas Communities, Inc. and Controlled Entities

Consolidated Statement of Changes in Net Assets
Years Ended December 31, 2025 and 2024

	2025	2024
Net Assets Without Donor Restrictions		
Revenues in excess of expenses	$ 11,981,838	$ 6,261,810
Change in net assets without donor restrictions	11,981,838	6,261,810
Net Assets With Donor Restrictions		
Contributions	1,110,024	603,378
Interest and dividends, net of expenses	194,404	231,100
Net realized gains on investments	494,849	458,285
Change in net unrealized gains and losses on investments	564,546	235,544
Net assets released from restrictions, operations	(1,439,251)	(1,195,081)
Change in net assets with donor restrictions	924,572	333,226
Change in net assets	12,906,410	6,595,036
Net Assets, Beginning	36,836,500	30,241,464
Net Assets, Ending	$ 49,742,910	$ 36,836,500

See notes to consolidated financial statements

Unitas Communities, Inc. and Controlled Entities

Consolidated Statement of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Change in net assets	$ 12,906,410	$ 6,595,036
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for credit losses	298,864	117,376
Amortization of nonrefundable entrance fees	(12,630,502)	(13,456,654)
Proceeds from entrance fees, existing units, net	11,395,375	8,221,184
Depreciation	11,956,100	11,043,702
Amortization of deferred financing costs	286,874	296,494
Amortization of bond premium	(202,346)	(202,346)
Gain on sale of property and equipment	(159,984)	-
Change in net unrealized gains and losses on investments	(3,153,809)	(1,110,332)
Net realized gains on investments	(1,938,255)	(1,361,599)
Change in value of interest rate swaps	899,629	(588,246)
Changes in assets and liabilities:		
Accounts receivable	180,934	115,012
Prepaid expenses and deposits	39,130	(191,439)
Accounts payable and accrued expenses	463,829	(401,630)
Refundable advance	1,790,992	-
Net cash provided by operating activities	22,133,241	9,076,558
Cash Flows From Investing Activities		
Purchases of property and equipment	(17,446,584)	(13,758,280)
Proceeds on sale of property and equipment	345,212	-
Net (purchases) sales of investments, assets whose use is limited and statutory minimum liquid reserve	(4,783,961)	2,199,452
Net cash used in investing activities	(21,885,333)	(11,558,828)
Cash Flows From Financing Activities		
Payment of deferred financing costs	-	(25,764)
Payments on long-term debt	(6,092,736)	(5,567,890)
Proceeds from long-term debt	1,285,655	4,575,137
Proceeds (repayments) from short-term debt, net	470,000	(1,750,000)
Proceeds from entrance fees, new units	7,184,472	8,097,117
Proceeds from refundable entrance fees, existing units	560,936	2,821,527
Refunds of entrance fees	(3,498,243)	(1,151,540)
Net cash (used in) provided by financing activities	(89,916)	6,998,587
Net change in cash and cash equivalents	157,992	4,516,317
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	20,383,940	15,867,623
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 20,541,932	$ 20,383,940

See notes to consolidated financial statements

Unitas Communities, Inc. and Controlled Entities

Consolidated Statement of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents		
Cash and cash equivalents	$ 8,388,904	$ 6,403,201
Assets whose use is limited:		
Resident entrance fee deposits	5,944,032	7,824,132
Trustee held funds	6,208,996	6,156,607
Total cash, cash equivalents and restricted cash and cash equivalents	$ 20,541,932	$ 20,383,940
Supplementary Disclosure of Cash Flow Information		
Cash paid for interest, excluding interest capitalized	$ 5,439,638	$ 5,817,464
Supplementary Disclosure of Noncash Investing and Financing Activities		
Obligations incurred for purchase of property and equipment	$ 1,098,796	$ 1,498,471

See notes to consolidated financial statements

1. Nature of Operations and Principles of Consolidation

Unitas Communities (Unitas), a Pennsylvania not-for-profit corporation, serves as the parent organization for Moravian Manors, Inc. (Moravian) and Morningstar Senior Living, Inc. (Morningstar).

Morningstar Senior Living, Inc. is incorporated as a not-for-profit corporation under the laws of the Commonwealth of Pennsylvania and is sponsored by the Eastern District of the Moravian Church. The Community provides residential, personal care and nursing care services for residents under continuing care agreements and operates under a Certificate of Authority from the Pennsylvania Insurance Department. The following are wholly owned subsidiaries of Morningstar:

Morningstar Senior Solutions, Inc. (MSS) is incorporated as a not-for-profit corporation under the laws of the Commonwealth of Pennsylvania and operates a community support and home care business.

Morningstar Senior Living Foundation (the Foundation) is incorporated as a not-for-profit corporation under the laws of the Commonwealth of Pennsylvania and operates exclusively for the support and benefit of the Community and MSS.

Moravian provides housing, health care and other related services to residents through the operation of a continuing care retirement facility consisting of independent living units, (apartments, cottages, townhomes and carriage homes) personal care, assisted living and nursing facilities located in Lititz, Pennsylvania.

The consolidated financial statements include the accounts of the above listed entities (collectively, the Corporation). All significant intercorporate transactions and balances have been eliminated.

2. Summary of Significant Accounting Policies

Use of Estimates

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

Cash, Cash Equivalents and Restricted Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash, cash equivalents and restricted cash and cash equivalents include investments purchased with an initial maturity of three months or less.

Accounts Receivable

The Corporation assesses collectability on all resident accounts prior to providing services. An allowance for credit losses is recognized to reduce accounts receivable to its net realizable value for impairment of revenues for changes in resident credit worthiness. The allowance is estimated by management during a periodic review of individual accounts and based on factors such as aging of the accounts receivable and anticipated collection of the consideration.

Accounts are written off through credit loss expense when the Corporation has exhausted all collection efforts and accounts are deemed impaired. The allowance for credit losses was approximately $320,000 and $446,000 at December 31, 2025 and 2024, respectively. Accounts receivable was approximately $3,873,000 at December 31, 2023.

Investments and Assets Whose Use is Limited and Investment Risk

Investments are reported at fair value in the consolidated balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are earned on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

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

Investments include investments without donor restrictions and assets whose use is limited. Investments without donor restrictions represent assets that are available for the general use and purposes of the Corporation. Assets whose use is limited include amounts held in trust to meet debt reserve requirements, resident escrows, amounts restricted by donors and the statutory minimum liquid reserve as defined in accordance with Commonwealth of Pennsylvania's Continuing Care Provider Registration and Disclosure Act (Act 82).

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line half year convention method over the estimated useful lives of the depreciable assets, which approximates the straight-line method in accordance with GAAP. Interest incurred on borrowed funds during the period of construction is capitalized as a component of the cost of acquiring those assets. The amount of interest capitalized was approximately $1,078,000 and $1,194,000 in 2025 and 2024, respectively.

Property and equipment are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If the expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets. No such losses were recognized during 2025 or 2024.

Deferred Financing Costs

Costs incurred in connection with the issuance of long-term debt have been deferred and are being expensed on a straight-line basis over the terms of the related debt, which approximates amortization expensed under the effective interest method. These costs are reported on the accompanying consolidated balance sheets as a direct reduction of long-term debt. Amortization expense related to deferred financing costs was approximately $287,000 in 2025 and $296,000 in 2024 and is included in interest expense in the accompanying consolidated statements of operations.

Residential Living Apartment Entrance Fees and Refunds

Morningstar: Entrance fees are payments received in advance from residents upon entering into either a lifecare, modified lifecare, or fee-for-service continuing care agreement (residency agreement). Entrance fees paid under residency agreements may be nonrefundable after 50 months (amortized at 2% per month) or 75% guaranteed refundable. Entrance fees paid by residents under a life care residency agreement include a one-time nonrefundable healthcare fee, this fee is the resident's contribution to future nursing care.

Moravian: Entrance fees are payments received in advance from residents upon entering into a fee-for-service residency agreement. Entrance fees paid under residency agreements may be nonrefundable after 50 months (amortized at 2% per month), 25% guaranteed refundable after 50 months (amortized at 1.5% per month), or 50% guaranteed refundable after 50 months (amortized at 1% per month). Entrance fees paid under previously offered residency agreements may be 60% guaranteed refundable after 20 months (amortized at 2% per month), 90% guaranteed refundable after five months (amortized at 2% per month) or nonrefundable after 50 months (amortized at 2% per month) with a monthly lease fee fixed at the time of the agreement and a monthly service fee that is adjusted annually, neither of which are refundable. Additionally, Moravian rents apartments under agreements that do not give residents access to the continuum of care.

The Corporation held approximately $25,899,000 and $27,849,000 of refundable entrance fees and $1,872,000 and $3,632,000 of refundable entrance fee deposits at December 31, 2025 and 2024, respectively. Refundable entrance fees and deposits are not amortized into revenue and amounted and will be returned upon death or withdrawal for any reason, after resale of the vacated unit or no later than a period of one year from the date of death or withdrawal.

The Corporation recognizes revenue from nonrefundable entrance fee using the straight-line method over the annually adjusted estimated remaining life expectancies of residents which approximates the period of time the goods and services under the agreements are expected to be transferred to residents. The unamortized portion is classified as deferred revenues from entrance fees in the consolidated balance sheets. Amortization of nonrefundable entrance fees was approximately $12,631,000 and $13,457,000 in 2025 and 2024, respectively.

At December 31, 2025 and 2024, the gross amounts of entrance fees subject to contractual refund provisions under existing contracts were approximately $57,451,277 and $52,341,000, respectively.

Obligation to Provide Future Services

The Corporation engages an actuary to periodically calculate the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenues from entrance fees. If the present value of the net cost of future services and the use of facilities exceeds deferred revenues from entrance fees, an additional liability is recorded. As a result of the calculation, the present value of the net cost of future services and the use of facilities did not exceed deferred revenues from entrance fees; accordingly, no additional liability were recorded at December 31, 2025 or 2024.

Derivative Financial Instrument

The Corporation has entered into multiple interest rate swap agreements, which are considered derivative financial instruments to manage its interest rate risk on its long-term debt. The interest rate swap agreements are reported at fair value in the consolidated balance sheets and related changes in fair value are reported in the consolidated statements of operations as a change in fair value of interest rate swaps.

Net Assets

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

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. All revenues not restricted by donors and donor-restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that may be met either by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Benevolent Care

The Corporation provides care to residents who meet certain criteria without charge or at amounts less than its established rates. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenues. The level of benevolent care provided by the Corporation, which represents the difference between the estimated cost of providing care and the payments received for services rendered, was approximately $567,000 and $417,000 in 2025 and 2024, respectively.

Net Resident Service Revenues

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

Net resident service revenues are primarily comprised of skilled nursing, personal care, assisted living, independent living and other resident service streams, which are primarily derived from providing housing, skilled nursing, personal care and other resident services to residents at a stated daily or monthly fee, net of any explicit or implicit price concessions. The Corporation has determined that the services included in the stated daily or monthly fee for each level of care represents a series of distinct services that have the same timing and pattern of transfer. Therefore, the Corporation considers the services provided to residents in each level of care to be one performance obligation which is satisfied over time as services are provided. As such, skilled nursing, personal care, independent living and other resident services are recognized on a daily or month-to-month basis as services are rendered.

The Corporation receives revenue for services under third-party payor programs, including Medicare, Medical Assistance and other third-party payors. Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. The Corporation estimates the transaction price based on the terms of the contract and correspondence with the third-party payor and historical payment trends, and retroactive adjustments are recognized in future periods as final settlements are determined.

Contract Assets and Liabilities

Contract assets represent the Corporation's right to consideration in exchange for goods or services that the Corporation has transferred to a resident when that right is conditioned on something other than the passage of time (for example, Corporation's future performance). Contract liabilities represent Corporation's obligation to transfer goods or services to a resident for which Corporation has received consideration (or the amount is due) from the resident. The Corporation has no contract assets.

The Corporation's ending contract liabilities are separately presented on the consolidated balance sheets as of December 31, 2025 and 2024. Contract liabilities as of December 31, 2023 are as follows:

Deferred revenue from entrance fees	$ 90,781,023

Income Taxes

Unitas Communities, Inc. and its Controlled Entities are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC. Unitas has applied for recognition as an organization exempt from federal income taxes Section 501(a) of the IRC, the application is still pending as of the date of the report.

Measure of Operations

The Corporation's operating income includes all operating revenues and expenses that are an integral part of its program and supporting activities. Nonoperating activities are limited to activities considered to be more unusual and nonrecurring in nature.

Performance Indicator

The consolidated statements of operations include a performance indicated labeled revenues in excess of expenses. Items excluded from the performance indicator are net assets released from restrictions for purchase of property and equipment and contributions of long-lived assets (including assets acquired using contributions which by donor restrictions were to be used for the purposes of acquiring such assets).

Reclassifications

Certain reclassifications have been made to prior year's consolidated financial statements amounts to conform with the current year's presentation. These reclassifications had no impact on the previously reported change in net assets.

Subsequent Events

The Corporation has evaluated subsequent events through April 30, 2026, which is the date the consolidated financial statements were issued.

3. Net Resident Service Revenues

The Corporation disaggregates revenue from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenues and cash flows as affected by economic factors.

Net resident service revenues consist of the following for the year ended December 31, 2025:

	Skilled Nursing	Personal Care	Independent Living	Homecare Agency and Other	Total
Self-pay	$ 18,254,957	$ 11,762,741	$ 19,244,739	$ 3,201,345	$ 52,463,782
Medicare	2,624,110	-	-	-	2,624,110
Medical Assistance	2,800,652	-	-	-	2,800,652
Commercial and other	860,397	-	-	-	860,397
Subtotal	$ 24,540,116	$ 11,762,741	$ 19,244,739	$ 3,201,345	$ 58,748,941

Net resident service revenues consist of the following for the year ended December 31, 2024:

	Skilled Nursing	Personal Care	Independent Living	Homecare Agency and Other	Total
Self-pay	$ 15,832,291	$ 11,777,475	$ 18,750,295	$ 2,438,173	$ 48,798,234
Medicare	3,120,856	-	-	-	3,120,856
Medical Assistance	2,756,685	-	-	-	2,756,685
Commercial and other	1,458,899	-	-	-	1,458,899
Subtotal	$ 23,168,731	$ 11,777,475	$ 18,750,295	$ 2,438,173	$ 56,134,674

The Corporation has agreements with third-party payors that provide for payments at amounts different from established rates. A summary of the payment arrangements with major third-party payors follows:

Medical Assistance: Nursing services provided to Medical Assistance program beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments.

The Department of Human Services (DHS) in the Commonwealth of Pennsylvania has implemented its mandatory Medical Assistance managed care program, Community HealthChoices (CHC). Under CHC, each Medical Assistance program beneficiary chose a managed care organization (MCO). Nursing services provided to Medical Assistance program beneficiaries are paid by the MCOs at prospectively determined rates per day. These rates will be adjusted quarterly based on a resident classification system that is based on clinical, diagnostic and other factors.

Medicare: Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates are according to a resident classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments. Therapy services provided to Medicare B beneficiaries are paid at the lesser of a published fee schedule or actual charges.

As described above, the Medicare and Medical Assistance rates are based on clinical, diagnostic and other factors. The determination of these rates is partially based on the Corporation's clinical assessment of its residents. The Corporation is required to clinically assess its residents at predetermined time periods throughout the year. The documented assessments are subject to review and adjustment by the Medicare and Medical Assistance program.

Payment terms and conditions for the Corporation's resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Net resident service fee revenues for recurring and routine monthly services are generally billed monthly in advance. Net resident service fee revenues for ancillary services are generally billed monthly in arrears. Additionally, nonrefundable entrance fees are generally billed and collected in advance of move-in. Revenues collected from residents in advance are recognized as deferred revenues from entrance fees until the performance obligations are satisfied and are included in deferred revenues from entrance fees in the accompanying consolidated balance sheets. The Corporation applies the practical expedient in Accounting Standards Codification (ASC) 606, and therefore, does not disclose amounts for remaining performance obligations that have original expected durations of one year or less.

4. Fair Value Measurements, Investments, Assets Whose Use is Limited and Statutory Liquid Reserve

Fair Value Measurements

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

The levels of the fair value hierarchy are as follows:

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

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

Level 3 - Significant unobservable inputs. The Corporation did not have any assets or liabilities measured using Level 3 inputs at December 31 2025 and 2024.

The following table present financial instruments reported at fair value by caption of the consolidated balance sheet at December 31, 2025:

	Total	Level 1	Level 2
Assets:			
Investments and assets whose use is limited and statutory minimum liquid reserve:			
Equity securities:			
Domestic stocks	$ 23,231,202	$ 23,231,202	$ -
International stocks	1,825,275	1,825,275	-
Mutual funds	1,578,965	1,578,965	-
Exchange traded funds	3,804,882	3,804,882	-
Fixed income securities:			
Corporate bonds	603,389	-	603,389
U.S. Treasuries	4,646,778	-	4,646,778
Mutual funds	4,163,214	4,163,214	-
Exchange traded funds	3,916,061	3,916,061	-
Total investments, assets whose use is limited and statutory minimum liquid reserve	$ 43,769,766	$ 38,519,599	$ 5,250,167
Interest rate swaps	$ 563,419	$ -	$ 563,419

The following table present financial instruments reported at fair value by caption of the consolidated balance sheet at December 31, 2024:

	Total	Level 1	Level 2
Assets:			
Investments and assets whose use is limited and statutory minimum liquid reserve:			
Equity securities:			
Domestic stocks	$ 18,736,119	$ 18,736,119	$ -
International stocks	1,344,754	1,344,754	-
Mutual funds	2,530,095	2,530,095	-
Exchange traded funds	2,649,092	2,649,092	-
Fixed income securities:			
Corporate bonds	861,092	-	861,092
U.S. Treasuries	4,137,638	-	4,137,638
Mutual funds	3,725,082	3,725,082	-
Exchange traded funds	1,502,178	1,502,178	-
Total investments, assets whose use is limited and statutory minimum liquid reserve	$ 35,486,050	$ 30,487,320	$ 4,998,730
Interest rate swaps	$ 1,463,048	$ -	$ 1,463,048

Investments, assets whose use is limited and statutory minimum liquid reserve are presented together in the table above as there are various investment and cash accounts that are allocated between the investments and assets whose use is limited lines on the consolidated balance sheets.

The following table reconciles the investments and assets whose use is limited and statutory minimum liquid reserve to the consolidated balance sheets at December 31:

	2025	2024
Investments, assets whose use is limited and statutory minimum liquid reserve reported at fair values in the tables above	$ 43,769,766	$ 35,486,050
Cash and cash equivalents included in investments and assets whose use is limited and statutory minimum liquid reserve	16,642,697	16,878,099
Captive insurance program at cost	200,000	200,000
Total investments, assets whose use is limited and statutory minimum liquid reserve	$ 60,612,463	$ 52,564,149

A summary of investments, assets whose use is limited and statutory minimum liquid reserve by investment portfolio at December 31, 2025 is as follows:

	Morningstar	Moravian	Total
General investments	$ 22,725,938	$ 15,813,251	$ 38,539,189
Resident escrows	5,933,972	10,060	5,944,032
Trustee held funds:			
Debt service reserve fund	4,377,697	1,295,883	5,673,580
Debt service and other	318,382	217,034	535,416
Captive insurance program and other	100,000	100,000	200,000
Donor restricted funds	1,411,366	8,308,880	9,720,246
Total	34,867,355	25,745,108	60,612,463
Less statutory minimum liquid reserve	4,089,308	3,127,765	7,217,073
Total	$ 30,778,047	$ 22,617,343	$ 53,395,390

A summary of investments, assets whose use is limited and statutory minimum liquid reserve by investment portfolio at December 31, 2024 is as follows:

	Morningstar	Moravian	Total
General investments	$ 16,200,914	$ 13,251,359	$ 29,452,273
Resident escrows	7,814,072	10,060	7,824,132
Trustee held funds:			
Debt service reserve fund	4,210,543	1,450,755	5,661,298
Debt service and other	318,913	176,396	495,309
Captive insurance program and other	100,000	235,463	335,463
Donor restricted funds	1,362,354	7,433,320	8,795,674
Total	30,006,796	22,557,353	52,564,149
Less statutory minimum liquid reserve	3,923,129	3,106,310	7,029,439
Total	$ 26,083,667	$ 19,451,043	$ 45,534,710

Valuation Methodologies

Investments, assets whose use is limited and statutory minimum liquid reserve are valued at fair value based on quoted market prices in active markets for stocks, mutual and exchange-traded funds, and are estimated using quoted prices for the same or similar securities for corporate bonds and U.S. Treasuries.

The Corporation measures its interest rate swap agreement at fair value using information provided by the counterparty to the agreements. The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the derivative financial instrument. The method used to determine the fair value calculates the estimated future payments required by the derivative financial instrument and discounts these payments using an appropriate discount rate. The value represents the estimated exit price the Corporation would be paid to terminate the agreement.

Statutory Minimum Liquid Reserve

In compliance with Section 9 of the Act 82, the Board of Directors designated a portion of Board-designated assets "reserved" to meet the requirements of Act 82. The total amount designated was $7,217,073 at December 31, 2025 and was calculated as follows:

	Morningstar	Moravian
The Community's budgeted operating expenses for the year ended December 31, 2026	$ 38,892,727	$ 36,025,322
Less budgeted depreciation	(6,082,580)	(4,742,087)
Expenses subject to minimum liquid reserve requirement	32,810,147	31,283,235
Percentage of residents subject to entrance fee agreements at December 31, 2025	83 %	64 %
Subtotal	27,232,422	20,021,270
Statutory requirement	10 %	10 %
Statutory minimum liquid reserve requirement	$ 2,723,242 (a)	$ 2,002,127 (a)
Debt service requirements for the year ended December 31, 2026:		
Principal payments due on long-term debt	$ 1,402,500	$ 2,591,856
Budgeted interest payments on long-term debt	3,524,377	2,295,277
Total debt service	4,926,877	4,887,133
Percentage of residents subject to entrance fee agreements at December 31, 2025	83 %	63 %
Statutory minimum liquid reserve requirement	$ 4,089,308 (b)	$ 3,127,765 (b)
Greater of (a) or (b) above	$ 4,089,308	$ 3,127,765

5. Liquidity and Availability of Resources

Financial assets available for general expenditures within one year of the consolidated balance sheets date consist of the following at December 31:

	2025	2024
Cash and cash equivalents	$ 8,388,904	$ 6,403,201
General investments	38,539,189	29,452,273
Accounts receivable, net	3,368,550	3,848,348
Total	$ 50,296,643	$ 39,703,822

The Corporation has Board-designated assets whose use is limited that are included in the table above. Although the Corporation does not intend to utilize these funds for general expenditure as part of its annual budget and approval process, amounts designated could be made available with Board approval, as necessary.

The Corporation designated a portion of its investments "reserved" to comply with the requirements of Act 82 that are excluded from the table above. Although the Corporation does not intend to utilize the reserves for general expenditures as part of its annual budget and approval process, amounts designated as the reserves could be made available as necessary. The reserves are included in the table above and do not have third-party restrictions or limitations on the withdrawal and subsequent liquidation of such funds.

As part of the Corporation's liquidity management plan, cash in excess of daily requirements are invested in short-term investments and money market funds.

6. Property and Equipment

Property and equipment consists of the following at December 31:

	2025	2024
Land	$ 8,801,669	$ 8,796,669
Land improvements	32,456,891	29,235,223
Buildings and improvements	324,585,873	310,237,864
Fixtures and equipment	22,138,709	20,535,613
Auto and trucks	1,443,495	1,316,253
Total	389,426,637	370,121,622
Accumulated depreciation	(139,357,697)	(127,449,487)
Total	250,068,940	242,672,135
Construction in progress	1,758,372	4,249,596
Property and equipment, net	$ 251,827,312	$ 246,921,731

7. Short-Term Debt

Moravian has a working capital line of credit with Fulton Bank, N.A. in the amount of $6,000,000. The working capital line of credit is payable in interest-only monthly amounts at a variable rate based on Secured Overnight Financing Rate (SOFR) plus 1.95% (5.70% at December 31, 2025). The line of credit is payable on demand. The balance was $3,270,000 and $3,500,000 on the working capital line of credit at December 31, 2025 and 2024, respectively.

Morningstar has a $5,250,000 revolving line of credit with Bank United, N.A. that bears interest at a variable rate based on one-month SOFR plus 2% (5.87% at December 31, 2025). There was a balance of $700,000 outstanding on the line of credit at December 31, 2025. No amounts were outstanding at December 31, 2024. In addition, Morningstar had irrevocable letters of credit of $1,198,074 related to the Corporation's Heritage Village construction project and its captive insurance program reducing the available line of credit, there are no amounts outstanding at December 31, 2025 and 2024 on the letters of credit.

8. Long-Term Debt

Long-term debt at December 31 is summarized below:

	2025	2024
North Lebanon Township Municipal Authority Revenue Notes:		
Series 2015	$ 7,614,400	$ 7,946,800
Series A of 2016	1,174,311	1,716,711
Series B of 2016	850,917	1,261,017
Series C of 2016	3,938,548	4,288,948
Series D of 2016	7,253,268	7,580,868
Series 2017	8,425,216	8,715,016
Series 2021	9,479,200	9,744,400
Lancaster County Hospital Authority Healthcare Facilities Revenue Bonds, Series A and B of 2019	17,305,000	17,305,000
Northampton County Industrial Development Authority Fixed Rate Revenue Bonds, Series 2019	37,600,000	37,600,000
National Finance Authority Private Placement Revenue Bonds, Series 2022	40,590,000	42,879,181
Total	134,230,860	139,037,941
Unamortized original issue premium	3,877,941	4,080,287
Deferred financing costs, net	(2,905,452)	(3,192,326)
Total	$ 135,203,349	$ 139,925,902

Moravian

North Lebanon Township Municipal Authority Revenue Note, Series 2015

In December 2015, the North Lebanon Township Municipal Authority (the Municipal Authority) issued its Revenue Note (Moravian Manors, Inc. Project), Series of 2015 (the Series 2015 Note) in the original principal amount of $10,000,000 on behalf of Moravian. The Series 2015 Note was assigned in favor of Fulton Bank. The Series 2015 Note is payable in varying monthly installments of principal and interest through December 2042. Interest is payable at a variable rate based on 67% of Term SOFR plus 1.41% (3.93% at December 31, 2025).

North Lebanon Township Municipal Authority Revenue Notes, Series 2016

In March 2016, the Municipal Authority issued its Revenue Note (Moravian Manors, Inc. Project), Series A of 2016 (the Series 2016A Note) in the original principal amount of $5,921,811; its Revenue Note (Moravian Manors, Inc. Project), Series B of 2016 (the Series 2016B Note) in the original principal amount of $4,440,117; its Revenue Note (Moravian Manors, Inc. Project), Series C of 2016 (the Series 2016C Note) in the original principal amount of $6,993,148; and its Revenue Note (Moravian Manors, Inc. Project), Series D of 2016 (the Series 2016D Note) in the original principal amount of $9,644,933 (collectively, the Series 2016 Notes) on behalf of Moravian. The Series 2016 Notes were assigned in favor of Fulton Bank.

The Series 2016A Note and Series 2016B Note are payable in varying monthly installments of principal and interest through December 2027. The Series 2016C Note is payable in varying monthly installments of principal and interest through December 2035. The Series 2016D Note is payable in varying monthly installments of principal and through December 2042. Interest on the Series 2016 Notes is payable at a variable rate based on 67% of Term SOFR plus 1.41% (3.93% to 4.01% at December 31, 2025).

North Lebanon Township Municipal Authority Revenue Note, Series 2017

In December 2017, the Municipal Authority issued its Revenue Note (Moravian Manors, Inc. Project), Series of 2017 (the Series 2017 Note) in the original principal amount of $10,000,000 on behalf of Moravian. The Series 2017 Note was assigned in favor of Fulton Bank. The Series 2017 Note is payable in varying monthly installments of principal and interest through December 2044. Interest is payable at a variable rate based on 81% of the sum of Term SOFR plus 2.13% (4.77% at December 31, 2025).

Lancaster County Hospital Authority Healthcare Facilities Revenue Bonds, Series A and B of 2019

In May 2019, the Lancaster County Hospital Authority issued $29,305,000 in revenue bonds in two series (Moravian Manors, Inc. Project). The Series A of the 2019 Bonds consist of $17,305,000 of fixed rate bonds bearing interest rates from 4.00% to 5.00%, payable semi-annually on June 15 and December 15. The Series A of 2019 Bonds mature in varying amounts starting June 2028 through June 2049. The Series B of 2019 Bonds consisted of $12,000,000 of tax-exempt mandatory paydown securities that were paid in full in January 2021. The Series A and B of 2019 Bonds were used to finance a portion of the Warwick Woodlands Project, refinance a portion of the Fulton Bank Promissory Note, pay issuance costs and fund a debt service reserve fund. The Series A and B of 2019 Bonds were issued at a premium which is being amortized over the life of the Series A and B of 2019 Bonds.

North Lebanon Township Municipal Authority Revenue Note, Series 2021

In December 2021, the Municipal Authority issued its Revenue Note (Moravian Manors, Inc. Project), Series of 2021 (the Series 2021 Note) in the original principal amount of $10,000,000 on behalf of Moravian. The Series 2021 Note was assigned in favor of Fulton Bank. The Series 2021 Note is payable in varying monthly installments of principal and interest starting in January 2024 through December 2048; interest only payments are due through January 2024. Interest is payable at a variable rate based on 81% of the sum of Term SOFR plus 2.12% (4.75% at December 31, 2025).

Morningstar

Northampton County Industrial Development Authority Fixed Rate Revenue Bonds, Series 2019

In November 2019, the Northampton County Industrial Development Authority issued $37,600,000 the Series 2019 revenue bonds, on behalf Morningstar. The Series 2019 Bonds bear interest at a fixed rate of 5.00%, payable semi-annually on May 1 and November 1. The Series 2019 Bonds mature in varying amounts beginning November 1, 2039 through November 1, 2049. The Series 2019 Bonds were used to refund the Series 2017 Bonds and terminate the related interest rate swap, finance capital improvements, and to establish a debt service reserve fund for the for and pay the issuance costs of the Series 2019 Bonds. The Series 2019 Bonds were issued at a premium that is being amortized over the life of the Series of 2019 Bonds.

National Finance Authority Private Placement Revenue Bonds, Series 2022

In October 2022, Morningstar closed on a $60,570,000 private placement of tax-exempt bonds (Series 2022 Bonds) consisting of three tranches. The Series A Bonds total $21,130,000 and bear interest at a fixed rate of 4.66%. Principal and interest are payable in varying monthly installments through June 30, 2036. The Series B Bonds total $22,835,000 and bear interest at a variable rate based on 30-day SOFR (4.44% at December 31, 2025), with interest payable monthly. A portion of the Series B Bonds has been effectively fixed through an interest rate swap agreement (see Note 9). Principal payments begin on June 1, 2036, with monthly installments continuing through maturity on June 30, 2052. The Series C Bonds totaled $16,605,000 and were issued as variable-rate draw-down bonds. The draw-down period concluded in May 2025, at which time all outstanding principal and interest were repaid using initial resident entrance fees generated from the related project. Proceeds from the Series 2022 Bonds were used to refund the Series 2012 Bonds, finance the construction, furnishing, and equipping of 40 new independent living residences in Phases 5 and 6 of the Heritage Village Project, finance the renovation, construction, furnishing, and equipping of an expansion of the existing Community Center at Heritage Village and pay costs of issuance.

The Moravian Revenue Notes and the Morningstar Revenue Bonds are each secured pursuant to their respective Master Trust Indentures and security agreements, which grant a first mortgage lien and security interest in substantially all real property and equipment of the applicable obligor. Moravian and Morningstar are each subject to certain financial covenants under the terms of their respective agreements.

Future maturities of long-term debt for the next five years and thereafter are as follows:

Years ending December 31:	
2026	$ 3,994,356
2027	4,304,420
2028	3,830,044
2029	3,996,464
2030	4,159,472
Thereafter	113,946,104
Total	$ 134,230,860

9. Interest Rate Swap Agreements

Moravian

In March 2016, Moravian entered into five individual 10-year interest rate swap agreements (the 2016 Agreements) related to 80% of the 2016 Notes and the 2015 Note. The fixed interest rates on the swaps range from 2.52% to 2.83% and the variable rate is 67% of Term SOFR plus 1.41%.

In December 2017, Moravian entered into a 10-year interest rate swap agreement (the 2017 Agreement) related to 100% of the 2017 Note. The fixed interest rate on the swap is 3.88% and the variable rate is 81% of Term SOFR plus 2.13%.

In May 2022, Moravian entered into a swap agreement (the 2022 Agreement) related to $6,000,000 of the Series 2021 Note for a term effective May 15, 2022 to December 15, 2026. The fixed interest rate on the swap is 4.20% and the variable rate is 81% of SOFR plus 2.12%.

Morningstar

During 2022, Morningstar entered into a swap agreement (the Agreement) with Bank United (the Bank) in connection with the 2022 Series Bonds. The fixed interest rate on the swap is 4.30% on a portion of the outstanding balance of the 2022 Series Bonds and the variable rate is 79% of Term SOFR plus 1.38%.

The monthly payments for the interest rate swap agreements are calculated by multiplying the notional amount of the agreement by the difference between the fixed rate on the swap and the variable rate of the underlying debt. The interest rate swap agreements are not designated as a hedging instrument and thus the change in fair value of interest rate swaps of $(899,629) and $588,247 during the years ended December 31, 2025 and 2024, respectively, are included in revenues in excess of expenses on the consolidated statements of operations. The interest rate swap agreements reduced interest payments by approximately $487,000 and $824,000 in 2025 and 2024, respectively.

The following tables summarize the interest rate swap agreements:

	2025 Notional Amount	Interest Rate	Maturity Date	2025 Fair Value
Moravian:				
Series 2015	$ 5,814,186	2.83 %	12/15/2027	$ 80,530
Series 2016A	939,449	2.52	03/01/2026	2,451
Series 2016B	680,733	2.52	03/01/2026	1,773
Series 2016C	3,150,839	2.60	03/01/2026	7,810
Series 2016D	6,091,520	2.83	12/15/2027	84,473
Series 2017	8,425,216	3.88	12/15/2029	167,811
Series 2021	5,687,520	4.20	12/15/2036	236,044
Morningstar:				
Series 2022	9,500,000	4.30	10/27/2034	(17,473)
				$ 563,419

	2024 Notional Amount	Interest Rate	Maturity Date	2024 Fair Value
Moravian:				
Series 2015	$ 6,076,266	2.83 %	12/15/2027	$ 200,344
Series 2016A	1,373,159	2.52	03/01/2026	21,762
Series 2016B	1,008,813	2.52	03/01/2026	15,883
Series 2016C	3,431,159	2.60	03/01/2026	59,910
Series 2016D	6,357,440	2.83	12/15/2027	210,006
Series 2017	8,715,016	3.88	12/15/2029	399,590
Series 2021	5,846,640	4.20	12/15/2036	365,397
Morningstar:				
Series 2022	9,500,000	4.30	10/27/2034	190,156
				$ 1,463,048

10. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or time restrictions at December 31:

	2025	2024
Purpose restricted or subject to endowment policy to support the following:		
Benevolent care, purpose	$ 4,250,218	$ 4,110,332
Miscellaneous, purpose	852,264	602,623
Benevolent care, endowment	1,200,631	1,351,940
Total purpose restricted or subject to endowment spending policy	6,303,113	6,064,895
Held in perpetuity, the investment income expendable to support the following:		
Benevolent care, endowment	3,062,975	2,578,279
General operations, beneficial interest in trust	354,158	152,500
Total held in perpetuity	3,417,133	2,730,779
Total	$ 9,720,246	$ 8,795,674

11. Retirement Plan

The Corporation sponsors defined contribution retirement plans (the Plans). The Plans' expenses were approximately $557,000 and $512,000 for the years ended December 31, 2025 and 2024, respectively.

12. Expenses by Nature and Function

The consolidated financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Corporation. Costs of these categories were allocated based on estimates of time and effort. The Corporation's expenses for program services and general and administrative and fundraising are as follows for the years ended December 31:

	2025			
	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 25,796,588	$ 3,247,379	$ 112,036	$ 29,156,003
Employee benefits and payroll taxes	8,154,486	354,755	30,498	8,539,739
Food services	3,185,343	-	-	3,185,343
Professional services	2,558,697	667,294	6,331	3,232,322
Repairs and maintenance	1,765,829	507,854	-	2,273,683
Utilities	1,804,863	321,809	-	2,126,672
Supplies	1,425,610	138,433	14,739	1,578,782
Insurance	723,937	2,449	-	726,386
Advertising and marketing	396,724	2,477	110	399,311
Bad debts	313,877	-	-	313,877
Other operating expenses	904,334	1,590,807	97,215	2,592,356
Property taxes	2,216,428	32,846	-	2,249,274
Depreciation	11,767,217	188,883	-	11,956,100
Interest	5,320,624	82,162	-	5,402,786
Total	$ 66,334,557	$ 7,137,148	$ 260,929	$ 73,732,634

	2024			
	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 24,623,739	$ 3,027,834	$ 86,978	$ 27,738,551
Employee benefits and payroll taxes	7,804,701	390,710	34,077	8,229,488
Food services	3,084,564	-	-	3,084,564
Professional services	2,384,788	738,389	423	3,123,600
Repairs and maintenance	1,725,942	512,418	44	2,238,404
Utilities	1,700,344	240,846	-	1,941,190
Supplies	1,741,871	99,197	7,482	1,848,550
Insurance	210,470	372,563	-	583,033
Advertising and marketing	435,382	2,250	1,074	438,706
Bad debts	308,161	-	-	308,161
Other operating expenses	655,237	1,381,194	26,038	2,062,469
Property taxes	2,215,515	32,715	-	2,248,230
Depreciation	10,872,859	170,843	-	11,043,702
Interest	5,808,699	88,278	-	5,896,977
Total	$ 63,572,272	$ 7,057,237	$ 156,116	$ 70,785,625

13. Employee Retention Credit

The Employee Retention Credit (ERC) was established under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and subsequently amended by the Consolidated Appropriations Act (CAA), the American Rescue Plan Act (ARPA), and the Infrastructure Investment and Jobs Act (IIJA). The ERC is a refundable payroll tax credit available to eligible employers for qualified wages paid from March 13, 2020 through September 30, 2021. Morningstar and Moravian each averaged more than 100 but fewer than 500 full-time employees in 2019 and were therefore considered small employers in 2021. Accordingly, all qualified wages were eligible, and the credit equaled 70% of up to $10,000 of qualified wages per employee per calendar quarter.

The Organization applied for the ERC by amending its Forms 941 for the 2021 quarters on September 15, 2021. The Organization accounted for this federal funding in accordance with Financial Accounting Standards Board (FASB) ASC 958-605 for conditional contributions, and accordingly, revenues are measured and recognized when barriers are substantially met. Due to the subjectivity in determining eligibility, management concluded that the recognition criteria were not met as of December 31, 2021; accordingly, no revenue was recognized.

During 2025, the Organization received $7,299,296 related to ERC claims for the quarters ended March 31 and June 30, 2021, including $1,286,869 of interest. Management concluded that the barriers to recognition were substantially met during 2025, primarily due to the expiration of the statute of limitations, and recognized the proceeds as Employee Retention Credit revenue during 2025 in the accompanying consolidated statement of operations.

Additionally, the Organization received $1,790,992 related to an ERC claim for the quarter ended September 30, 2021, including $265,702 of interest. As of December 31, 2025, management has not concluded that the barriers to recognition have been substantially met for this quarter; accordingly, the amount is reported as a refundable advance in the consolidated balance sheet.

14. Contingencies

Captive Insurance Program

The Corporation participates in a Captive Retirement Community Program administered by Murray Securus for Workers' Compensation, General and Professional Liability and Auto Liability/Physical Damage insurance coverage. Included in this program are other not-for-profit retirement communities and related entities located in central Pennsylvania.

Insurance for the program is provided by Great American Insurance Company (Great American) and reinsured through CARE, Ltd., an incorporated Bermuda domiciled reinsurance company. CARE, Ltd. is a reinsurance company which is owned by the member insured retirement communities and related entities. Great American cedes reinsurance premiums, administrative expenses and claims expenses to CARE, Ltd. CARE, Ltd.'s exposure is limited to an aggregate amount equal to 95% of the annual program premium. In addition, a specific stop-loss limit of $500,000 is in place for any workers' compensation, liability or automobile occurrence. The Corporation has letters of credit in the amount of approximately $471,000 with Bank United and Fulton Bank expiring in October 2025 for the benefit of CARE, Ltd.

Senior Living Services Industry

The senior living services industry is subject to numerous laws, regulations and administrative directives of federal, state and local governments and agencies. Compliance with these laws, regulations and administrative directives is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for resident services previously billed. Management is not aware of any material incidents of noncompliance; however, the possible future effects of this matter on the Corporation, if any, are not determinable.

15. Concentrations of Credit Risk

The Corporation grants credit without collateral to its residents, some of whom are insured under third-party payor arrangements, primarily with Medical Assistance, Medicare and various commercial insurance companies.

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

Unitas Communities, Inc. and Controlled Entities

Consolidating Schedule, Balance Sheet
December 31, 2025

	Morningstar Senior Living, Inc.	Morningstar Senior Living Foundation	Morningstar Senior Solutions, Inc.	Eliminations	Morninstar Senior Living and Controlled Entities	Moravian Manor	Unitas Communities	Eliminations	Consolidated
Assets									
Cash and cash equivalents	$ 4,833,161	$ 657,288	$ 86,132	$ -	$ 5,576,581	$ 2,795,435	$ 16,888	$ -	$ 8,388,904
Investments and assets whose use is limited	22,040,911	8,737,136	-	-	30,778,047	22,617,343	-	-	53,395,390
Statutory minimum liquid reserve	4,089,308	-	-	-	4,089,308	3,127,765	-	-	7,217,073
Accounts receivable, net	1,083,084	-	185,572	-	1,268,656	2,099,894	-	-	3,368,550
Prepaid expenses and deposits	876,656	-	100	-	876,756	994,458	59,158	-	1,930,372
Property and equipment, net	115,045,591	-	1,784	-	115,047,375	136,779,937	-	-	251,827,312
Due from affiliated organizations	143,327	24,245	-	(153,605)	13,967	13,187	2,017	(29,171)	-
Interest rate swaps	(17,473)	-	-	-	(17,473)	580,892	-		563,419
Total assets	$ 148,094,565	$ 9,418,669	$ 273,588	$ (153,605)	$ 157,633,217	$ 169,008,911	$ 78,063	$ (29,171)	$ 326,691,020
Liabilities and Net Assets (Deficit)									
Liabilities									
Accounts payable:									
Operations	$ 610,280	$ 168	$ 3,897	$ -	$ 614,345	$ 390,226	$ 4,367	$ -	$ 1,008,938
Construction	1,098,796	-	-	-	1,098,796	-	-	-	1,098,796
Accrued expenses	2,621,909	-	46,236	-	2,668,145	3,242,282	-	-	5,910,427
Short-term debt	700,000	-	-	-	700,000	3,270,000	-	-	3,970,000
Refundable advance	1,790,992	-	-	-	1,790,992	-	-	-	1,790,992
Long-term debt	78,961,192	-	-	-	78,961,192	56,242,157	-	-	135,203,349
Refundable entrance fees and deposits	11,297,149	-	138	-	11,297,287	16,474,076	-	-	27,771,363
Deferred revenues from entrance fees	56,450,283	-	-	-	56,450,283	43,743,962	-	-	100,194,245
Due to affiliated organizations	66,061	7,013	92,860	(153,605)	12,329	2,875	13,967	(29,171)	-
Total liabilities	153,596,662	7,181	143,131	(153,605)	153,593,369	123,365,578	18,334	(29,171)	276,948,110
Net Assets (Deficit)									
Without donor restriction	(5,502,097)	8,000,122	130,457	-	2,628,482	37,334,453	59,729	-	40,022,664
With donor restriction	-	1,411,366	-	-	1,411,366	8,308,880	-	-	9,720,246
Total net assets (deficit)	(5,502,097)	9,411,488	130,457	-	4,039,848	45,643,333	59,729	-	49,742,910
Total liabilities and net assets (deficit)	$ 148,094,565	$ 9,418,669	$ 273,588	$ (153,605)	$ 157,633,217	$ 169,008,911	$ 78,063	$ (29,171)	$ 326,691,020

Unitas Communities, Inc. and Controlled Entities

Consolidating Schedule, Statement of Operations
Year Ended December 31, 2025

	Morningstar Senior Living, Inc.	Morningstar Senior Living Foundation	Morningstar Senior Solutions, Inc.	Eliminations	Morninstar Senior Living and Controlled Entities	Moravian Manor	Unitas Communities	Eliminations	Consolidated
Revenues Without Donor Restrictions									
Net resident service revenues	$ 29,287,599	$ -	$ 1,171,256	$ (419,598)	$ 30,039,257	$ 28,709,684	$ 135,000	$ (135,000)	$ 58,748,941
Amortization of nonrefundable entrance fees	6,048,127	-	-	-	6,048,127	6,582,375	-	-	12,630,502
Contributions	433,138	497,601	2,368,938	(2,801,755)	497,922	438,846	-	-	936,768
Interest and dividends, net of expenses	853,544	111,590		(11,210)	953,924	412,766	-	-	1,366,690
Gain on sale of property and equipment	6,855	-	-	-	6,855	153,129	-	-	159,984
Net assets released from restrictions, operations	-	296,785	-	-	296,785	1,142,466	-	-	1,439,251
Total revenues without donor restrictions	36,629,263	905,976	3,540,194	(3,232,563)	37,842,870	37,439,266	135,000	(135,000)	75,282,136
Expenses									
Healthcare	10,064,143	-	734,372	(16,223)	10,782,292	11,624,112	-	-	22,406,404
Residential living	668,279	-	-	(292,010)	376,269	-	-	-	376,269
Dining services	4,691,093	-	-	-	4,691,093	4,404,820	-	-	9,095,913
Housekeeping and laundry	1,122,503	-	-	-	1,122,503	1,724,789	-	-	2,847,292
Community life	833,727	-	-	(1,365)	832,362	857,410	-	-	1,689,772
Resident support services	214,538	-	-	-	214,538	168,377	-	-	382,915
Plant operations	5,347,948	-	7,145	-	5,355,093	6,016,818	-	-	11,371,911
General administration	6,089,416	515,758	398,456	(2,911,755)	4,091,875	3,062,040	75,271	(135,000)	7,094,186
Marketing and community relations	721,701	-	9,355	-	731,056	378,030	-	-	1,109,086
Depreciation	6,932,126	-	-	-	6,932,126	5,023,974	-	-	11,956,100
Interest	2,813,440	-	11,210	(11,210)	2,813,440	2,589,346	-	-	5,402,786
Total expenses	39,498,914	515,758	1,160,538	(3,232,563)	37,942,647	35,849,716	75,271	(135,000)	73,732,634
Operating income (loss)	(2,869,651)	390,218	2,379,656	-	(99,777)	1,589,550	59,729	-	1,549,502
Other Income (Loss)									
Change in fair value of interest rate swaps	(207,629)	-	-	-	(207,629)	(692,000)	-	-	(899,629)
Employee Retention Credit revenue	3,487,900	-	-	-	3,487,900	3,811,396	-	-	7,299,296
Net realized gains on investments	193,933	387,252	-	-	581,185	862,221	-	-	1,443,406
Change in net unrealized gains and losses on investments	934,186	719,715	-	-	1,653,901	935,362	-	-	2,589,263
Revenues in excess of expenses and change in net assets without donor restrictions	$ 1,538,739	$ 1,497,185	$ 2,379,656	$ -	$ 5,415,580	$ 6,506,529	$ 59,729	$ -	$ 11,981,838

Unitas Communities, Inc. and Controlled Entities

Schedule of Cash Flows
Year Ended December 31, 2025

	Morninstar Senior Living and Controlled Entities	Moravian Manor
Cash Flows From Operating Activities		
Change in net assets	$ 5,464,592	$ 7,382,089
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for credit losses	232,428	66,436
Amortization of nonrefundable entrance fees	(6,048,127)	(6,582,375)
Proceeds from entrance fees, existing units, net	5,464,330	5,931,045
Depreciation	6,932,126	5,023,974
Amortization of deferred financing costs	196,392	90,482
Amortization of bond premium	(152,915)	(49,431)
Gain on sale of property and equipment	(6,855)	(153,129)
Change in net unrealized gains and losses on investments	(1,795,300)	(1,358,509)
Net realized gains on investments	(608,778)	(1,329,477)
Change in value of interest rate swaps	207,629	692,000
Changes in assets and liabilities:		
Accounts receivable	205,901	(24,967)
Prepaid expenses and deposits	154,338	(56,050)
Accounts payable and accrued expenses	(302,900)	762,362
Due to affiliates	(17,364)	5,414
Refundable advance	1,790,992	-
Net cash provided by operating activities	11,716,489	10,399,864
Cash Flows From Investing Activities		
Purchases of property and equipment	(13,426,942)	(4,019,642)
Proceeds on sale of property and equipment	-	345,212
Net purchases of investments, assets whose use is limited and statutory minimum liquid reserve	(4,169,958)	(614,003)
Net cash used in investing activities	(17,596,900)	(4,288,433)
Cash Flows From Financing Activities		
Payments on long-term debt	(3,574,840)	(2,517,896)
Proceeds from long-term debt, net	1,285,655	-
Proceeds (repayments) from short-term debt, net	700,000	(230,000)
Proceeds from entrance fees, new units	7,184,472	-
Proceeds from refundable entrance fees, existing units	560,936	-
Refunds of entrance fees	(1,299,197)	(2,199,046)
Net cash provided by (used in) financing activities	4,857,026	(4,946,942)
Net change in cash and cash equivalents	(1,023,385)	1,164,489
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	17,230,017	3,153,923
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 16,206,632	$ 4,318,412

Unitas Communities, Inc. and Controlled Entities

Schedule of Cash Flows
Year Ended December 31, 2025

	Morninstar Senior Living and Controlled Entities	Moravian Manor
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents		
Cash and cash equivalents	$ 5,576,581	$ 2,795,435
Assets whose use is limited:		
Resident entrance fee deposits	5,933,972	10,060
Trustee held funds	4,696,079	1,512,917
Total cash, cash equivalents and restricted cash and cash equivalents	$ 16,206,632	$ 4,318,412
Supplementary Disclosure of Cash Flow Information		
Cash paid for interest, excluding interest capitalized	$ 5,439,638	$ 2,563,473
Supplementary Disclosure of Noncash Investing and Financing Activities		
Obligations incurred for purchase of property and equipment	$ 1,098,796	$ -

Moravian Manor Communities
300 West Lemon Street
Lititz, PA 17543

Attachment 5
Residential Living Agreement



MORAVIAN MANOR
COMMUNITIES
A Unitas Communities® Affiliate

RESIDENTIAL LIVING AGREEMENT

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RESIDENTIAL LIVING AGREEMENT

THIS AGREEMENT, made this (date) _____ by and between Moravian Manor Communities, a MORAVIAN MANORS, INC. community and a Pennsylvania not-for-profit corporation (called "Moravian Manor Communities") and _____, (called "Resident," and when two individuals sign this Agreement for Double Occupancy, they are called collectively "Resident" and individually "Co-Resident") for admission of the Resident to Moravian Manor Communities for Occupancy of _____ (called "Residential Living Home").

WHEREAS, Moravian Manor Communities operates a continuing care retirement community, subject to Pennsylvania Insurance Law, the Continuing-Care Provider Registration and Disclosure Act (the "Act"), located in the Borough of Lititz, Lancaster County, Pennsylvania, referred to in this Agreement as the "Community"; and

WHEREAS, the Resident has applied for admission to the Community to occupy the Residential Living Home, and the application has been approved by Moravian Manor Communities.

NOW, THEREFORE, intending to be legally bound, the parties hereto agree as follows:

From the first day of Occupancy in the Residential Living Home until the death of the Resident or earlier Termination of this Agreement, Moravian Manor Communities will furnish to the Resident the Residential Living Home, facilities and services as herein set forth:

I. **DEFINITIONS OF WORDS AND PHRASES**. The following terms, when capitalized in this Agreement, shall have the indicated meaning:

"Act" means the Continuing-Care Provider Registration and Disclosure Act, which regulates continuing care facilities.

"**Agreement**" means the Residential Living Agreement.

"Assisted Living" means the assisted living accommodations of Moravian Manor Communities.

"Conditions of Occupancy" means the health, safety and related requirements for continued Occupancy of the Residential Living Home.

"Co-Resident" refers to each of two residents occupying the same Residential Living Home.

"Designated Occupancy Date" means the date designated by Moravian Manor Communities for the Resident to take Occupancy, and for the Monthly Service Fee to become due, unless the Residential Living Home is occupied earlier.

"Double Occupancy" means Occupancy of one Residential Living Home by two persons who are Co-Residents.

"Entrance Fee" means the initial charge for admission to the Community.

"Fee Schedule" has the meaning given that term in Section VI (D) of this Agreement.

"Health Care Center" means the skilled nursing center of Moravian Manor Communities.

"Medical Director" means the medical doctor designated from time to time by the Board of Directors of Moravian Manor Communities to superintend the medical affairs of Moravian Manor Communities and of the residents of the Community.

"Monthly Service Fee" means the charge per month for Occupancy of the Residential Living Home.

"Occupancy" means the actual possession or use of a Residential Living Home, or the immediate right to such possession or use.

"Personal Care" means the personal care accommodations of Moravian Manor Communities.

"President/CEO" means the person who is designated from time to time by the Board of Directors of Moravian Manor Communities to administer the Community and to whom every member of the staff of the Community is responsible.

"Remaining Resident" or "**Surviving Resident"** means the Resident who continues to occupy a Residential Living Home after the death or permanent transfer of his Co-Resident to the Health Care Center or elsewhere.

"Resident Handbook" means the handbook provided to the Resident with this Agreement which describes certain rules, regulations, policies, procedures, extra charges and other features of residential living, as amended from time to time in the discretion of Moravian Manor Communities. Resident is obligated to comply with Moravian Manor Communities' rules, regulations, policies and procedures reflected in this publication. The Resident Handbook should not be construed as a contract and it does not grant any contractual rights to Resident.

"**Residential Living Home**" means the living unit designated under this Agreement for Occupancy by the Resident.

"Surrender" or "Surrendered" means to cease to occupy a Residential Living Home, to remove all possessions thereof and to turn in all keys and fobs to the Residential Living Home.

"Terminate," "Terminated" or "**Termination"** means, with respect to Resident's rights under this Agreement, the Termination of the right of Occupancy of a Residential Living Home and the right of the Resident to the services and facilities to be provided by Moravian Manor Communities as described in this Agreement.

II. ACCOMMODATIONS PROVIDED BY MORAVIAN MANOR COMMUNITIES

A. **Residential Living Homes** - The Resident may occupy and use the Residential Living Home, subject to the terms and conditions of this Agreement. The Residential Living Home may be used as a living space and for no other purpose. Garden Court and Woods Apartments include use of one assigned space in the parking garage and a designated storage space. Manor Greene Apartments include use of one space in the exterior parking lot adjacent to each building. Each cottage, carriage home and townhome includes an attached garage. Once a Garden Court or Woods Resident no longer needs their parking garage space, use of this space may be returned to Moravian Manor Communities for rental to other persons. When the space is released back to Moravian Manor Communities, the Resident will receive a one-time credit on his/her next monthly billing statement.

B. **Furnishings** - Moravian Manor Communities will furnish floor coverings, washer, dryer, refrigerator, dishwasher, microwave oven and stove, smoke detectors, fire extinguisher, water heater and water softener (cottages, carriage homes and townhomes only), each of Moravian Manor Communities' choosing, in the Residential Living Home. All other furnishings shall be procured by the Resident, subject to approval by the Moravian Manor Communities Administration.

C. **Common Areas** - The Resident may use in common with others, and in accordance with rules and regulations promulgated from time to time by Moravian Manor Communities, the lounges, social and recreational rooms, and other common areas provided by Moravian Manor Communities.

D. **Designated Occupancy Date** - Moravian Manor Communities shall establish a date when the Resident must accept Occupancy (the "Designated Occupancy Date"). Moravian Manor Communities will provide notice of the Designated Occupancy Date no later than ninety (90) days before the Residential Living Home is available. If the Residential Living Home is

available for Occupancy before the Designated Occupancy Date, Resident may take possession on the first available date. The obligation to pay the Monthly Service Fee shall begin on the Designated Occupancy Date or upon Occupancy, whichever is earlier. The Entrance Fee shall be paid in full on the Designated Occupancy Date or upon Occupancy, whichever is earlier.

Moravian Manor Communities reserves the right to extend the Designated Occupancy Date for period(s) not to exceed a total of one hundred eighty (180) calendar days for extenuating circumstances of preparing the Residential Living Home for Occupancy. Resident shall be provided notice of any extension of the Designated Occupancy Date as soon as possible. If the delay is due to strikes, fire, unusual delay in construction, act of God or any other cause beyond the control of Moravian Manor Communities, then the Designated Occupancy Date shall be extended for a period of time up to six (6) months. If the delay extends beyond six (6) months, the Resident may elect to Terminate this Agreement in accordance with the Termination and refund provisions as stated in Sections VIII and XI of this Agreement. In the event that Resident fails to take possession on an extended Designated Occupancy Date, then Moravian Manor Communities, in its sole and absolute discretion, may elect to Terminate this Agreement in accordance with the Termination and refund provisions.

III. SERVICES PROVIDED BY MORAVIAN MANOR COMMUNITIES

A. **Included in Monthly Service Fee** - The following described service and facilities are included in the Monthly Service Fee unless otherwise specified. Resident will receive at least thirty (30) days' prior written notice of any changes to the scope of the services and facilities included in the Monthly Service Fee (except for changes required by State or Federal assistance programs).

1. **Housekeeping** - Moravian Manor Communities will provide housekeeping services two (2) times a month, and yearly cleaning of the Garden Court Apartments, as described in the Resident Handbook. Cottages, Carriage Homes, Townhomes, Woods and Manor Greene Residential Living Homes do not include housekeeping services in the Monthly Service Fee. Common areas of the Community will be cleaned on a regular basis.

2. **Maintenance** - Moravian Manor Communities shall have responsibility for maintenance and repairs as follows:

   (a) exterior maintenance of the Residential Living Home and maintenance of the common areas in such building;

   (b) maintenance, repair or replacement of certain items in the Residential Living Home at the discretion of Moravian

Manor Communities, including floor coverings and major appliances (which normally shall include stove, microwave oven, dishwasher, washer and dryer, refrigerator, water heater, heating and cooling system), and plumbing and electric, and shall provide reasonable services for the care of lawns, shrubbery and sidewalks, and snow, garbage and trash removal.

3. **Utilities** - The following utilities are included in the Monthly Service Fee for Garden Court Apartments:

Heat, Air-conditioning, Electric, and Water/Sewer.

The following utilities are included in the Monthly Service Fee for Woods Apartments:

Heat, Air- conditioning, Electric, Cable TV, and Water/Sewer.

The following utilities are included in the Monthly Service Fee for Manor Greene Apartments:

Heat, Air-conditioning, Electric, and Water/Sewer

Residents of the Cottages, Carriage Homes and Townhomes are responsible for their own utilities.

4. **Meals** - Moravian Manor Communities will include a $275 monthly declining meal allowance (per person) for residents of the Garden Court Apartments in their Monthly Service Fee. For all other residents, Moravian Manor Communities will include a $125 monthly declining meal allowance (per home) as part of the Monthly Service Fee. Meals are non-transferable and non-cumulative. The meals to be provided to the Resident and the location for serving meals and the schedule of availability shall be as described in the Resident Handbook. The declining meal allowance does not have any actual cash value. The allowance must be utilized within the applicable period or Resident will forfeit any unused portion, and no refund or credit shall be due to Resident.

5. **Parking** - An additional parking space may be available at an additional cost to Residents and pursuant to a separate agreement.

6. **Wellness Center Services** - Nursing staff are available for medical emergencies and assessment of minor injuries and problems.

7. **Response Call System** - Moravian Manor Communities shall equip the Residential Living Home with a twenty-four (24) hour response call system. Moravian Manor Communities does not provide

Emergency Medical Services (EMS) or Emergency Medical Technicians (EMT). In the event of a medical emergency, the Resident is required to contact 911 to obtain medical assistance. While the response call system may be used to inform Moravian Manor Communities of a medical emergency, Moravian Manor Communities disclaims any and all responsibility for providing emergency medical care services in the Residential Living Home. If the Resident utilizes the response call system in such an emergency, Moravian Manor Communities will call 911 on the Resident's behalf.

8. **Recreation** - Recreation programs scheduled by Moravian Manor Communities are available as described in the Resident Handbook.

9. **Provider's Cost -** The average annual cost to Moravian Manor Communities of providing the services described in this Section III is reflected in Moravian Manor Communities' Disclosure Statement, which is made available to the Resident on an annual basis.

B. **Made Available by Moravian Manor Communities at Additional Charge** - The following services are not included in the Monthly Service Fee and are available to Resident for an additional charge.

1. **Housekeeping -** Housekeeping services are available a la carte in accordance with Moravian Manor Communities' policy described in the Resident Handbook. The charges for housekeeping services are reflected on the Fee Schedule.

2. **Food** - The Resident may utilize other food services made available by Moravian Manor Communities from time to time as described in the Resident Handbook. These facilities and services are provided as detailed in the Resident Handbook. The Resident may add additional monies to his/her declining meal allowance.

3. **Health Care Services** - Services in the nursing, assisted living and personal care portions of Moravian Manor Communities are available to Resident for the same rates charged to other residents of Moravian Manor Communities for such services. These rates are in addition to the Entrance Fee and Monthly Service Fee which are payable under the terms of this Agreement. The standard Guest Deposit for nursing, assisted living and personal care is waived for residents being admitted from Residential Living.

4. **Liability for Health Care Services** - A resident shall not be liable to a health care provider for services rendered under this Agreement if the health care services rendered are services which Moravian Manor Communities agreed to furnish to a resident in consideration

of the resident's payment of entrance and periodic fees. No future health care services are covered by the Resident's payment of the Entrance Fee or Monthly Service Fee.

5. **Changes in Services or the Delivery of Services** - Moravian Manor Communities reserves the right to add, combine or separate services currently included in the Monthly Service Fee, to alter the Monthly Service Fee accordingly and to charge an additional fee for new or separated services. Moravian Manor Communities will provide thirty (30) days advance notice of any change in services.

C. Responsibility of Resident

1. **Use/Maintenance of Residential Living Home** - The Resident will maintain the Residential Living Home in a clean, sanitary, safe, and orderly condition, so that the Residential Living Home, when Surrendered, shall be in as good a condition as at the commencement of Occupancy, normal wear and tear excepted, and shall not pose any safety hazards to the Resident or other residents in the Community.

2. **Utilities** - The Resident is responsible for payment of all charges incurred for cable TV (included for Woods Apartments), telephone, Internet services, and any other utilities not specifically included in Section III.

3. **Repairs** - The Resident shall pay for the repair and maintenance of items and equipment that are installed in the Residential Living Home and that are not furnished by Moravian Manor Communities. The Resident shall pay for all repairs to the Residential Living Home and other parts of the property of Moravian Manor Communities which are necessitated by any act or lack of care or damage, except for normal wear and tear, by the Resident, members of the Resident's family, and the Resident's guests and business invitees.

4. **Personal Belongings -** It is understood and agreed that the Resident shall provide his/her own food (other than meals included in the Monthly Service Fee) clothing, linens, household furnishings (including furniture) and services, (such as the repair and maintenance of facilities and equipment that are installed on the premises and not furnished by Moravian Manor Communities), and any insurance required to cover the Resident's personal property and furnishings and to insure the Resident against liability for personal injury or property damage (see Section XVI (C) of this Agreement). In addition, the Resident shall provide and pay for any other goods

or services required or desirable that are not specifically included within the terms of this Agreement.

5. **Injury While Away From The Community** - If the Resident suffers an illness or accident while not on Community grounds, the Resident shall make every effort to notify Moravian Manor Communities as soon as possible.

6. **Pets** - Pets may be kept in the Residential Living Home by the Resident only in accordance with Moravian Manor Communities' Pet Policy.

7. **Phone** - The Resident agrees to maintain telephone service, whether landline or cell, at all times while a Resident for the purpose of communication between Moravian Manor Communities staff and Resident.

8. **Responsibility to Transfer -** The Community is not designed or prepared to serve persons who are afflicted with uncontrolled or untreated mental illness resulting in behavior contrary to the Conditions of Occupancy, active or recurring alcohol or drug abuse or who require specialized psychiatric care or services not authorized or permitted under the applicable licensure regulations. If Moravian Manor Communities determines that the Resident's condition is such that the Resident's continued presence in the Community is either dangerous or detrimental to the life, health, or safety of the Resident or other residents, or the peaceful enjoyment of the Community by other residents, Moravian Manor Communities may transfer Resident to a higher level of care within the Community or to an appropriate outside care facility in accordance with Section IX below. The Community's good faith determination shall be made in writing and signed by the Medical Director and the President/CEO or designee of the Community. If the transfer is for a temporary period, then the Resident shall continue to pay the applicable Monthly Service Fee and also shall be responsible to pay for the cost of the Resident's care in such other facility. If the transfer is to be permanent, then the Termination provisions of this Agreement shall apply, except that only such notice of Termination as is reasonable under the circumstances shall be given in any situation where the Resident is a danger to self or others, or to the health, safety or peace of other residents of the Community.

IV. PRIVATE DUTY NURSING OR COMPANION SERVICES IN THE RESIDENTIAL LIVING HOME

Subject to the approval of Moravian Manor Communities, the Resident may utilize the services of private duty nurses or companions providing personal or nursing care services in the Residential Living Home so long as the Resident is able to satisfy the Conditions of Occupancy with these additional services. Moravian Manor Communities requires notification in writing prior to the use of any additional outside services. Moravian Manor Communities reserves the right to review and approve (or require discontinuation of) nursing services, based upon proof of workers' compensation, current license/certificate (if applicable), liability insurance, as well as proof that such nurses or companions are free of tuberculosis and/or any other contagious or communicable disease, and subject to a criminal background check and other credentials or reasonable criteria required by Moravian Manor Communities. The Resident is responsible to pay for all such services. Moravian Manor Communities reserves the right to review all records related to such outside services (subject to any applicable legal requirements pertaining to patient privacy), to approve or prohibit the use of such services and to require the discontinuation of such services if deemed necessary by Moravian Manor Communities. Moravian Manor Communities reserves the right to Terminate the Resident's authorization to utilize the services of private duty nurses or companions in the event that the Resident does not comply with the requirements of this Section or the Conditions of Occupancy. If transfer to another level of care is appropriate, then Moravian Manor Communities reserves the right to admit the Resident into another level of care within the Community or transfer the Resident to such other external care facility as it deems appropriate in accordance with Section IX below.

The Resident hereby waives and discharges Moravian Manor Communities, its officers, administrators, directors, employees, agents, affiliates, successors and their respective employees and representatives of any and all claims, actions, causes of action, complaints, demands, and injuries, whether direct or indirect or consequential, related to any personal injury or harm to the Resident, including permanent disability or death, or injuries to any other persons or damage to the property of the Resident or others, which is related to or arises from or is attributable to the Resident living in the Residential Living Home while requiring additional supportive services or care.

V. CHANGES REQUIRING MORAVIAN MANOR COMMUNITIES' APPROVAL

A. **Structural Changes and Redecoration** - Structural or other physical changes of any kind to the Residential Living Home may be made only with the written approval of the President/CEO and will be subject to the supervision of the VP of Operations or a designee. The cost of any change requested by the Resident will be paid for by the Resident, and shall become the property of Moravian Manor Communities upon Termination

of this Agreement unless other arrangements have been made and approved by the President/CEO. No change will be made to the Entrance Fee or refundable portion of the Entrance Fee for such costs incurred by the Resident. The approval of any change requested by the Resident will be conditioned upon the advance payment by the Resident for the expense of the later restoration of the Residential Living Home to its original condition. Outside decorations are subject to approval by Administration.

B. **Landscaping** - All landscaping of the grounds surrounding the Residential Living Home has been performed pursuant to a master-landscaping plan. No changes to the landscape, grounds or shrubs shall be made without the prior written approval of Administration, and all such changes shall be subject to the supervision of the appropriate staff. The costs of any changes requested by the Resident will be paid for by the Resident and shall become the property of Moravian Manor Communities upon Termination of this Agreement. The approval of any change requested by the Resident may be conditioned upon the agreement of the Resident to bear the expense of the later restoration of the grounds to their original condition.

VI. FEES

A. **Entrance Fee** - The payment plan the Resident chooses is the _____ option**.** Therefore, the Resident will pay Moravian Manor Communities an Entrance Fee of **$_____.**

1. **Deposit** - The Resident has paid to Moravian Manor Communities a Priority Deposit of $_____ and an additional deposit of **$_____**, the receipt of which is hereby acknowledged. These deposits, which total $_____, equal twenty-five percent (25%) of the Entrance Fee for the unit type and payment plan selected and will be applied as a credit toward the Entrance Fee.

2. **Balance of Entrance Fee Due** - A deposit in the amount of **$_____** has been applied as a credit toward the Entrance Fee. The balance of the Entrance Fee is $_____ and shall become due and payable on the Designated Occupancy Date or upon Occupancy, whichever is earlier.

B. **Use of Entrance Fee** - The Entrance Fee is paid by the Resident to the Community as a condition of entrance, and, subject to the provisions of the Act, Moravian Manor Communities may use and apply it to any proper corporate purpose of Moravian Manor Communities, whether or not directly related to this Agreement.

C. **Limitations on Increases in Entrance Fee** - After payment of the Entrance Fee and the signing of this Agreement by the Resident, there will be no increase in the Entrance Fee, except if the Resident elects to move to a Residential Living Home with a greater Entrance Fee.

D. **Monthly Service Fee** - The Resident will pay to Moravian Manor Communities monthly, in advance, a fee referred to in this Agreement as the "Monthly Service Fee." The Monthly Service Fee shall be set by the Board of Directors in its reasonable discretion and shall be an amount sufficient to cover the cost to Moravian Manor Communities of providing the services for which it is responsible under this Agreement and the payment of any taxes which are or which may be payable in connection with the Residential Living Home. The Monthly Service Fee may be adjusted periodically by the Board of Directors, in its reasonable discretion, as necessary to anticipate increased or decreased costs to Moravian Manor Communities of providing such services and paying any taxes.

Moravian Manor Communities shall give the Resident written notice at least thirty (30) days prior to the effective date of any change or adjustment to the Monthly Service Fee. The obligation of the Resident to pay the Monthly Service Fee commences on the Designated Occupancy Date or upon Occupancy, whichever is earlier. As shown on the Fee Schedule, Resident's Monthly Service Fee shall be **$**_____ per month until adjusted by action of the Board of Directors.

VII. MONTHLY STATEMENT

A. **Statement** - Moravian Manor Communities will send Resident a monthly statement showing: (1) the amount due for the next month's Monthly Service Fee, which is payable within 5 business days of the date of Moravian Manor Communities' statement; and (2) any other charges incurred by Resident for the period covered by the statement, which are due within 30 days of the date of Moravian Manor Communities' statement. Any charges, including the Monthly Service Fee, that are more than 30 days past due will be charged a 1.5% monthly finance charge.

B. **Failure to Pay** - If the Resident fails to pay any sum shown on a monthly statement within thirty (30) days after receiving the statement, Moravian Manor Communities may give written notice of failure to pay to the Resident. If the Resident fails to make payment within fifteen (15) days after the date of the notice, Moravian Manor Communities, at its option, may Terminate this Agreement and may pursue any other remedies available by law or in equity for collection of sums owed to it. In the event Moravian Manor Communities initiates any legal actions or proceedings to collect payments past due in excess of sixty (60) days, the Resident shall be responsible to pay all attorneys' fees and costs incurred by Moravian Manor

Communities in pursuing the enforcement of the Resident's financial obligations under this Agreement.

C. **Special Consideration** - At the time of Occupancy, the Resident believes that the Resident's sources of income are adequate to meet the Resident's financial responsibilities to Moravian Manor Communities and to pay personal and incidental expenses. However, without in any way qualifying the right of Moravian Manor Communities to Terminate this Agreement, it is the policy of Moravian Manor Communities that an Agreement will not be Terminated, nor will health care, assisted living or personal care facilities be withheld, solely because of a Resident's inability to pay the Monthly Service Fee. If Resident becomes unable to pay the Monthly Service Fee because of circumstances beyond his control, Moravian Manor Communities will review the matter with the Resident. If, in Moravian Manor Communities' sole opinion, the Resident's situation demonstrates a need by Resident for reduction of the Monthly Service Fee, Moravian Manor Communities may agree to partly or wholly subsidize the Resident's Monthly Service Fee. Factors which Moravian Manor Communities may consider include, but are not limited to, the Resident's having made every reasonable effort to obtain governmental or other financial assistance, and the Resident having made no prior transfers, gifts or other dispositions of assets which, in the opinion of Moravian Manor Communities, resulted in such inability to pay. Any grant or continuance of special financial consideration shall be at the sole discretion of Moravian Manor Communities, and shall be regarded as a confidential transaction between Moravian Manor Communities and the Resident, except for reports required to be made to regulatory and other governmental bodies.

D. **Subsidy by Moravian Manor Communities** - Should Moravian Manor Communities agree to subsidize partly or wholly the Resident's Monthly Service Fee, Moravian Manor Communities shall initiate action to secure financial aid for the Resident from any appropriate agency or source, and the Resident agrees to fully cooperate with Moravian Manor Communities in such action and to complete any forms or applications necessary to secure such financial aid. In addition, the Resident shall not sell or otherwise transfer any property, real or personal, without the prior written consent of Moravian Manor Communities. Any such property which remains in the Resident's possession or control at his death shall be transferred to Moravian Manor Communities for the purpose of repaying to Moravian Manor Communities the aggregate amount of subsidy furnished to the Resident by Moravian Manor Communities. Repayment of such subsidy may be enforced as a claim against the Resident's estate. Moravian Manor Communities may from time to time request, and the Resident shall provide, financial statements and copies of tax returns from the Resident if such a subsidy from Moravian Manor Communities is given to the Resident. The provisions of this sub-paragraph D shall apply whether or not the Resident is in the Residential Living Home at the Community at the

time of the Resident's death. In addition, the subsidized portion of the Monthly Service Fee will be charged against any refundable portion of the Entrance Fee. If requested by Moravian Manor Communities to do so, a Resident whose Monthly Service Fee is subsidized in whole or in part by Moravian Manor Communities shall transfer to a smaller Residential Living Home.

VIII. TERMINATION OF AGREEMENT

A. **Prior to Occupancy** - If the Resident dies, or through illness, injury or incapacity is precluded from becoming a Resident under the terms of this Agreement, or elects to withdraw before Occupancy as a Resident of the Community, this Agreement shall automatically be Terminated as it applies to the Resident so dying or withdrawing. However, where one of two Co-Residents dies, becomes ill or injured, or withdraws before Occupancy, the Remaining Resident shall have the same option as would a Remaining Resident under subparagraph D of this Section VIII. Moravian Manor Communities may Terminate this Agreement prior to Occupancy by providing the Resident with at least 30 days' prior written notice of Termination.

B. **After Occupancy**

1. **By the Resident** - The Resident may Terminate this Agreement at any time after Occupancy by giving Moravian Manor Communities at least thirty (30) days prior written notice of Termination.

2. **By Moravian Manor Communities -** Moravian Manor Communities may Terminate this Agreement for just cause by giving the Resident or the Resident's representative 30 days' prior written notice of Termination. The Resident shall be entitled to a refund as provided in Section XI hereof. Just cause shall include, but not be limited to:

   (a) The Resident making any material misrepresentation or omission in the Application Form, Financial Statements or any other document or information required to be given to Moravian Manor Communities by the Resident;

   (b) The Resident's continued Occupancy in the Residential Living Home is posing a danger to the life, health, or safety of the Resident or to the life, health, safety, or peaceful enjoyment of other residents or persons in the Community. If, in the judgment of Moravian Manor Communities, such situation has occurred, as expressed in a written good faith determination signed by the President/CEO and the Medical Director, Moravian Manor Communities may Terminate this

Agreement on reasonable notice to Resident or Resident's representative.

(c) Failure of the Resident to secure, pay and maintain suitable and sufficient assistance with activities of daily living, personal care, assisted living and nursing care services required to comply with the Conditions of Occupancy.

(d) If the Pennsylvania Department of Human Services or its authorized representative shall have made a final determination (not subject to further appeal) that the Resident has violated the provisions of 55 Pa. Code Section 177.83 (or any successor provision) by disposing of property without fair market value consideration.

(e) Subject to Section VII (B), a default in payment.

(f) The Resident's breach of any of the other terms of this Agreement, including a change in the liquidity of the Resident's assets, such as the purchase of an annuity that impairs the Resident's ability to fulfill timely his/her current financial obligations to Moravian Manor Communities as explained further below, or a transfer of assets to an irrevocable trust or any other transfer whereby assets disclosed in the Application Form are no longer available, in whole or in part, to pay for the Resident's care and services.

If the Resident substantially impairs his/her ability to fulfill timely his/her financial obligations to Moravian Manor Communities due to a change in the liquidity of the Resident's assets or a transfer of assets to an irrevocable trust or any other transfer, then Moravian Manor Communities may Terminate this Agreement following an opportunity to cure. If the Resident fails to cure or correct the non-compliance within a period as determined by Moravian Manor Communities and to its satisfaction, then Moravian Manor Communities may Terminate this Agreement for just cause upon thirty (30) days written notice to the Resident or Resident's representative.

(g) The failure of Resident to abide by Moravian Manor Communities' rules, regulations, policies and procedures.

(h) Such other instances or events as shall be determined by Moravian Manor Communities.

On or before the effective date of Termination by either Moravian Manor Communities or the Resident, the Resident shall Surrender the Residential Living Home.

C. **Death of Resident in Single Occupancy** - Unless otherwise Terminated, this Agreement shall be Terminated by the death of the Resident who is a single occupant of a Residential Living Home, provided the Residential Living Home of the Resident is Surrendered within forty-five (45) days after the death of the Resident. If not Surrendered and vacated within said period, the estate of the Resident shall continue to be obligated for Monthly Service Fees hereunder until the Residential Living Home is Surrendered or a maximum of three (3) months, after which time Moravian Manor Communities reserves the right to take full possession of the Residential Living Home and remove or dispose of any remaining personal property of the Resident.

D. **Death of Resident in Double Occupancy** - Unless otherwise Terminated, this Agreement shall be Terminated by the death of one Co-Resident, but only as to the deceased. The Remaining Resident may elect to move to a smaller Residential Living Home or may elect to remain in the same Residential Living Home. This Agreement shall remain in full force and effect as to the Remaining Resident. From and after the death of a Co-Resident, the Remaining Resident shall be solely responsible for the full payment of the Monthly Service Fee (which shall be reduced to the rate for single occupants, if applicable) and for the carrying out of the other obligations hereunder. The Remaining Resident may take on a Co-Resident in the Residential Living Home only in accordance with the provisions of Section XIII of this Agreement pertaining to additions of new Co-Residents to the Residential Living Home.

E. **Permanent Transfer** - If the Resident is permanently transferred to the Health Care Center, Assisted Living, Personal Care or another facility, this Agreement shall Terminate. Any applicable refunds shall be paid in accordance with the refund provisions of this Agreement. In the case of Double Occupancy, this Agreement shall Terminate only as to the transferring Co-Resident. The Co-Resident remaining in the Residential Living Home shall pay the Monthly Service Fee. No refund shall be due so long as the remaining Co-Resident continues to reside in a Residential Living Home and until all other conditions for a refund have been satisfied.

F. **Inspection** - After all personal property has been removed, an inspection tour of the Residential Living Home with the Resident or Responsible Party, VP of Operations, and the Director of Residency Planning or their designees shall be made, and a release form will be completed at that time. The Resident or Responsible Party will make arrangements at the time the release form is signed for payment for damage caused by the Resident's negligence or for the cost of restoring the grounds surrounding the Residential Living Home to their original condition if applicable according to Section V (A) or (B). Payment may be billed to the Resident's account or deducted from any refund, if applicable. The Monthly Service Fee described in this Agreement will continue to be payable by the Resident or

by the Responsible Party from the estate of the Resident until the date the release form is executed.

G. **Failure to Vacate and Surrender Residential Living Home** - Upon notice of Termination, in the event that Resident fails to vacate and Surrender the Residential Living Home timely, then Moravian Manor Communities may file a complaint with the applicable District Justice seeking an order to evict Resident from the Residential Living Home. The Resident shall be obligated to pay Moravian Manor Communities reasonable attorneys' fees and costs in the event Moravian Manor Communities commences legal proceedings against the Resident to evict the Resident for his/her non-compliance with or breach of the terms of this Agreement.

IX. TRANSFER TO OTHER SERVICES OR TO ANOTHER OUTSIDE FACILITY

A. **Conditions of Occupancy** - The Resident shall have the right to occupy the Residential Living Home for so long as the Resident satisfies the Conditions of Occupancy, which may be subject to change from time to time due to regulatory or related changes in the law, or operating requirements or condition. The Resident agrees to provide appropriate information regarding the Resident's ability to meet the Conditions of Occupancy, upon request and at the cost of the Resident.

B. **Decision to Transfer** - With the concurrence of Moravian Manor Communities' Medical Director, Moravian Manor Communities may transfer the Resident from the Residential Living Home to the Health Care Center, the Assisted Living facility (hereinafter called "Assisted Living"), the Personal Care facility (hereinafter called "Personal Care") or any other appropriate care facility if Moravian Manor Communities determines that such a move should be made for the Resident's health, safety, or welfare, or for the proper operation of the Community, or because the Resident no longer satisfies the Conditions of Occupancy. Resident will have priority access over non-residents for admission into Personal Care, Assisted Living or the Health Care Center. If a bed is unavailable in the care areas, Resident may elect to transfer to another long-term care facility on a temporary basis until a bed is available at Moravian Manor Communities. In such a situation, Resident will be given priority access to Moravian Manor Communities' services when available. If the Resident is transferred permanently to the Health Care Center, Assisted Living, Personal Care or to any other appropriate care facility, Moravian Manor Communities may declare the Residential Living Home vacant and reassign the Residential Living Home to another resident. The decision as to whether a transfer shall be deemed temporary or permanent shall be made by Moravian Manor Communities in its sole discretion based upon its good faith determination, with the concurrence of its Medical Director, after

consideration of the Resident's opinion, the advice of the Resident's family, and if requested and paid by the Resident, the opinion of the Resident's physician. The Resident's opinion and the advice of the Resident's family and physician are advisory only and shall not be binding on Moravian Manor Communities.

C. **Charges Related to Transfer** - If the Resident is transferred to the Health Care Center, Assisted Living, Personal Care or another facility, the Resident shall pay all charges related to the transfer to and Occupancy of the Health Care Center, Assisted Living, Personal Care or other facility.

D. **Release of or Return to Residential Living Home After Transfer**

1. **Temporary Transfer** - If the Resident is temporarily transferred to the Health Care Center, Assisted Living, Personal Care or another facility, the Resident shall continue to pay the Monthly Service Fee to retain possession of the Residential Living Home and also shall pay all charges for care in the Health Care Center, Assisted Living, Personal Care or other facility. The Resident may return to the Residential Living Home at such time as Moravian Manor Communities determines that the Resident can satisfy the Conditions of Occupancy. In situations of Double Occupancy where one Co-Resident is temporarily transferred to the Health Care Center, Assisted Living, Personal Care or another facility, the Monthly Service Fee shall remain the same (with the exception of the meal costs), and the transferred Co-Resident shall be charged for their respective services and both Co-Residents shall collectively be responsible to pay the charges for care and services in the Health Care Center, Assisted Living, Personal Care or other facility. Moravian Manor Communities reserves the right at any time during temporary transfer of the Resident to determine that transfer should be permanent. In the event that the Resident's temporary transfer extends beyond six (6) months, Moravian Manor Communities will make a determination as to whether permanent transfer is appropriate in accordance with Section IX (B) above or whether to continue the period of temporary transfer at Moravian Manor Communities' sole discretion.

2. **Permanent Transfer** - If the Resident is permanently transferred to the Health Care Center, Assisted Living, Personal Care or another facility, the obligation to pay the Monthly Service Fee will cease upon Surrender of the Residential Living Home, and the Resident shall Surrender and vacate the Residential Living Home within forty-five (45) days of written notice of Moravian Manor Communities' decision to permanently transfer the Resident and release the Residential Living Home. The inspection procedure of Section VIII (F) shall apply. The Resident shall pay all charges for

care in the Health Care Center, Assisted Living, Personal Care or other facility. If in Moravian Manor Communities' opinion, the Resident subsequently recovers sufficiently to satisfy the Conditions of Occupancy of a Residential Living Home, Resident shall receive the next comparable unit to the one relinquished. Prior to resuming occupancy, Resident shall repay any refunded amount from this Agreement and pay the current transfer fee (for refurbishing). Upon occupancy of the comparable unit, the terms of this Agreement will be reinstated and Resident will sign an addendum. Any unexpired amortization period shall begin to run again from the date of Re-Occupancy. Resident will pay the transfer fee and will be obligated to pay the Monthly Service Fee then in effect as the date of Occupancy.

E. <u>Transfer to a Residential Living Home of Different Size or Type</u>

1. If a Resident desires to transfer to a larger or smaller size apartment, cottage, or townhome written notice must be provided to the Sales and Marketing Department for inclusion in the Waiting List system. Residents currently living in the Community will be given priority over all other applicants not having a signed Residential Living Agreement in place.

2. At such time as the desired type or size of Residential Living Home becomes available for Occupancy, the Resident will be notified in writing and will be given thirty (30) days to complete the move to the selected Residential Living Home with their own sources of moving assistance.

3. For a transfer to a Residential Living Home with a higher Entrance Fee, the Resident will be required to pay in full the current difference between their former Residential Living Home Entrance Fee and the selected Residential Living Home Entrance Fee based on the original plan chosen. This amount will be amortized immediately upon Occupancy of the selected Residential Living Home. The then current Monthly Service Fee will apply for the chosen Residential Living Home.

4. For transfer to a Residential Living Home with a lower Entrance Fee, the resident will not be required to pay any additional amount and the resident's previously paid Entrance Fee will continue to amortize according to its original amortization schedule. The current Monthly Service Fee for the selected Residential Living Home will be applied upon Occupancy.

5. Moravian Manor Communities reserves the right to apply a refurbishing fee for the cost of refurbishing the newly occupied

Residential Living Home. This fee will reflect the costs incurred with preparing the chosen Residential Living Home for Occupancy. The fee for refurbishing of the living home must be paid in-full within thirty (30) days of occupying the selected Residential Living Home.

6. The Resident shall sign an addendum to this Agreement reflecting all costs and charges related to exercising the option to move, including the Monthly Service Fee for the selected Residential Living Home.

X. LIMITATIONS ON CARE

The Community is not equipped to care for persons who are afflicted with uncontrolled or untreated mental illness resulting in behavior contrary to the Conditions of Occupancy, active or recurring alcohol or drug abuse, or who require specialized psychiatric care or other specialized care services not authorized or permitted under the applicable licensure regulations or high acuity nursing care services beyond the nursing care services provided by Moravian Manor Communities. If Moravian Manor Communities determines that the Resident's condition is such that the Resident's continued presence in the Residential Living Home is either dangerous or detrimental to the life, safety, health or peace of the Resident or other persons, Moravian Manor Communities may transfer the Resident to an appropriate outside facility in accordance with Section IX of this Agreement. Moravian Manor Communities' good faith determination shall be made in writing and approved by the Community's Medical Director. In the event such a determination is made, all parties shall be notified by mail, return receipt requested, within five (5) business days of such determination.

XI. REFUNDS

A. **Refunds of Entrance Fee** - On Termination of this Agreement, Moravian Manor Communities will make refunds, if any, of the Entrance Fee in accordance with the following provisions:

1. **Termination Prior to Occupancy**

(a) In the event Termination of this Agreement occurs during the rescission period pursuant to the Resident's right to rescind, the Resident or the Resident's legal representative shall receive a refund of the entire Entrance Fee paid by the Resident.

(b) In the event Termination of this Agreement occurs prior to Occupancy due to the death, illness, injury to, or incapacity of the Resident so that the Resident is unable to meet the Conditions of Occupancy, then, subject to the provisions below, the Resident or the Resident's legal representative

shall receive a refund of the entire Entrance Fee paid by the Resident less deductions for any costs incurred by Moravian Manor Communities at the request of the Resident and set forth in a written addendum hereto.

In situations of illness, injury or incapacity, Moravian Manor Communities reserves the right to make a determination regarding the Resident's ability to meet the Conditions of Occupancy. Any request for a refund is subject to review by Moravian Manor Communities' Medical Director. The Resident agrees to a medical examination by the Medical Director, at Moravian Manor Communities' expense, prior to the issuance of any applicable refund. If the Resident disagrees with the determination made by the Medical Director, he may obtain a second opinion, from a Geriatrician of his choice, at his own expense.

(c) If Termination occurs due to Moravian Manor Communities' delay of the Designated Occupancy Date by more than six (6) months, then the Resident or the Resident's legal representative shall receive a refund of the entire Entrance Fee paid by the Resident less deductions for any costs incurred by Moravian Manor Communities at the request of the Resident and set forth in a written addendum hereto.

(d) In the event Termination of this Agreement occurs prior to Occupancy, but after the expiration of the rescission period, for any reason other than the death, illness, injury to, or incapacity of the Resident or Moravian Manor Communities' delay of the Designated Occupancy Date by more than six (6) months, then Moravian Manor Communities shall retain **$10,000** as a termination fee and the balance of the Entrance Fee paid by the Resident shall be refunded to the Resident, or, where appropriate, to the guardian or estate of the Resident. The refund shall be subject to deductions for any costs incurred by Moravian Manor Communities at the request of the Resident and set forth in a written addendum hereto.

2. **Termination After Occupancy** - If Termination of this Agreement occurs after Occupancy, the Resident or his guardian or estate will be entitled to a refund of a portion of the Entrance Fee in accordance with the following schedule:

(a) **The Traditional Plan (0% Refundable after 50 months)** Entrance Fee will accrue to the benefit of Moravian Manor Communities and become non-refundable at the rate of 2%

per month, beginning on the Designated Occupancy Date or upon Occupancy, whichever is earlier. At the end of 50 months, the entire Entrance Fee will be earned by Moravian Manor Communities, and no portion of the Entrance Fee will be refundable.

(b) **The 25% Refundable Option (25% Refundable after 50 months)**
Entrance Fee will accrue to the benefit of Moravian Manor Communities and become non-refundable at the rate of 1.5% per month, beginning on the Designated Occupancy Date or upon Occupancy, whichever is earlier. At the end of 50 months, 75% of the Entrance Fee will be earned by Moravian Manor Communities with 25% available for refund.

(c) **The 50% Refundable Option (50% Refundable after 50 months)**
Entrance Fee will accrue to the benefit of Moravian Manor Communities and become non-refundable at the rate of 1% per month, beginning on the Designated Occupancy Date or upon Occupancy, whichever is earlier. At the end of 50 months, 50% of the Entrance Fee will be earned by Moravian Manor Communities with 50% available for refund.

(d) **Deductions from Refund**
Any applicable refund shall be subject to deductions for any financial assistance provided to the Resident by Moravian Manor Communities, and/or any amounts necessary to cover costs incurred by Moravian Manor Communities to refurbish, restore or repair the Residential Living Home in the event of unreasonable wear and tear, and/or costs incurred at the Resident's specific request, and/or any unpaid charges.

B. **Due Date for Refund Payments** - Any refund of the Entrance Fee payable by virtue of Paragraph A (1) above shall be made to the Resident or the Resident's estate within thirty (30) days of Termination of this Agreement. Any refund of the Entrance Fee payable by virtue of Paragraph A (2) above shall be paid to the Resident or the Resident's estate only when the Residential Living Home of the Resident has been Surrendered, the Entrance Fee of a new resident for the same Residential Living Home has been paid in full and all obligations of Moravian Manor Communities hereunder with respect to the Resident have Terminated. In situations of Double Occupancy, there will be no refund, partial or otherwise, upon the

death, permanent transfer, discharge, or voluntary departure from Moravian Manor Communities of only one Co-Resident.

C. **Release of Obligation** - Upon Termination of this Agreement, Moravian Manor Communities shall be released from any further obligations to the Resident except for the payment of any refund due under this Section.

XII. TWO RESIDENTS IN ONE RESIDENTIAL LIVING HOME

Double Occupancy of the Residential Living Home and Moravian Manor Communities' Residential Living policy permits two individuals to share living arrangements in an apartment, cottage, or townhome ("Co-Residents"). If Co-Residents execute this Agreement, the Residential Living Home, facilities and services will be provided to both of them, and the amounts set forth in Section VI above will be the total amount owed for both of them. Co-Residents will be jointly and severally liable for all Entrance Fees, deposits, Monthly Service Fees and other charges incurred and obligations imposed under this Agreement. Unless married, Co-Residents must meet individual financial requirements established by Moravian Manor Communities. Co-Residents must meet age requirements established by Moravian Manor Communities.

In the event Co-Residents subsequently divorce or separate and a dispute arises between the Co-Residents as to the right of Occupancy of the Residential Living Home, the Co-Residents shall determine which one of them will continue to reside in the Residential Living Home. The Community will not get involved in such a determination.

XIII. ADDITION OF NEW CO-RESIDENTS

In the event a Resident living alone wishes to have a Co-Resident, as permitted by Section XII above, the proposed new Co-Resident must pursue the regular application procedure for admission to the Community and must qualify for admission under all regular admission criteria then applicable, including all financial criteria. If the proposed Co-Resident is approved for admission to the Community, such person will be required, prior to taking co-occupancy of the Residential Living Home, to execute an addendum to this Agreement and to pay to Moravian Manor Communities an Entrance Fee in accordance with the following schedule:

(a) **Zero percent (0%)** of the Entrance Fee then applicable for such a Residential Living Home if the new Co-Resident is admitted during the first five years of the Resident's Occupancy;

(b) **Ten percent (10%)** of the Entrance Fee then applicable for such a Residential Living Home if the new Co-Resident is admitted during the sixth year of the Resident's Occupancy;

(c) **Twenty percent (20%)** of the Entrance Fee then applicable for such a Residential Living Home if the new Co-Resident is admitted during the seventh year of the Resident's Occupancy;

(d) **Thirty percent (30%)** of the Entrance Fee then applicable for such a Residential Living Home if the new Co-Resident is admitted during the eighth year of the Resident's Occupancy;

(e) **Forty percent (40%)** of the Entrance Fee then applicable for such a Residential Living Home if the new Co-Resident is admitted during the ninth year of the Resident's Occupancy;

(f) **Fifty percent (50%)** of the Entrance Fee then applicable for such a Residential Living Home if the new Co-Resident is admitted during the tenth year of the Resident's Occupancy or any year thereafter.

The refund provision set forth in Section XI of this Agreement does not apply to Entrance Fees paid by new Co-Residents pursuant to the schedule set forth above. Such Entrance Fees will be immediately amortized in full, and shall not be available as a refund. The addition of a new Co-Resident is limited to only one time under this Agreement.

If the proposed new Co-Resident is not approved for admission to the Community, the proposed Co-Resident will not be allowed to live in the Residential Living Home, and the Resident may Terminate this Agreement.

In the event that two individuals currently occupying separate Residential Living Homes in the Community desire to co-habit one of their Residential Living Homes, they must meet the requirements of Section XII above and must be approved by the President/CEO. In this event, the Entrance Fee amortization schedule for the Residential Living Home to be jointly occupied will remain in place and the appropriate refund, if any, of the vacated Residential Living Home will be paid by Moravian Manor Communities upon receipt of the applicable Entrance Fee by the reoccupying resident. A refurbishing fee may be applied as stated in Section IX (E) above. The Monthly Service Fee for the occupied Residential Living Home will be adjusted for two persons (if applicable).

XIV. ARRANGEMENTS FOR POWER OF ATTORNEY, GUARDIANSHIP AND FOR ESTATE

A. **Power of Attorney and Responsible Party** - If not previously made, the Resident will, prior to Occupancy, execute a Durable (the power will survive disability) Power of Attorney instrument covering financial and medical matters. The Resident may, if he so chooses, have a separate Power of Attorney instrument with respect to financial and medical matters. The instrument(s) shall provide that the power will survive disability. A copy of the Power(s) of Attorney shall be filed with the Sales and Marketing Department.

The holder of the Power of Attorney shall also serve as the Responsible Party under the terms of this Agreement and, if more than one person holds a Power of Attorney as contemplated above, both persons shall serve, jointly and severally, as the Responsible Party.

In the event that the Resident revokes a Power of Attorney, the Resident shall immediately execute a new Power of Attorney and the person appointed in the instrument shall become the Responsible Party hereunder, and the Resident shall instruct him or her to execute the Endorsement on this Agreement.

B. **Legal Guardian** - If the Resident becomes legally incapacitated or unable to properly care for himself or his property, and if the Resident has made no other designation of a person or legal entity to serve as guardian under a Deed of Trust or Power of Attorney, or the person designated in such instrument is unable or unwilling to serve, then the Resident hereby authorizes Moravian Manor Communities to nominate a legal guardian to serve when approved by a court as provided by law. Such action may be commenced by the President/CEO. The Resident releases Moravian Manor Communities from any liability related to the nomination of a legal guardian. All costs of such legal proceedings, including legal fees, shall be paid by the Resident or the legally appointed guardian of the Resident's estate.

C. **Will and Funeral Arrangements** - If not previously made, the Resident is encouraged to make a Will providing for the disposal of property of the Resident at Moravian Manor Communities, the appointment of an Executor of the estate of the Resident, and funeral and burial arrangements.

D. **Responsibilities of the Responsible Party** - In the event of the death or permanent transfer of a sole Resident to another level of care in Moravian Manor Communities or to a private or public hospital or institution, the Responsible Party (or Court-appointed guardian or executor, where applicable) of the Resident shall remove the Resident's personal belongings from the Residential Living Home within forty-five (45) days of the date of death or date of permanent transfer. Responsible Party removing said property must show appropriate identification. The Responsible Party will be consulted when decisions relating to the health and safety of the Resident must be made by Moravian Manor Communities, and the Resident is not able to make such decisions by himself. The Responsible Party shall perform such other duties as are required by this Agreement, including payment of fees and charges payable by Resident hereunder (but only from the assets of Resident available for such purpose) and shall execute the Endorsement on this Agreement. The Responsible Party is not a guarantor of any of Resident's financial obligations under this Agreement.

XV. REDUCTION OF INCOME OR OTHER RESOURCES

The Resident shall make every reasonable effort to meet his/her financial obligations to Moravian Manor Communities. The Resident shall not transfer control of assets or property for less than fair market value or make any gifts subsequent to the date of the Application Form, nor make any transfers or gifts after Occupancy, including a transfer of assets to an irrevocable trust, or change the liquidity of the Resident's assets in any manner, including the purchase of an annuity, which would substantially impair the Resident's ability to fulfill timely his/her financial obligations to Moravian Manor Communities or the ability of the Resident's estate to satisfy the Resident's financial obligations to Moravian Manor Communities. In the event the Resident substantially impairs his/her ability to fulfill timely his/her financial obligations to Moravian Manor Communities, Moravian Manor Communities may Terminate this Agreement for just cause following an opportunity to cure. If the Resident fails to cure or correct the non-compliance within a period as determined by Moravian Manor Communities and to its satisfaction, then Moravian Manor Communities may Terminate this Agreement for just cause upon thirty (30) days written notice to the Resident or Resident's representative. If the Resident fails to cure within the afforded time and Moravian Manor Communities decides not to Terminate this Agreement, then the Resident shall not have access to or the ability to transfer to another level of care within the Community, and the Resident shall not be eligible for financial assistance. Moravian Manor Communities' decision not to Terminate this Agreement shall not be construed as a waiver of its right to Terminate at a later date.

XVI. RIGHTS AND OBLIGATIONS OF RESIDENT AS TO PROPERTY

A. **Rights to Property** - The rights and privileges granted to the Resident by this Agreement do not include any right, title or interest in or to any part of the personal property, land, buildings and improvements owned or administered by Moravian Manor Communities. The rights of the Resident hereunder are for a right of Occupancy and certain services and facilities as set forth in this Agreement.

B. **Subordination** - Any rights, privileges or benefits of the Resident shall be subordinate to any mortgage or deed of trust on any of the premises or other interests in real or personal property of Moravian Manor Communities, including the Residential Living Home, and to all amendments, modifications, replacements, or refunding of any such mortgage, deed of trust or other encumbrance. The Resident agrees that, upon request, the Resident will execute and deliver any document which is required by Moravian Manor Communities, or by the holder of any such mortgage or deed of trust or other encumbrance to effect such subordination or to evidence the same.

C. **Responsibility for Damages** - Any loss or damage to real or personal property of Moravian Manor Communities caused by the fault, negligence

or the intentional misconduct of the Resident shall be paid for by the Resident. At the effective date of Termination of this Agreement, the Resident shall Surrender the Residential Living Home and shall leave it in as good a condition as at the start of Resident's Occupancy, except for reasonable wear and tear. If any fault, negligence or intentional misconduct of the Resident results in injury, illness or damage to any other Resident, Moravian Manor Communities assumes no responsibility therefore, and the Resident hereby releases and discharges Moravian Manor Communities from any liability for any injury or damage to the Resident or to the Resident's personal property caused by the fault, negligence or intentional misconduct of other Residents.

D. **Responsibility for Protection of the Resident's Property** - Moravian Manor Communities shall not be responsible for the loss of any property belonging to the Resident or to the Resident's estate due to theft, mysterious disappearance, fire or any other cause unless the care and control of said property has been specifically accepted in writing by Moravian Manor Communities and then only for lack of ordinary care to safeguard and account for such property. The Resident shall be required, at his own expense, to purchase insurance sufficient to protect against any such loss which must include Renters Insurance (with an Emergency Housing Provision) and Automobile Insurance (if applicable). If the Resident has become unable to occupy the Residential Living Home or this Agreement has been Terminated for any other reason, and the premises has not been vacated within 45 days, then Moravian Manor Communities, at the Resident's cost, may remove all property of the Resident from the Residential Living Home and make arrangements for storing the same. In the case of storage, Moravian Manor Communities shall exercise ordinary care only to protect such property against theft or other loss if stored on Moravian Manor Communities property. If the property is stored in a commercial storage warehouse, Moravian Manor Communities shall not have responsibility for such property thereafter. In the event of the Resident's death, any property of the Resident in the Residential Living Home occupied or held in storage shall be delivered to the Responsible Party of the Resident, or if the Responsible Party is unable or unwilling to act as such, then to a personal representative of the Resident, or if none qualifies within one month after the Resident's death, to any of the Resident's next of kin. Moravian Manor Communities will hold such property for such period at the risk of the Resident's estate or persons entitled thereto, subject to ordinary care by Moravian Manor Communities in safeguarding the same until delivery can be made.

XVII. RIGHTS OF THE RESIDENT ARE PERSONAL

The rights and privileges of the Resident under this Agreement are personal to the Resident and cannot be transferred or assigned by act of the Resident, or by any proceeding at law or otherwise. No person other than the Resident may occupy or

use the Residential Living Home covered by this Agreement except with the prior written approval of Moravian Manor Communities.

XVIII. COMPLETE AGREEMENT

This Agreement, together with the Fee Schedule and the Application Form, including a Financial Statement of the Resident, copies of each of which are attached hereto and made a part hereof, constitute the entire agreement between Moravian Manor Communities and the Resident, and may not be amended or modified except in writing approved by the Resident and Moravian Manor Communities. The Resident represents and warrants that all statements made by the Resident in these documents are true and correct and that there is no material omission or misleading statement in such documents with respect to the Resident. This representation and warranty shall survive the execution and delivery of this Agreement. Moravian Manor Communities is not liable nor bound in any manner by any statements, representations or promises made by any person representing or purporting to represent Moravian Manor Communities, unless such statements, representations or promises are set forth in this Agreement or in the Disclosure Statement delivered concurrently with this Agreement. The Resident hereby agrees to observe and comply with the rules and policies adopted by Moravian Manor Communities including the Resident Handbook and the Conditions of Occupancy for the convenience, comfort and safety of all residents of the Community. These rules and regulations may be changed from time to time in the sole discretion of Moravian Manor Communities.

XIX. NOTICES

Any notices to be given under this Agreement shall be deemed to have been properly given when delivered personally or sent by first class mail, postage prepaid, addressed as follows:

If to Community:

Moravian Manor Communities
300 West Lemon Street
Lititz, Pennsylvania 17543

If to the Resident:

Name:_____
Address:_____
City:_____ State:_____ Zip Code:_____

If to the Resident after taking Occupancy:

Name:_____
Address:_____
City:_____ State:_____ Zip Code:_____

(Resident's mailing address at Community)

XX. **MEDIATION/ARBITRATION**

A. **Voluntary Mediation.** Mediation is a form of alternative dispute resolution whereby an impartial person facilitates communication between the parties. The goal of mediation is to resolve the dispute promptly, amicably, and without incurring significant time and expense. Mediations are non-binding in nature. This Agreement provides for voluntary mediation whereby the parties may, upon mutual agreement, engage in mediation before resorting to arbitration. If the parties mutually agree to mediate any dispute that may arise between them, then the mediation will be conducted at Moravian Manor Communities or at a site within a reasonable distance of Moravian Manor Communities, subject to the mutual agreement of the parties. If the parties are unable to resolve their dispute through mediation, then the dispute shall be resolved by arbitration as provided in this Agreement. If the parties do not mutually agree to mediate any dispute that may arise between them, then they shall proceed directly to arbitration. The costs of the mediation shall be borne equally by each party, and each party shall be responsible for their own legal fees.

B. **Voluntary Binding Arbitration.** Arbitration is a specific process of dispute resolution utilized instead of the traditional state or federal court system. Instead of a judge and/or jury determining the outcome of a dispute, a neutral third party ("Arbitrator(s)") chosen by the parties to this Agreement renders the decision, which is binding on both parties. Generally an Arbitrator's decision is final and not open to appeal. The Arbitrator will hear both sides of the story and render a decision based on fairness, law, common sense and the rules established by the Arbitration Association selected by the parties. Arbitration has been selected with the goal of reducing the time, formalities and cost of utilizing the court system.

1. **Contractual and/or Property Damage Disputes.** Unless resolved or settled by mediation, any controversy, dispute, disagreement or claim of any kind or nature, arising from, or relating to this Agreement, or concerning any rights arising from or relating to an alleged breach of this Agreement, with the exception of (1) guardianship proceedings resulting from the alleged incapacity of Resident; (2) collection actions initiated by Moravian Manor Communities for non-payment of stay which results in a financial loss to Moravian Manor Communities; and (3) disputes involving

amounts in controversy of less than Twelve Thousand Dollars ($12,000), shall be resolved exclusively by arbitration. **This means that Resident will not be able to file a lawsuit in any court to resolve any disputes or claims that Resident may have against Moravian Manor Communities. It also means that Resident is relinquishing or giving up all rights that Resident may have to a jury trial to resolve any disputes or claims against Moravian Manor Communities.** It also means that Moravian Manor Communities is giving up certain rights that it may have to a jury trial or to bring claims in a court against Resident. Subject to the provisions of Section XX(B)(6), the Arbitration shall be administered by ADR (Alternative Dispute Resolution) Options, Inc., in accordance with the ADR Options Rules of Procedure, and judgment on any award rendered by the arbitrator(s) may be entered in any court having appropriate jurisdiction. **Resident acknowledge(s) and understand(s) that there will be no jury trial on any claim or dispute submitted to arbitration, and relinquishes and gives up his or her right to a jury trial on any matter submitted to arbitration under this Agreement.**

2. **Personal Injury or Medical Malpractice.** Unless resolved or settled by mediation, any claim that Resident may have against Moravian Manor Communities for any personal injuries sustained by Resident arising from or relating to any alleged medical malpractice, inadequate care, or any other cause or reason while residing in Moravian Manor Communities, shall be resolved exclusively by arbitration. **This means that Resident will not be able to file a lawsuit in any court to bring any claims that Resident may have against Moravian Manor Communities for personal injuries incurred while residing in Moravian Manor Communities. It also means that Resident is relinquishing or giving up all rights that Resident may have to a jury trial to litigate any claims for damages or losses allegedly incurred as a result of personal injuries sustained while residing in Moravian Manor Communities.** Subject to the provisions of Section XX(B)(6), the Arbitration shall be administered by ADR Options, Inc., in accordance with the ADR Options Rules of Procedure, and judgment on any award rendered by the arbitrator(s) may be entered in any court having appropriate jurisdiction. **Resident acknowledge(s) and understand(s) that there will be no jury trial on any claim or dispute submitted to arbitration, and Resident relinquishes and gives up Resident's right to a jury trial on any claims for damages arising from personal injuries to Resident which are submitted to arbitration under this Agreement.**

3. **Exclusions From Arbitration.** Those disputes which have been excluded from arbitration (i.e., guardianship proceedings, collection actions initiated by Moravian Manor Communities and disputes involving amounts in controversy of less than $12,000) may be resolved through the use of the judicial system. In situations involving any of the matters excluded from arbitration, neither Resident nor Moravian Manor Communities is required to use the arbitration process. Any legal actions related to those matters may be filed and litigated in any court which may have jurisdiction over the dispute.

4. **Right to Legal Counsel.** Resident has the right to be represented by legal counsel, at his/her own cost, in any proceedings initiated under this arbitration provision. **Because this arbitration provision addresses important legal rights, Moravian Manor Communities encourages and recommends that Resident obtain the advice and assistance of legal counsel to review the legal significance of this arbitration provision prior to signing this Agreement.**

5. **Location of Arbitration.** Subject to the mutual agreement of the parties, the Arbitration shall be conducted at a site within a reasonable distance of Moravian Manor Communities.

6. **Time Limitation for Arbitration.** Any request for arbitration of a dispute must be requested and submitted to ADR Options, Inc., with notice to the other party, prior to the lapse of two (2) years from the date on which the event giving rise to the dispute occurred, or before the expiration of the applicable statute of limitations for the dispute, whichever is earlier. Determination of the lapse of two (2) years from the date on which the event giving rise to the dispute occurred and determination of the applicable statute of limitations shall be made by the arbitrator as part of the arbitration process. ADR Options, Inc., is the designated arbitration agency that shall hear disputes specified in Sections XX(A-B) of this Agreement. ADR Options, Inc., is an impartial alternative dispute resolution organization that provides a panel of neutral third party arbitrators from which Resident and Moravian Manor Communities, upon mutual agreement, shall select an arbitrator to facilitate dispute resolution. In the event ADR Options, Inc., is unable or unwilling to serve, then the request for Arbitration must be submitted to Moravian Manor Communities within thirty (30) days of receipt of notice or other determination of ADR Options, Inc.'s, unwillingness or inability to serve as a neutral arbitrator. Moravian Manor Communities shall select an alternative neutral arbitration agency or service within thirty (30) days thereafter and the selected Arbitration Agency's procedural rules shall apply to the arbitration proceeding.

The failure to submit a request for Arbitration to ADR Options, Inc., or an alternate neutral arbitration service selected by Moravian Manor Communities, within the designated time (i.e., two (2) years or the applicable statute of limitations, whichever is earlier) shall operate as a bar to any subsequent request for Arbitration, or for any claim for relief or a remedy, or to any action or legal proceeding of any kind or nature, and the parties will be forever barred from arbitrating or litigating a resolution to any such dispute. Contact information for ADR Options, Inc., is as follows:

1800 John F. Kennedy Blvd.
Suite 1110
Philadelphia, PA 19103
Phone: (215) 564-1775
Fax: (215) 564-1822
Website: www.adroptions.com

7. **Allocation of Costs for Arbitration.** The costs of the arbitration shall be borne equally by each party, and each party shall be responsible for their own legal fees.

8. **Limited Resident Right to Rescind this Arbitration Clause (Sections XX(B)(1-13) of this Agreement). Resident, or in the event of Resident's incapacity, Resident's authorized representative, has the right to rescind this arbitration clause by notifying Moravian Manor Communities in writing within thirty (30) days of the execution of this Agreement.** Such notice must be sent via certified mail to the attention of the Administrator or the authorized representative of Moravian Manor Communities, and the notice must be post marked within 30 days of the execution of this Agreement. The notice may also be hand-delivered to the Administrator or the authorized representative within the same 30-day period. The filing of a claim in a court of law within the 30 days provided for above will automatically rescind the arbitration clause without any further action by Resident, or Resident's authorized representative.

9. Not a Condition of Admission or Continued Stay. Resident acknowledge(s) that this arbitration provision is not required as a condition of admission or continued stay at Moravian Manor Communities.

10. **Confidentiality.** Resident agrees that, at all times, Resident will keep any information regarding the arbitration proceeding, including rulings, decisions and awards by the arbitrator, confidential and will not disclose voluntarily to any third party, except to the extent required by law. Resident is permitted to disclose that the matter

has been resolved, without disclosing the results of the arbitration proceeding.

11. **Acknowledgment.** Resident acknowledge(s) that he/she has read and understands the terms of this arbitration provision, that the terms have been explained to Resident by a representative of Moravian Manor Communities, and that Resident has had an opportunity to ask questions about the arbitration provision. **[_____ *initials*]**

12. **Severability of Arbitration Clause (Sections XX(B)(1-13) of this Agreement).** If any provision of this arbitration clause is determined by a judicial or administrative tribunal of proper jurisdiction to be invalid or unenforceable, such provision shall be severed and the balance of this arbitration clause shall remain in full force and effect.

13. **Law Governing Arbitration Clause.** This arbitration clause shall be governed by and interpreted under the Federal Arbitration Act, 9 U.S.C. Sections 1-16.

CHECK (√) AND INITIAL APPLICABLE OPTION:

_____ [_____*initials*] RESIDENT AGREE(S) TO BE SUBJECT TO THE TERMS AND CONDITIONS OF SECTIONS XX(A) AND XX(B)(1-13) OF THIS AGREEMENT.

_____ [_____*initials*] RESIDENT AND/OR RESIDENT'S AUTHORIZED REPRESENTATIVE DO(ES) NOT AGREE TO BE SUBJECT TO THE TERMS AND CONDITIONS OF SECTIONS XX(A) AND XX(B)(1-13) OF THIS AGREEMENT.

XXI. **MISCELLANEOUS**

A. THIS AGREEMENT DOES NOT AND IS NOT INTENDED TO CONSTITUTE AN UNDERTAKING OR CONTRACT, EXPRESSED OR IMPLIED, TO CARE FOR THE RESIDENT FOR LIFE.

B. Moravian Manor Communities shall have the right to enter the Residential Living Home at any reasonable time to inspect, to make repairs and to enforce the provisions of this Agreement. Prior telephone notice will be given when possible. If the Resident is absent from the Residential Living Home, or in the case of emergencies, Moravian Manor Communities shall have the right to enter the Residential Living Home without notice.

C. If the Residential Living Home is damaged by fire or other casualty, it shall be repaired with reasonable diligence by Moravian Manor Communities.

D. If the Residential Living Home is rendered untenantable by a fire or other disaster, Moravian Manor Communities shall assist in making arrangements for temporary living quarters for the Resident until the Residential Living Home is rebuilt. In such cases, the Resident's Renters Insurance coverage for the cost of emergency housing shall be used to subsidize the cost of alternative housing.

E. The Resident Handbook contains rules, regulations, policies and procedures concerning the use of the Residential Living Home and portions of Moravian Manor Communities' property as may be determined to be necessary to protect the Residential Living Home or Moravian Manor Communities' property, or for the comfort, convenience or benefit generally of all residents of Moravian Manor Communities. The Resident agrees that from time to time hereafter that Moravian Manor Communities may revise the Resident Handbook and implement new or revised policies in its sole discretion. Revisions to the Resident Handbook shall become effective thirty (30) days following notice to the Resident of the revision.

F. Residents have a right of self-organization. Quarterly meetings with the residents of Moravian Manor Communities will be held for the purpose of free discussion of subjects which may include income, expenditures and financial matters as they apply to the facility and proposed changes in policies, programs and services. Residents will be entitled to at least seven days' notice of each quarterly meeting.

G. The Resident has the right to entertain guests. Overnight guest stays are limited to fourteen (14) consecutive days with no more than thirty (30) days per year except with the prior written consent of Administration.

H. The Resident shall adhere to any dress codes in the common areas as adopted by the Residents' Association.

I. This Agreement is in compliance with, and cannot waive the Continuing-Care Provider Registration and Disclosure Act of June 18, 1984, P.L. 391 No. 82 (40 P.S. Section 3201 et. seq.) as provided by 40 P.S. Section 3214 (e).

J. This Agreement may be rescinded by Resident for a period of seven (7) days from the date of signing this Agreement by following the procedure described in the "Notice of Right to Rescind," attached hereto and made a part hereof.

K. The descriptive headings of the paragraphs of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

L. If any one or more of the provisions of this Agreement should be finally determined to be contrary to law, then such provision or provisions shall be

severable from the remaining provisions and shall in no way affect the validity or enforceability of the other provisions of this Agreement.

M. This Agreement shall be construed and enforced in accordance with, and the rights of the parties hereto shall be governed by, the laws of the Commonwealth of Pennsylvania.

N. Masculine adjectives or pronouns are sometimes used herein in referring to the Resident, but the word Resident applies equally to women. Resident shall be construed as a plural noun when this Agreement is entered into by Co-Residents.

IN WITNESS WHEREOF, Moravian Manor Communities and the Resident have executed and delivered this Agreement as of the day and year written below.

MORAVIAN MANOR COMMUNITIES for MORAVIAN MANORS, INC.

By: _____

Title_____

Date:_____

RESIDENT(S)

Print: _____ Print: _____

Sign:_____ Sign: _____

Date:_____ Date:_____

ENDORSEMENT OF RESPONSIBLE PARTY

I certify that I have read the Residential Living Agreement and I agree to serve as Responsible Party under the terms of this document.

Print:_____

Sign:_____

Date:_____

MORAVIAN MANOR
COMMUNITIES
A Unitas Communities® Affiliate

NOTICE OF RIGHT TO RESCIND

Date Rescission Period Begins: _____ Ends: _____

You may rescind and terminate your Residential Living Agreement, without penalty or forfeiture, within the seven (7) day period noted above. You are not required to move into the Residential Living Home before the expiration of this seven (7) calendar day period. To rescind your Residential Living Agreement, mail or deliver a signed and dated copy of this notice, or any other notice, letter, e-mail or fax stating your desire to rescind to:

Moravian Manor Communities
300 West Lemon Street
Lititz, PA 17543

no later than midnight of _____

Pursuant to this notice, I hereby cancel my Residential Living Agreement.

_____ _____
Date Signature