NEW ISSUE **Rating:** See **"RATING"** herein
Book-Entry Only

*Subject to compliance by the Colorado Health Facilities Authority (the "**Authority**"), the Corporation and the Users (as defined in Appendix C hereto) with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the Series 2025 Bonds (as defined below) is excludible from gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the alternative minimum tax for individuals. Interest on the Series 2025 Bonds may affect the corporate alternative minimum tax for certain corporations. Under the laws of the State of Colorado, as presently enacted and construed, so long as interest on the Series 2025 Bonds is not included in gross income for federal income tax purposes, interest on the Series 2025 Bonds will not be included in Colorado taxable income for purposes of the income tax imposed by the State of Colorado upon individuals, corporations and estates and trusts. See "**TAX MATTERS**" herein for a more complete discussion.*

$146,400,000
COLORADO HEALTH FACILITIES AUTHORITY
REVENUE BONDS
SERIES 2025A
(COVENANT LIVING COMMUNITIES AND SERVICES)

Dated: Date of Issuance **Due: December 1 as shown on inside cover**

This Official Statement contains information relating to the $146,400,000 aggregate principal amount of Revenue Bonds, Series 2025A (Covenant Living Communities and Services) (the "***Series 2025 Bonds***") issued by the Authority.

The Series 2025 Bonds will be issued under and pursuant to the Bond Trust Indenture described herein entered into between the Authority and Computershare Trust Company, N.A., as bond trustee.

The Series 2025 Bonds will be payable solely from and secured by a pledge of payments to be made by Covenant Living Communities and Services, an Illinois not for profit corporation (the "***Corporation***"), under a Loan Agreement between the Authority and the Corporation and by the Obligated Group under the Series 2025A Obligation (as defined herein). The Series 2025A Obligation is a joint and several liability of each Member of the Obligated Group. The Series 2025A Obligation will be secured by the Gross Revenues (as defined herein) of the Obligated Group and certain mortgages as described herein. See "**SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 BONDS**" herein.

Interest on the Series 2025 Bonds is payable on each June 1 and December 1, commencing on June 1, 2025. The Series 2025 Bonds are issuable in fully registered form in denominations of $5,000 and any integral multiple thereof. The Series 2025 Bonds, when issued, will be registered initially only in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("***DTC***"). DTC will act as securities depository for the Series 2025 Bonds. Purchasers of the Series 2025 Bonds will not receive certificates representing their interests in the Series 2025 Bonds purchased. Ownership by the beneficial owners of the Series 2025 Bonds will be evidenced by book-entry only. Principal of and interest on the Series 2025 Bonds will be paid by the Bond Trustee to DTC, which in turn will remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of Series 2025 Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the Series 2025 Bonds will be made to such registered owner, and disbursement of such payments will be the responsibility of DTC and its participants. See "**THE SERIES 2025 BONDS**" and **APPENDIX F – BOOK-ENTRY SYSTEM**. The source of payment of, and security for, the Series 2025 Bonds are more fully described in this Official Statement. The Series 2025 Bonds are subject to optional, mandatory and extraordinary redemption and prepayment as described in this Official Statement.

THE SERIES 2025 BONDS AND ALL OBLIGATIONS OF THE AUTHORITY UNDER OR WITH RESPECT TO SUCH SERIES 2025 BONDS, THE BOND TRUST INDENTURE AND THE LOAN AGREEMENT SHALL BE AND REMAIN SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY OUT OF THE SECURITY SPECIFICALLY PLEDGED THERETO BY THE CORPORATION AND BY OTHER MEMBERS OF THE OBLIGATED GROUP. NO RECOURSE SHALL BE HAD AGAINST ANY PROPERTIES, FUNDS OR ASSETS OF THE AUTHORITY (OTHER THAN THE SECURITY SPECIFICALLY PLEDGED THERETO BY THE CORPORATION AND BY OTHER MEMBERS OF THE OBLIGATED GROUP) OR THE STATE OF COLORADO FOR THE PAYMENT OF ANY AMOUNTS OWING UNDER OR WITH RESPECT TO THE SERIES 2025 BONDS, THE BOND INDENTURE, THE LOAN AGREEMENT OR ANY OBLIGATION OF THE AUTHORITY UNDER OR WITH RESPECT TO THE SERIES 2025 BONDS. NONE OF THE SERIES 2025 BONDS, THE BOND TRUST INDENTURE, THE LOAN AGREEMENT, OR THE OBLIGATIONS OF THE AUTHORITY UNDER OR WITH RESPECT THERETO, CONSTITUTES OR CREATES AN INDEBTEDNESS OF THE AUTHORITY, THE STATE OF COLORADO, ITS GENERAL ASSEMBLY OR ANY DEPARTMENT, AGENCY, UNIT OR POLITICAL SUBDIVISION THEREOF OR A CHARGE AGAINST THEIR GENERAL CREDIT WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE AUTHORITY HAS NO TAXING POWER.

*The Series 2025 Bonds are offered when, as and if issued and received by B. C. Ziegler and Company (the "**Underwriter**"), subject to the approval of legality by Chapman and Cutler LLP, Bond Counsel, Chicago, Illinois. Other legal counsels are described herein under "**LEGAL MATTERS**." For details of the Underwriter's compensation, see the caption "**UNDERWRITING**" herein. It is expected that the Series 2025 Bonds in definitive form will be available for delivery through the facilities of DTC in New York, New York on or about April 10, 2025.*

This cover page contains certain information for quick reference only and is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Ziegler

The date of this Official Statement is March 25, 2025.

MATURITIES, AMOUNTS, INTEREST RATES, PRICES, YIELDS AND CUSIPS†

$146,400,000
Colorado Health Facilities Authority
Revenue Bonds, Series 2025A
(Covenant Living Communities and Services)

$63,880,000 Serial Bonds

Maturity December 1	Principal Amount	Interest Rate	Price	Yield	CUSIP†
2025	$ 2,120,000	5.000%	101.085	3.270%	19648FYW8
2026	3,215,000	5.000	102.755	3.260	19648FYX6
2027	3,445,000	5.000	104.237	3.310	19648FYY4
2028	3,830,000	5.000	105.467	3.390	19648FYZ1
2029	4,050,000	5.000	106.547	3.460	19648FZA5
2030	4,210,000	5.000	107.350	3.550	19648FZB3
2031	4,475,000	5.000	108.200	3.600	19648FZC1
2032	4,705,000	5.000	108.510	3.710	19648FZD9
2033	4,945,000	5.000	109.072	3.760	19648FZE7
2034	17,165,000	5.000	108.692	3.900*	19648FZF4
2035	11,720,000	5.000	108.332	3.950**	19648FZG2

* Yield based on the December 1, 2032 call date at a price of 102%.
** Yield based on the December 1, 2033 call date at a price of 101%.

$82,520,000 Term Bonds

$21,290,000 5.125% Term Bond due on December 1, 2045; Price 102.867%; Yield 4.750%***; CUSIP†: 19648FZH0

$26,715,000 5.125% Term Bond due on December 1, 2050; Price 101.706%; Yield 4.900%***; CUSIP†: 19648FZJ6

$34,515,000 5.125% Term Bond due on December 1, 2055; Price 101.246%; Yield 4.960%***; CUSIP†: 19648FZK3

*** Yield to first par call date of December 1, 2034.

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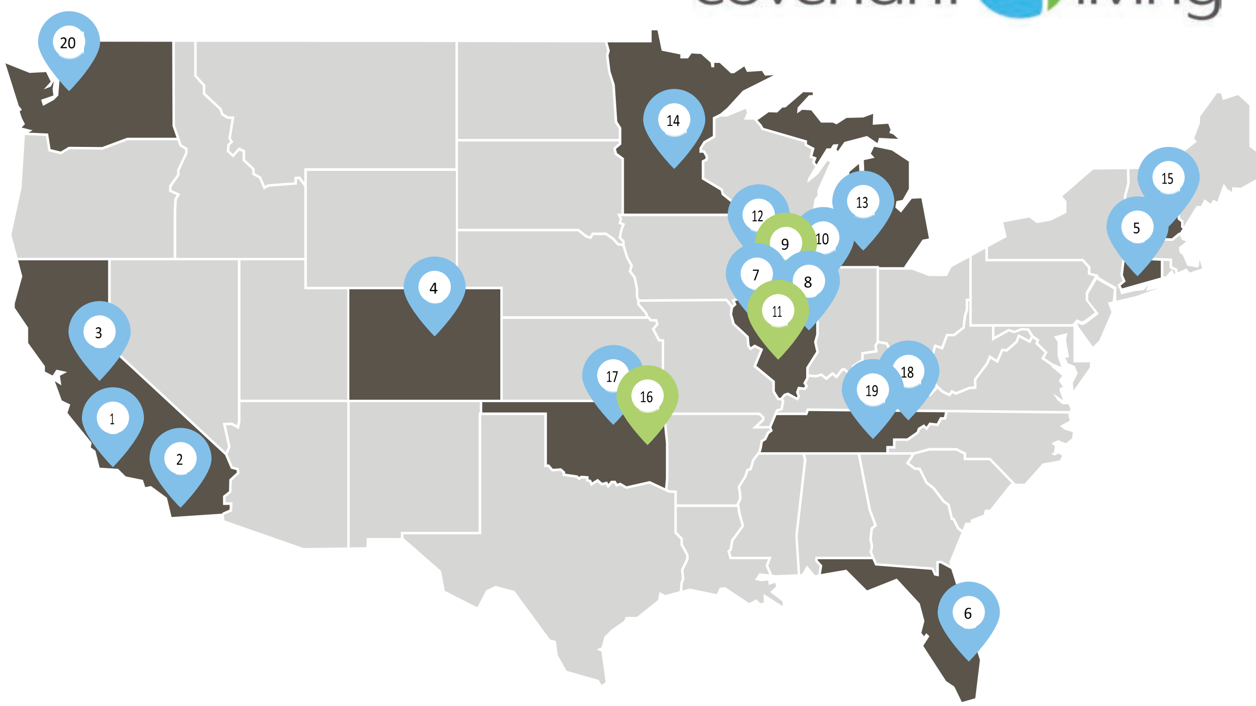
† CUSIP is a registered trademark of the American Bankers Association (the "***ABA***"). CUSIP data is provided by CUSIP Global Services, which is managed on behalf of the ABA by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of the Holders of the Series 2025 Bonds only at the time of issuance of the Series 2025 Bonds, and none of the Corporation, the other Members of the Obligated Group or the Underwriter make any representation with respect to such CUSIP numbers or undertake any responsibility for the accuracy now or at any time in the future.

Covenant Living Communities & Services
Campus Locations Map



1 **Covenant Living at the Samarkand,** Santa Barbara, CA*
2 **Covenant Living at Mount Miguel,** Spring Valley, CA*
3 **Covenant Living of Turlock,** Turlock, CA*
4 **Covenant Living of Colorado,** Westminster, CO*
5 **Covenant Living of Cromwell,** Cromwell, CT*
6 **Covenant Living of Florida,** Plantation, FL*
7 **Covenant Living at the Holmstad,** Batavia, IL*
8 **Covenant Living at Windsor Park,** Carol Stream, IL*
9 **Covenant Home of Chicago,** Chicago, IL*
10 **Three Crowns Park,** Evanston, IL
11 **Covenant Living of Geneva,** Geneva, IL
12 **Covenant Living of Northbrook,** Northbrook, IL*
13 **Covenant Living of the Great Lakes,** Grand Rapids, MI*
14 **Covenant Living of Golden Valley,** Golden Valley, MN*
15 **Covenant Living of Keene,** Keene, NH*
16 **Covenant Living of Bixby,** Bixby, OK
17 **Covenant Living at Inverness,** Tulsa, OK*
18 **Shannondale of Knoxville,** Knoxville, TN
19 **Shannondale of Maryville,** Maryville, TN
20 **Covenant Living at the Shores,** Mercer Island, WA*

Key:
- CCRC
- Rental, Supportive Living or Healthcare Specific Community
- * Obligated Group Member

Covenant Living at the Samarkand – Santa Barbara, CA

Covenant Living at Mount Miguel – Spring Valley, CA

Covenant Living of Turlock – Turlock, CA

Covenant Living of Cromwell – Cromwell, CT

Covenant Living of Colorado – Westminster, CO

Covenant Living of Florida – Plantation, FL

Covenant Living at the Holmstad – Batavia, IL

Covenant Living at Windsor Park – Carol Stream, IL

Covenant Home of Chicago – Chicago, IL

Covenant Living of Northbrook – Northbrook, IL

Covenant Living of the Great Lakes – Grand Rapids, MI

Covenant Living of Golden Valley – Golden Valley, MN

Covenant Living of Keene – Keene, NH

Covenant Living Inverness – Tulsa, OK

Covenant Living at the Shores – Mercer Island, WA

TABLE OF CONTENTS

	Page
REGARDING USE OF THIS OFFICIAL STATEMENT	i
INTRODUCTION	1
PLAN OF FINANCE	3
THE AUTHORITY	4
THE SERIES 2025 BONDS	4
SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 BONDS	9
ESTIMATED SOURCES AND USES OF FUNDS	12
ANNUAL DEBT SERVICE REQUIREMENTS	13
RISK FACTORS	14
LITIGATION	40
RATINGS	40
CONTINUING DISCLOSURE	41
UNDERWRITING	41
TAX MATTERS	41
LEGAL MATTERS	44
INDEPENDENT AUDITORS	44
FINANCIAL ADVISOR	44
MISCELLANEOUS	44

APPENDIX A	The Members of the Obligated Group
APPENDIX B	Consolidated Financial Report of Covenant Living Communities and Services
APPENDIX C	Summary of Principal Documents
APPENDIX D	Form of Opinion of Bond Counsel
APPENDIX E	Form of Continuing Disclosure Undertaking
APPENDIX F	Book-Entry System

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REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the Authority, the Obligated Group (as hereinafter defined) or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2025 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information set forth herein has been obtained from the Authority, the Obligated Group (as hereinafter defined) and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the Obligated Group since the date hereof. This Official Statement does not constitute a contract among the Authority, the Obligated Group and any one or more of the purchasers or registered owners of the Series 2025 Bonds.

The Authority has not prepared or assisted in the preparation of this Official Statement, including any financial information included herein or attached hereto, and, except for the information about the Authority contained under the captions "**INTRODUCTION – The Authority**," "**THE AUTHORITY**" and "**LITIGATION – The Authority**," with respect to the Authority, the Authority is not responsible for any statements made in this Official Statement. Accordingly, except with respect to the information contained under such captions, the Authority makes no representation or warranty, expressed or implied, as to the truthfulness, sufficiency and completeness of the statements set forth in this Official Statement or any statements otherwise made in connection with the offer, sale and distribution of the Series 2025 Bonds.

CUSIP numbers are included in this Official Statement for the convenience of the holders and potential holders of the Series 2025 Bonds. No assurances can be given that the CUSIP number for a particular Series 2025 Bond will remain the same. CUSIP is a trademark of the American Bankers Association. The CUSIP numbers are provided by Standard and Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. These numbers are not intended to create a database and do not serve in any way as a substitute for the CUSIP Service. The CUSIP numbers shown on the cover hereof have been assigned to this issue by an organization not affiliated with the Authority, the Underwriter or the Obligated Group and are included for convenience only. Neither the Authority, the Underwriter nor the Obligated Group is responsible for the selection of CUSIP numbers, nor is any representation made as to their correctness on the Series 2025 Bonds or as indicated herein.

IN CONNECTION WITH THIS OFFERING THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2025 BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2025 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAVE THE MASTER INDENTURE OR THE BOND TRUST INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2025 BONDS IN ACCORDANCE WITH APPLICABLE

PROVISIONS OF LAWS OF THE STATES IN WHICH SERIES 2025 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2025 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE. FURTHERMORE, THE AUTHORITY HAS NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT.

Forward-Looking Statements

This Official Statement contains disclosures which contain "*forward-looking statements*". Forward-looking statements include all statements that do not relate solely to historical or current fact, and can be identified by use of words like "*may*," "*believ*e," "*will*," "*expect*," "*project*," "*estimate*," "*budget*, "*anticipate*," "*plan*," "*continue*," or similar words. These forward-looking statements include, but are not limited to, information under the captions "**HISTORY, BACKGROUND AND ORGANIZATION - The Obligated Group**," "**THE PROJECTS**" and "**FUTURE PLANNING, STRATEGY AND PROJECTS**" in **APPENDIX A** to this Official Statement or under the caption "**RISK FACTORS**" in the forepart of this Official Statement.

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

OFFICIAL STATEMENT

relating to

$146,400,000
COLORADO HEALTH FACILITIES AUTHORITY
REVENUE BONDS
SERIES 2025A
(COVENANT LIVING COMMUNITIES AND SERVICES)

INTRODUCTION

The description and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions therein. All statements herein are qualified in their entirety by reference to each document. See **APPENDIX C – SUMMARY OF PRINCIPAL DOCUMENTS** for definitions of certain words and terms used but not otherwise defined in the forepart of this Official Statement.

This Official Statement, including the cover page and the appendices hereto, sets forth certain information in connection with the offering of $146,400,000 aggregate principal amount of Revenue Bonds, Series 2025A (Covenant Living Communities and Services) (the "***Series 2025 Bonds***") issued by the Colorado Health Facilities Authority (the "***Authority***").

The Series 2025 Bonds are being issued under and pursuant to a Bond Trust Indenture dated as of April 1, 2025 (the "***Bond Indenture***") between the Authority and Computershare Trust Company, N.A., as bond trustee (the "***Bond Trustee***").

The proceeds of the Series 2025 Bonds will be loaned to Covenant Living Communities and Services, an Illinois not for profit corporation (the "***Corporation***"), pursuant to a Loan Agreement, dated as of April 1, 2025 (the "***Loan Agreement***"), by and between the Corporation and the Authority. Contemporaneously with the issuance of the Series 2025 Bonds issued pursuant to the Bond Indenture, and to secure repayment of the loan made by the Authority to the Corporation under the Loan Agreement, the Corporation, on its behalf and on behalf of the other Members (as hereinafter defined) will issue and deliver its Direct Note Obligation, Series 2025A (the "***Series 2025A Obligation***").

The Authority

The Authority is an independent public body politic and corporate constituting a public instrumentality and a political subdivision of the State of Colorado, created by the Colorado Health Facilities Authority Act, Colorado Revised Statutes, Section 25-25-101, *et seq*., as amended (the "***Act***"). The Authority is authorized to issue the Series 2025 Bonds pursuant to the Act.

For further information concerning the Authority, see the information under the caption "**THE AUTHORITY**" herein.

Purpose of the Series 2025 Bonds

The Corporation will utilize the proceeds of the Series 2025 Bonds to (i) pay the costs of the Project (as hereinafter defined), (ii) current refund the Refunded Bonds (as hereinafter defined), and (iii) pay certain expenses incurred in connection with the issuance of the Series 2025 Bonds and the refunding of the Refunded Bonds.

See "**PLAN OF FINANCE**" and **APPENDIX A - THE PROJECTS**.

The Corporation and the Obligated Group

The Corporation is the administrative organization and parent corporation that oversees the operation of a multi-institutional continuing care system of retirement communities comprised of residential facilities, assisted living facilities (personal care facilities) and skilled nursing facilities on behalf of the Board of Benevolence of The Evangelical Covenant Church.

The Corporation, Covenant Living of Colorado, a Colorado nonprofit corporation, Covenant Living of Florida, Inc., a Florida nonprofit corporation, Covenant Living of Golden Valley, a Minnesota nonprofit corporation, Covenant Home, an Illinois not for profit corporation, Covenant Home of Chicago, an Illinois not for profit corporation, Covenant Living at the Holmstad, an Illinois not for profit corporation, Covenant Health Care Center, Inc., an Illinois not for profit corporation, Covenant Living of Cromwell, Inc., a Connecticut non-stock corporation, Covenant Living West, a California nonprofit public benefit corporation, Covenant Living of the Great Lakes, a Michigan nonprofit corporation, Covenant Living at Windsor Park, an Illinois not for profit corporation, Covenant Living of Keene, a New Hampshire voluntary corporation, and Tulsa Hills Community, Inc., an Oklahoma nonprofit corporation (collectively, the "***Members***", the "***Members of the Obligated Group***" or the "***Obligated Group***") are the members of an obligated group created under the Master Indenture, as hereinafter described. The Members of the Obligated Group are jointly and severally obligated through the Master Indenture on all Obligations, including the Series 2025A Obligation, issued under the Master Indenture. See "**SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 BONDS – The Master Indenture**" herein.

As of December 31, 2024, the Members of the Obligated Group owned and operated facilities which include 3,531 residential living units, 793 assisted living units and 830 skilled nursing care beds. **APPENDIX A** contains summary information about the history, organization and operation of the Obligated Group. Also included in **APPENDIX A** are the unaudited financial statements of the Obligated Group for the three-month periods ended December 31, 2024 and 2023. See **APPENDIX A – THE MEMBERS OF THE OBLIGATED GROUP** and **– FINANCIAL INFORMATION**.

The audited consolidated financial report of the Corporation and the Subsidiaries in **APPENDIX B** hereto include Covenant Living Services ("***Covenant Living Services***") and its affiliates, which are not Members of the Obligated Group. See **APPENDIX B** "**Additional Consolidating Information**" for more information on the financial performance of the Obligated Group, Covenant Living Services and the affiliates of Covenant Living Services. There is also additional financial information related to the Obligated Group available in **APPENDIX A** hereto and with the Municipal Securities Rulemaking Board (the "***MSRB***") at its Electronic Municipal Market Access system ("***EMMA***"), found at http://emma.msrb.org/.

Security for the Series 2025 Bonds

The Series 2025 Bonds are secured by the Series 2025A Obligation issued pursuant to an Amended and Restated Master Trust Indenture dated as of September 1, 2012, as heretofore supplemented and amended (the "***Restated Master Indenture***"), between the Corporation, as Obligated Group Representative, on behalf of itself and the other Members of the Obligated Group named therein, and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "***Master Trustee***"), and as further supplemented and amended by a Supplemental Master Trust Indenture Number 14 dated as of April 1, 2025 (the Restated Master Indenture as so supplemented and amended, is referred to herein as the "***Master Indenture***") between the Corporation, as Obligated Group Representative, on behalf of itself and the other Members, and the Master Trustee.

The Corporation and the other Members of the Obligated Group have previously issued Obligations (as defined in the Master Indenture) secured by the Restated Master Indenture (the "***Outstanding***

Obligations”). The Outstanding Obligations, together with the Series 2025A Obligation and all additional Obligations issued under the Master Indenture, are collectively referred to herein as “***Obligations***.” All Obligations are secured equally and ratably under the Master Indenture as joint and several obligations of all Members of the Obligated Group.

After giving effect to the issuance of the Series 2025 Bonds, there will be approximately $640,085,000 aggregate principal amount of outstanding indebtedness secured under the Master Indenture. See **APPENDIX B - Note 10** (Long-term Debt and Other Obligations) for more information.

All Obligations issued under the Master Indenture, including the Outstanding Obligations and the Series 2025A Obligation, are secured by the Mortgages (hereinafter defined), which Mortgages include assignments of leases and rents with respect to, certain facilities (including certain personal property) of the Obligated Group. Such mortgages are issued to the Master Trustee to secure Obligations under the Master Indenture. All Obligations, including the Outstanding Obligations and the Series 2025A Obligation, are also secured by a pledge of the Obligated Group’s Gross Revenues. The Mortgages and the Gross Revenues pledge secure on a parity basis all outstanding Obligations. For a more complete description of the Mortgages, the properties encumbered by the Mortgages and the Gross Revenues pledge, see “**SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 BONDS – The Master Indenture**” herein, **APPENDIX A – THE MEMBERS OF THE OBLIGATED GROUP – Description of Facilities and Operations** and **APPENDIX C – SUMMARY OF PRINCIPAL DOCUMENTS – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Pledge of Gross Revenues; Pledge of Mortgages** and **– SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGES**.

PLAN OF FINANCE

The proceeds of the Series 2025 Bonds will be used by the Corporation and the Users (as defined in **APPENDIX C** hereto) to: (i) pay or reimburse the Corporation or the Users for the payment of the costs of acquiring, constructing, remodeling, renovating and equipping long-term care facilities, including, without limitation, the acquisition, construction, equipping, remodeling and renovation of independent living and health care facilities owned and operated by the Corporation or one or more of the Users, as more particularly described in **APPENDIX A – THE PROJECT** (individually, a “***Project***” and collectively, the “***Projects***”), (ii) current refund the $3,035,000 Illinois Finance Authority Revenue Bonds, Series 2013 (Three Crowns Park Project) (the “***Series 2013 Bonds***”), $3,035,000 of which are currently outstanding, (iii) current refund the $34,210,000 Illinois Finance Authority Revenue Refunding Bonds, Series 2017 (Three Crowns Park) (the “***Series 2017 Bonds***”), $12,700,000 of which are currently outstanding, (iv) current refund the $112,805,000 Colorado Health Facilities Authority Revenue Refunding Bonds, Series 2015A (Covenant Retirement Communities, Inc.) (the “***Series 2015A Bonds***” and, together with the Series 2013 Bonds and the 2017 Bonds, the “***Refunded Bonds***”), $67,010,000 of which are currently outstanding, and (v) pay certain expenses incurred in connection with the issuance of the Series 2025 Bonds and the refunding of the Refunded Bonds.

The Projects

For information about the Projects, see **APPENDIX A - THE PROJECTS**.

The Refunded Bonds

A portion of the proceeds of the Series 2025 Bonds, together with certain other moneys, will be used to (i) currently refund the Series 2013 Bonds and the Series 2017 Bonds approximately 18 days after the issuance date of the Series 2025 Bonds and (ii) fund an irrevocable escrow fund that will provide for the defeasance of the Series 2015A Bonds on the issuance date of the Series 2025 Bonds. The Series 2015A Bonds will be optionally redeemed through the defeasance escrow on June 1, 2025.

THE AUTHORITY

The Authority, created July 1, 1977, is an independent public body politic and corporate constituting a public instrumentality and a political subdivision of the State of Colorado. The Authority is not an agency of the State of Colorado government and is not subject to administrative direction by any department, commission, board or agency of the State of Colorado. The Authority was created by the Act, and its purpose is to provide financing for health facilities and to provide alternative methods by which health institutions in the State of Colorado or their affiliates may finance health facilities located in the State of Colorado and other states and refund or refinance outstanding indebtedness incurred for such health facilities.

The Act provides that the governing body of the Authority will be a Board of Directors consisting of seven members appointed for staggered, four-year terms by the Governor of Colorado with the consent of the Colorado State Senate. Members must be Colorado residents, and no more than four members may be of the same political party.

The Authority has offered and plans to offer other obligations from time to time to finance other health care facilities. Such obligations have been and will be issued pursuant to and secured by instruments separate and apart from the Bond Indenture. Payments on these other obligations will be payable solely from revenue pledged under the separate instruments relating to such obligations and not from any revenue pledged under the Bond Indenture.

The Authority has not prepared or assisted in the preparation of this Official Statement, except the statements made under this section and the sections "**LITIGATION - The Authority**" and "**INTRODUCTION – The Authority,**" and, except as aforesaid, the Authority is not responsible for any statements made in this Official Statement. Except for the execution and delivery of documents required to effect the issuance of the Series 2025 Bonds, the Authority has not otherwise assisted in the public offer, sale or distribution of the Series 2025 Bonds. Accordingly, except as aforesaid, the Authority disclaims responsibility for the disclosures set forth in this Official Statement or otherwise made in connection with the offer, sale and distribution of the Series 2025 Bonds.

THE SERIES 2025 BONDS

General

The Series 2025 Bonds will be issued pursuant to the Bond Indenture in denominations of $5,000 and any integral multiple thereof, in the aggregate principal amount set forth on the inside cover page of this Official Statement. Interest on the Series 2025 Bonds is payable semiannually on June 1 and December 1 of each year, beginning on June 1, 2025, and the Series 2025 Bonds will mature on December 1 in the years set forth on the inside cover page of this Official Statement. The Series 2025 Bonds, as initially issued, will be dated the Closing Date. Except as described in the next sentence, subsequently issued Series 2025 Bonds will be dated as of the later of the Closing Date or the most recent preceding interest payment date to which interest has been paid thereon. Series 2025 Bonds issued on an interest payment date to which interest has been paid shall be dated as of such date. The Series 2025 Bonds shall bear interest based on a 360-day year of twelve 30-day months.

The Series 2025 Bonds will be delivered in fully registered form only, will be transferable and exchangeable as set forth in the Bond Indenture and, when executed and delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("***DTC***"). DTC will act as securities depository for the Series 2025 Bonds. Ownership interests in the Series 2025 Bonds may be purchased in book-entry form only. See **APPENDIX F – BOOK-ENTRY SYSTEM**. So long as Cede & Co. is the registered holder of the Series 2025 Bonds, as nominee of DTC, references herein to the holders, owners or registered owners of the Series 2025 Bonds means Cede & Co. and does not mean the "Beneficial Owners" of the Series 2025 Bonds. Any notices to be given to Bondholders by the Bond Trustee, the Authority or the Corporation will be given by them only to DTC or its nominee. See **APPENDIX F – BOOK-ENTRY SYSTEM** for a description of the procedures for any further disseminations of those notices. Under this caption, the term "Beneficial Owner" means the person for whom the DTC Participants and DTC Indirect Participants (both as defined in **APPENDIX F** to this Official Statement) (collectively referred to in this Official Statement as "***DTC Participants***") acquire an interest in the Series 2025 Bonds. The Authority, the Bond Trustee and the Corporation shall be entitled to treat the registered owners of the Series 2025 Bonds as the owners of the Series 2025 Bonds for all purposes.

Payment of Principal and Interest

So long as any Series 2025 Bond is registered in the name of Cede & Co., as nominee of DTC or any successor thereto, the Bond Trustee will pay such principal of, premium, if any, and redemption price, if any and interest on the Series 2025 Bonds to DTC, which will remit such principal, premium, if any, redemption price, if any, and interest to the Beneficial Owners of the Series 2025 Bonds, as described under **APPENDIX F – "BOOK-ENTRY SYSTEM."**

In the event that that the Authority and the Corporation determine that DTC should no longer act as securities depository for the Series 2025 Bonds or the agreement between the Authority and DTC shall terminate, the Authority shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities Exchange Act of 1934, as amended, notify DTC and the Bond Trustee in writing of the appointment of such successor securities depository and transfer one or more separate Series 2025 Bond certificates to such successor securities depository, or (ii) notify DTC and DTC Participants of the availability through DTC of Series 2025 Bond certificates and transfer one or more separate Series 2025 Bond certificates to DTC Participants having Series 2025 Bonds credited to their DTC accounts. In such event, the Series 2025 Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Bondholders transferring or exchanging Series 2025 Bonds shall designate, in accordance with the provisions of the Bond Indenture.

The principal of, premium, if any, and interest on the Series 2025 Bonds shall be payable in any currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts, and such principal and premium, if any, shall be payable at the designated corporate trust office of the Bond Trustee. Payment of the interest on any Series 2025 Bond shall be made to the person appearing on the Bond Register as the registered owner thereof as of the close of business of the Bond Trustee on the Record Date for such interest payment, by check or draft mailed on the applicable interest payment date to the person appearing on the Bond Register as the registered owner thereof at such person's address as it appears on the Bond Register or at such other address as is furnished to the Bond Trustee in writing by such owner prior to the Record Date, or, by wire transfer to any owner of $1,000,000 or more in the aggregate principal amount of Series 2025 Bonds on such interest payment date upon written notice from such owner containing the wire transfer address within the continental United States to which such owner wishes to have such wire directed, which written notice is received not later than the Business Day preceding the Record Date for such interest payment date and upon payment for or arrangement for any wire transfer fee of the Bond Trustee. Notwithstanding the foregoing, payment of defaulted interest on the Series 2025 Bonds will be made to the registered owners thereof on the Special Record Date fixed by the Bond Trustee which shall be not more than fifteen days or less than ten days prior to the date of the proposed payment and not less than ten days after receipt by the Bond Trustee of the notice of the proposed payment.

Redemption

Optional Redemption of the Series 2025 Bonds. Outstanding Series 2025 Bonds are subject to optional redemption prior to maturity on or after December 1, 2031 by the Authority, upon written direction of the Corporation, out of amounts prepaid under the Loan Agreement and deposited in the Optional Redemption Fund established under the Bond Indenture, in whole or in part, on any date, and if in part, by maturities or portions thereof designated by the Corporation, at the redemption prices set forth below, plus accrued interest to the redemption date.

Redemption Date	**Redemption Prices**
December 1, 2031 through November 30, 2032	103%
December 1, 2032 through November 30, 2033	102%
December 1, 2033 through November 30, 2034	101%
December 1, 2034 and thereafter	100%

Mandatory Sinking Fund Redemption of Series 2025 Bonds. The Series 2025 Bonds are subject to mandatory sinking fund redemption and payment at maturity on the dates below at a redemption price equal to 100% of the principal amount of such Series 2025 Bonds redeemed and interest accrued thereon to the date fixed for redemption or maturity, as follows:

Mandatory Sinking Fund Redemption for the Bonds maturing on December 1, 2045

December 1	Principal Amount
2036	$105,000
2037	140,000
2038	170,000
2039	200,000
2041	3,720,000
2042	3,920,000
2043	4,125,000
2044	4,340,000
2045†	4,570,000

†Final Maturity

Mandatory Sinking Fund Redemption for the Bonds maturing on December 1, 2050

December 1	Principal Amount
2046	$4,810,000
2047	5,060,000
2048	5,330,000
2049	5,610,000
2050†	5,905,000

†Final Maturity

Mandatory Sinking Fund Redemption for the Bonds maturing on December 1, 2055

December 1	Principal Amount
2051	$6,215,000
2052	6,540,000
2053	6,885,000
2054	7,245,000
2055†	7,630,000

†Final Maturity

Extraordinary Redemption. The Series 2025 Bonds are callable for redemption prior to maturity in the event of damage to or destruction of the Bond Financed Property (as defined in the Bond Indenture) or any part thereof or condemnation of the Bond Financed Property or any part thereof (or sale in lieu thereof), if the net proceeds of insurance or condemnation received in connection therewith and applied to make prepayments on the obligations of the Corporation under the Loan Agreement exceeds $1,000,000 or 3% of the Obligated Group's assets, whichever is greater, as provided under the Master Indenture, but only to the extent of the net proceeds. If called for redemption as a result of damage, destruction or condemnation (or sale in lieu thereof) of all or any portion of the Bond Financed Property, the Series 2025 Bonds shall be subject to redemption by the Authority at the direction of the Corporation at any time, in whole or in part, and if in part from such series and maturities or portions thereof designated by the Corporation in writing, at the principal amount thereof plus accrued interest and without premium.

The Series 2025 Bonds are subject to redemption in whole (but not in part) at any time at the principal amount thereof plus accrued interest to the date fixed for redemption and without premium if there shall be delivered to the Bond Trustee a resolution of the Governing Body of the Corporation determining that, by reason of its having been a party to the Master Indenture or the financing resulting in the issuance of the Series 2025 Bonds, any of the Corporation or another Member of the Obligated Group is required or ordered by final legislative, judicial or administrative action (whether or not the Corporation or such other Member of the Obligated Group is or was a party to such action) of the United States of America, any state or any agency, department or subdivision of either thereof, to operate its facilities or any part thereof in a manner which the Governing Body of the Corporation determines, in good faith, to be contrary to the guidelines promulgated by The Evangelical Covenant Church.

Optional Purchase. The Authority and, by their acceptance of the Series 2025 Bonds, the Bondholders, irrevocably grant to the Corporation, and any assigns of the Corporation, the option to purchase, at any time and from time to time, any Series 2025 Bond that is redeemable, pursuant to the provisions for optional redemption as summarized above under the subcaption "*Optional Redemption of the Series 2025 Bonds*", at a purchase price equal to the redemption price therefor. To exercise such option, the Corporation shall give the Bond Trustee a Written Request exercising such option within the time period as though such Written Request were a Written Request of the Authority for redemption, and the Bond Trustee shall thereupon give the owners of the Series 2025 Bonds to be purchased notice of such purchase in the manner summarized below under the subcaption *"Notice of Redemption; Effect"* as though such purchase were a redemption and the purchase of such Series 2025 Bonds shall be mandatory and enforceable against the Bondholders. On the date fixed for purchase pursuant to any exercise of such option, the Corporation shall pay the purchase price of the Series 2025 Bonds then being purchased to the Bond Trustee in immediately available funds, and the Bond Trustee shall pay the same to the sellers of such Series 2025 Bonds against delivery thereof. Following such purchase, the Bond Trustee shall cause such Series 2025 Bonds to be registered in the name of the Corporation or its nominee, or as otherwise directed by the Corporation, and shall deliver them to the Corporation or its nominee, or as otherwise directed by the Corporation. In the case of the purchase of less than all of the Series 2025 Bonds, the particular Series 2025 Bonds to be purchased shall be selected in accordance with the provisions of the Bond Indenture as though such purchase were a redemption. No purchase of Series 2025 Bonds in lieu of redemption shall operate to extinguish the indebtedness of the Authority evidenced thereby and the Series 2025 Bonds will remain outstanding with the Corporation or its nominee named as the registered owner thereof. Notwithstanding the foregoing, no purchase in lieu of redemption shall be made unless the Corporation shall have delivered to the Bond Trustee and the Authority concurrently therewith an Opinion of Bond Counsel to the effect that such purchase will not adversely affect the exclusion of interest on the Series 2025 Bonds from gross income for federal income tax purposes. No Bondholder or Beneficial Owner may elect to retain a Series 2025 Bond subject to purchase in lieu of redemption.

Purchase in Lieu of Redemption. In lieu of redeeming the Series 2025 Bonds, the Bond Trustee may, at the Written Request of the Corporation, use such funds otherwise available under the Bond Indenture for redemption of Series 2025 Bonds to purchase Series 2025 Bonds in the open market at a price not exceeding the redemption price then applicable under the Bond Indenture. In the case of any optional or extraordinary redemption or any purchase and cancellation of Series 2025 Bonds with serial maturities, the Authority will receive credit against its required Principal Fund deposits with respect to the Series 2025 Bonds of the same series of such serial maturity. In the case of any optional or extraordinary redemption or purchase and cancellation of term Series 2025 Bonds, the Authority will receive credit against its required Principal Fund deposits with respect to term Series 2025 Bonds of the same series and maturity as those redeemed or purchased in such order as the Corporation elects prior to such redemption or purchase and cancellation or, if no election is made, in the inverse order thereof.

Notice of Redemption; Effect. Notice of the redemption of Series 2025 Bonds pursuant to the provisions summarized above will be given by mailing a copy of such notice of redemption by first class mail, postage prepaid, or other carrier with tracking capability, to the registered owners of the Series 2025 Bonds to be redeemed at the address shown on the Bond Register not less than 30 nor more than 60 days prior to the redemption date. Failure to give such notice by mailing for any particular Bondholder or a defect in the notice or the mailing for any particular Bondholder will not affect the validity of such notice with respect to any other Bondholder for which notice is given pursuant to the provisions of the Bond Indenture. Prior to the date that the redemption notice is first mailed as aforesaid, funds shall be placed with the Bond Trustee to pay the principal of such Series 2025 Bonds, the accrued interest thereon to the redemption date and the premium, if any, thereon or such notice shall state that any redemption is conditional on such funds being deposited on or prior to the redemption date and that failure to deposit such funds shall not constitute an event of default under the Bond Indenture. Upon the happening of the above conditions, the Series 2025 Bonds, or portions thereof, thus called for redemption shall not bear interest after the applicable redemption date, shall no longer be protected by the Bond Indenture and shall not be deemed to be outstanding under the provisions of the Bond Indenture. At the written direction of the Corporation, funds held for redemption may be invested in Escrow Obligations until needed for redemption.

The Bond Trustee will use its best efforts to give notice of the redemption of any of the Series 2025 Bonds to MSRB's EMMA at http://emma.msrb.org/, or other delivery services which may be common in the market at that time, so that it is received by such organization at least two days prior to the redemption; but any failure to give a notice or any defect in a notice given in accordance with the provisions of the Bond Indenture will not affect the validity of any proceedings for the redemption of any Series 2025 Bonds.

For so long as the Series 2025 Bonds are in book-entry form, the Bond Trustee shall provide the notices specified in this section to the securities depository (whether DTC or a successor). It is expected that the securities depository will, in turn, notify its participants and that the participants, in turn, will notify, or cause to be notified, the Beneficial Owners. See **APPENDIX F – BOOK-ENTRY SYSTEM**.

Defeasance

The Bond Indenture provides that the Series 2025 Bonds, or any portion thereof, may be defeased prior to payment or redemption by the deposit of cash or Escrow Obligations, or a combination thereof, sufficient to provide for the payment of all principal of and interest on the Series 2025 Bonds through maturity or the date upon which such Series 2025 Bonds will be redeemed pursuant to the Bond Indenture. Series 2025 Bonds that are defeased will no longer be entitled to any security under the Bond Indenture, except for the right to payment from such moneys or Escrow Obligations. See **APPENDIX C – "SUMMARY OF PRINCIPAL DOCUMENTS – SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE – Defeasance**."

Bond Registration and Transfer

For so long as the Series 2025 Bonds are in book-entry form, transfers of the Series 2025 Bonds may be made only as described under **APPENDIX F – BOOK-ENTRY SYSTEM**. At any other time, Series 2025 Bonds are transferable by the registered owner thereof or by such person's attorney duly authorized in writing (in form and with guaranty of signature satisfactory to the Bond Trustee) upon presentation thereof at the designated office of the Bond Trustee, and any Series 2025 Bond may be exchanged at the designated office of the Bond Trustee for a like aggregate principal amount of a Series 2025 Bond or Series 2025 Bonds of the same series and maturity of other authorized denominations. No service charge will be imposed upon any owner for any exchange or transfer of Series 2025 Bonds. The Bond Trustee and the Authority may, however, charge a fee covering taxes, fees or other governmental charges in connection with any exchange or transfer of any Series 2025 Bonds, except in the case of the issuance of a Series 2025 Bond or Series 2025 Bonds for the unredeemed portion of a Series 2025 Bond surrendered for redemption. The Authority and the Bond Trustee will not be required to register the transfer of or exchange of any Series 2025 Bond after notice calling such Series 2025 Bond or portion thereof for redemption has been mailed or during the 15 day period next preceding the mailing of a notice of redemption of any Series 2025 Bond of the same series and maturity.

SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 BONDS

General

THE SERIES 2025 BONDS WILL BE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY AND WILL NOT BE A LIEN OR A CHARGE UPON THE FUNDS OR PROPERTY OF THE AUTHORITY. THE AUTHORITY SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON ANY SERIES 2025 BONDS, EXCEPT FROM CERTAIN PAYMENTS MADE TO THE AUTHORITY BY THE CORPORATION UNDER THE LOAN AGREEMENT AND THE SERIES 2025A OBLIGATION FOR THAT PURPOSE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF COLORADO WILL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2025 BONDS. THE SERIES 2025 BONDS WILL NOT BE IN ANY RESPECT OBLIGATIONS OF THE STATE OF COLORADO, AND THE STATE OF COLORADO WILL NOT BE LIABLE FOR THE PAYMENT THEREOF. THE AUTHORITY HAS NO TAXING POWER.

The Series 2025 Bonds will be special and limited obligations of the Authority payable solely from pledged funds held by the Bond Trustee under the Bond Indenture and from loan repayments made by the Corporation pursuant to the Loan Agreement and Series 2025A Obligation which are required to be in an amount sufficient to pay (1) in full, when due, the total interest payable on the Series 2025 Bonds prior to their maturities or earlier redemption, and the total principal amount of the Series 2025 Bonds and the premium, if any, payable on redemption prior to their stated maturity, in accordance with the Bond Indenture, and (2) certain expenses of the Bond Trustee.

The Bond Indenture

Pursuant to the Bond Indenture, the Authority will pledge and assign all loan repayments to be made by the Corporation pursuant to the Loan Agreement, the Series 2025A Obligation and all amounts held in any fund or account established under such Bond Indenture to the Bond Trustee, and grant a security interest to the Bond Trustee and assign its right to receive loan repayments and in the pledged funds and all revenues and any other amounts held in any fund or account established pursuant to the Bond Indenture (other than any Rebate Fund) and all right, title and interest in the Loan Agreement (other than Unassigned Rights and payments received in satisfaction thereof) to secure the payment of the Series 2025 Bonds.

The Loan Agreement

Under the Loan Agreement, the Corporation will be required to make loan payments to the Bond Trustee in amounts sufficient to pay the principal of and interest on the Series 2025 Bonds when due, and to make certain other payments as described therein. The Corporation's obligations to make loan payments and to pay other amounts under the Loan Agreement are absolute and unconditional without any abatement or diminution thereof. Pursuant to the Master Indenture, the Corporation will execute and deliver to the Authority the Series 2025A Obligation, evidencing the loans of proceeds of the Series 2025 Bonds to the Corporation by the Authority and the Corporation's obligation to repay the loans.

The Master Indenture

The Corporation's obligations under the Loan Agreement are secured by the Series 2025A Obligation. The Series 2025A Obligation is issued pursuant to and secured under the Master Indenture. The Series 2025A Obligation will entitle the Bond Trustee, as the holder thereof by assignment of the Authority, to the protection and benefit of the covenants, restrictions and other obligations imposed upon the Members of the Obligated Group by the Master Indenture and the security of the Gross Revenues pledge and the Mortgages (as hereinafter defined).

The Members of the Obligated Group will be jointly and severally obligated through the guaranty of the Master Indenture on all Obligations, including the Outstanding Obligations and the Series 2025A Obligation. See "**RISK FACTORS – Certain Matters Relating to Enforceability of the Master Indenture**." For a listing of the Members of the Obligated Group and a description of their respective facilities, see **APPENDIX A – HISTORY, BACKGROUND AND ORGANIZATION – The Obligated Group** and **–THE MEMBERS OF THE OBLIGATED GROUP – Description of Facilities and Operations**.

Upon the issuance of the Series 2025 Bonds, there will be outstanding approximately $640,085,000 of Obligations under the Master Indenture. **The Series 2025A Obligation will be issued on a parity basis with the Outstanding Obligations with respect to the Obligated Group's general obligation to pay.** Under the terms of the Master Indenture, future debt holders may also share in the security provided by the Mortgages (as hereinafter defined) and the Gross Revenues pledge. See **APPENDIX B - Note 10** (Long-term Debt and Other Obligations) for more information.

Under the conditions specified therein, the Master Indenture permits the Members of the Obligated Group to issue additional Obligations, which additional Obligations need not be pledged under either Bond Indenture, but will be equally and ratably secured with (except as described herein) the Series 2025A Obligation and the Outstanding Obligations. See **APPENDIX C – SUMMARY OF PRINCIPAL DOCUMENTS – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Limitations on Additional Indebtedness**. Under certain circumstances, such additional Obligations may be secured by liens or security interests in the property of the Obligated Group, including health care and residential facilities of the Obligated Group, which security need not extend to any other Obligation, including the Outstanding Obligations or the Series 2025A Obligation. See **APPENDIX C – SUMMARY OF PRINCIPAL DOCUMENTS – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Definitions of Certain Terms – Permitted Encumbrances and Limitations on Encumbrances**.

Pursuant to mortgages and deeds of trust for the benefit of the Master Trustee (collectively, the "***Mortgages***"), the Corporation and certain other Members of the Obligated Group have granted to the Master Trustee first mortgages on, and assignments of leases and rents with respect to, certain real property and a security interest in the personal property and fixtures (collectively, the "***Mortgaged Property***") at, the following facilities of the Obligated Group (which secure on a parity basis the Series 2025A Obligation and the Outstanding Obligations): Covenant Living at the Shores (Mercer Island, Washington); Covenant Living of Turlock (Turlock, California); Covenant Living at Mount Miguel (Spring Valley, California); Covenant Living at the Samarkand (Santa Barbara, California); Covenant Living of Golden Valley (Golden Valley, Minnesota); Covenant Living at the Holmstad (Batavia, Illinois), which includes the assisted living and nursing care facilities owned and operated by Covenant Health Care Center, Inc. at this campus; Covenant Home of Chicago (Chicago, Illinois); Covenant Living of Northbrook (Northbrook, Illinois), which includes the assisted living and nursing care facilities owned and operated by Covenant Health Care Center, Inc. at this campus; Covenant Living of Florida (Plantation, Florida); Covenant Living of the Great Lakes (Grand Rapids, Michigan); Covenant Living of Colorado (Westminster, Colorado); Covenant Living of Cromwell (Cromwell, Connecticut); Covenant Living at Windsor Park (Carol Stream, Illinois); Covenant Living of Keene (Keene, New Hampshire); and Covenant Living at Inverness (Tulsa, Oklahoma).

The Corporation has previously delivered to the Master Trustee mortgagee title insurance policies for the Mortgaged Property in an amount equal to approximately $231,256,000. In connection with the issuance of the Series 2025 Bonds, the Corporation will not increase the amount of the coverage, but will update such title insurance policies to include the Mortgages issued in connection with the Series 2025A Obligation in such title insurance policies. There is no requirement that the amount of mortgagee title insurance be increased in the future. See "**RISK FACTORS – Risks Related to the Mortgages**" for more information on the Mortgages.

The Series 2025A Obligation will also be secured by a lien on the Obligated Group's Gross Revenues. Each Obligation issued under the Master Indenture, including the Series 2025A Obligation, is secured on a parity basis by a Gross Revenues pledge. See **APPENDIX C – SUMMARY OF PRINCIPAL DOCUMENTS – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Pledge of Gross Revenues; Pledge of Mortgages**.

Certain Master Indenture Covenants

The Corporation, as Obligated Group Representative, makes certain covenants to the Master Trustee on behalf of itself and the other Members of the Obligated Group. Among other things, the Members of the Obligated Group agree to the rate covenant and liquidity covenant described below:

Rate Covenant. If the Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.20:1, the Master Trustee shall require the Obligated Group, at the Obligated Group's expense, to retain an Independent Consultant within 30 days following the calculation of such ratio to make recommendations with respect to the rates, fees and charges of the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase such Debt Service Coverage Ratio to at least 1.20:1 for the following Fiscal Year.

Notwithstanding any other provisions of the Master Indenture, an Event of Default arising from the Debt Service Coverage Ratio shall only occur under the Master Indenture if one or more of the following conditions applies:

(1) the Obligated Group (i) fails to achieve a Debt Service Coverage Ratio of at least 1.20:1, and (ii) fails to take all necessary action to comply with the related procedures described in the Master Indenture for preparing a report, adopting a plan, and following all recommendations contained in such report or plan to the extent feasible (as determined by the Governing Body of the Obligated Group Representative) and permitted by law; or

(2) the Obligated Group fails to achieve a Debt Service Coverage Ratio of at least 1.00:1 for any Fiscal Year and the Days Cash on Hand of the Obligated Group as of the last day of such Fiscal Year is less than 120; or

(3) the Obligated Group fails to achieve a Debt Service Coverage Ratio of at least 1.00:1 for two consecutive Fiscal Years.

See **APPENDIX C – SUMMARY OF PRINCIPAL DOCUMENTS – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Rates And Charges; Debt Coverage** for a more detailed description of the rate covenant.

Liquidity Covenant. The Obligated Group covenants that it will calculate the Days Cash on Hand of the Obligated Group as of March 31 and September 30 of each Fiscal Year (each such date being a "***Testing Date***"). Each Obligated Group Member is required to conduct its business so that on each Testing Date the Obligated Group shall have not less than 120 Days Cash on Hand.

If the amount of Days Cash on Hand as of any Testing Date is less than 120, the Obligated Group Representative shall deliver a certificate approved by a resolution of the Governing Body of the Obligated Group Representative to the Master Trustee setting forth in reasonable detail the reasons for such deficiency and adopting a specific plan setting forth steps to be taken designed to achieve the required level of Days Cash on Hand for future periods.

If the Obligated Group has not achieved 120 Days Cash on Hand by the next Testing Date following delivery of the Officer's Certificate required in the preceding paragraph, the Obligated Group Representative shall retain an Independent Consultant to make recommendations with respect to the rates, fees and charges of the Obligated Group and the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase the Days Cash on Hand to the required level for future periods. See **APPENDIX C – SUMMARY OF PRINCIPAL DOCUMENTS – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE –Liquidity Covenant** for a more detailed description of the liquidity covenant.

For a more detailed description of all of the covenants made by the Members of the Obligated Group under the Master Indenture, see **APPENDIX C – SUMMARY OF PRINCIPAL DOCUMENTS – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE**.

ESTIMATED SOURCES AND USES OF FUNDS

Proceeds of the Series 2025 Bonds are expected to be expended substantially as follows (rounded to the nearest dollar):

Sources of Funds	**Series 2025 Bonds**
Par Amount of Series 2025 Bonds	$146,400,000
Original Issue Premium	6,222,162
Funds Held by Bond Trustee for Refunded Bonds	16,082,705
Total Sources of Funds	$168,704,867
Uses of Funds	
Project Fund Deposits	$82,215,630
Refund Refunded Bonds	84,400,953
Costs of Issuance*	2,088,284
Total Uses of Funds	$168,704,867

* Costs of issuance includes underwriter's discount, cost of printing, fees for legal counsel, accountants and other costs related to the issuance of the Series 2025 Bonds.

ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth, for each fiscal year ending September 30, the amounts for the payment of principal of and interest on the Series 2025 Bonds and the aggregate net debt service on all other outstanding long-term debt for the Obligated Group (excluding the Refunded Bonds). Amounts are rounded to the nearest dollar.

	Series 2025 Bonds			
Fiscal Years Ending September 30	**Principal**	**Interest**	**Net Principal and Interest on Other Funded Indebtedness***	**Total**
2025	-	$ 1,051,613	$ 39,803,530	$ 40,855,143
2026	$ 2,120,000	7,370,150	35,214,638	44,704,788
2027	3,215,000	7,236,775	36,115,373	46,567,148
2028	3,445,000	7,070,275	36,053,501	46,568,776
2029	3,830,000	6,888,400	35,845,584	46,563,984
2030	4,050,000	6,691,400	35,824,060	46,565,460
2031	4,210,000	6,484,900	35,871,343	46,566,243
2032	4,475,000	6,267,775	35,824,905	46,567,680
2033	4,705,000	6,038,275	35,822,311	46,565,586
2034	4,945,000	5,797,025	35,824,188	46,566,213
2035	17,165,000	5,244,275	24,159,332	46,568,607
2036	11,720,000	4,522,150	30,322,813	46,564,963
2037	105,000	4,226,459	42,234,692	46,566,152
2038	140,000	4,220,181	42,204,541	46,564,722
2039	170,000	4,212,238	42,182,589	46,564,827
2040	200,000	4,202,756	42,165,045	46,567,801
2041	-	4,197,631	39,129,262	43,326,893
2042	3,720,000	4,102,306	26,858,148	34,680,455
2043	3,920,000	3,906,531	26,844,200	34,670,731
2044	4,125,000	3,700,378	26,829,012	34,654,390
2045	4,340,000	3,483,463	26,815,487	34,638,949
2046	4,570,000	3,255,144	26,805,990	34,631,133
2047	4,810,000	3,014,781	26,790,169	34,614,950
2048	5,060,000	2,761,863	26,774,609	34,596,471
2049	5,330,000	2,495,619	22,898,573	30,724,191
2050	5,610,000	2,215,281	18,316,644	26,141,926
2051	5,905,000	1,920,209	15,035,761	22,860,970
2052	6,215,000	1,609,634	7,093,361	14,917,995
2053	6,540,000	1,282,788	4,094,600	11,917,387
2054	6,885,000	938,772	4,217,649	12,041,421
2055	7,245,000	576,691	-	7,821,691
2056	7,630,000	195,519	-	7,825,519
Total	$146,400,000	$127,181,257	$883,971,908	$1,157,553,165

* See APPENDIX A – **FINANCIAL INFORMATION – "Other Debt Service Information**."

RISK FACTORS

Set forth below are certain risk factors that should be considered before any investment in the Series 2025 Bonds is made. These risk factors are not, and should not be considered, definitive, or exhaustive. This section discusses some of these risks, but is not intended to be a comprehensive list of all risks associated with the operation of the Obligated Group's facilities, the provision of services by the Obligated Group or the payment of the Series 2025 Bonds.

AN INVESTMENT IN THE SERIES 2025 BONDS INVOLVES A DEGREE OF RISK. A PROSPECTIVE PURCHASER OF THE SERIES 2025 BONDS IS ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO. REFER TO THE SECTION "**SECURITY FOR THE SERIES 2025 BONDS**" AND THIS SECTION FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2025 BONDS. THE FACTORS LISTED BELOW, AMONG OTHERS, COULD ADVERSELY AFFECT THE OBLIGATED GROUP'S OPERATION, REVENUES AND EXPENSES FOR THE FACILITIES TO AN EXTENT WHICH CANNOT BE DETERMINED AT THIS TIME.

All or any of the following risks could be exacerbated by a pandemic such as the COVID-19 pandemic.

Limited Obligations

As described herein under the caption "**SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 BONDS**," the Series 2025 Bonds will be special and limited obligations of the Authority payable solely from pledged funds held by the Bond Trustee under the Bond Indenture and from loan repayments made by the Corporation pursuant to the Loan Agreement and the Series 2025A Obligation. The Series 2025 Bonds will not be in any respect obligations of the State of Colorado, and the State of Colorado will not be liable for the payment thereof.

Early Redemption

Pursuant to the terms of the Bond Indenture, the Series 2025 Bonds are subject to optional, extraordinary and mandatory redemption prior to maturity. See the captions "**THE SERIES 2025 BONDS–Redemption**" herein.

General Risk Factors

The purchase and ownership of the Series 2025 Bonds involves investment risks that are discussed throughout this Official Statement. These risk factors should not be considered definitive or exhaustive. Prospective purchasers of the Series 2025 Bonds should evaluate all of the information presented in this Official Statement. This section on bondholders' risks focuses primarily on the general risks associated with the healthcare industry and the operations of senior living facilities and other types of facilities and services provided by members of the Obligated Group, whereas **APPENDIX A** describes the Obligated Group and the facilities specifically. These should be read together.

As described herein under the captions "**INTRODUCTION—Security for the Series 2025 Bonds**" and "**SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 BONDS**," the principal of, premium, if any, and interest on the Series 2025 Bonds are payable solely from pledged funds held by the Bond Trustee under the Bond Indenture and from loan repayments made by the Corporation pursuant to the Loan Agreement and the Series 2025A Obligation which are required to be in an amount sufficient to pay in full, when due, the total interest payable on the Series 2025 Bonds to their maturities or earlier redemption, and the total principal amount of the Series 2025 Bonds, and the premium, if any, payable on redemption prior to the stated maturities of the Series 2025 Bonds, in accordance with the Bond Indenture. The bondholders' risks discussed below should be considered in evaluating the ability of the existing or any future Member of the Obligated Group to make payments in amounts sufficient to provide for the payment of the principal of, premium, if any, and interest on the Series 2025 Bonds. The net revenues of the existing Members of the Obligated Group and any future Member of the Obligated Group will be subject to, among other factors, federal and state policies affecting the senior housing and health care industries (including changes in reimbursement rates and policies), increased competition from other senior housing and health care providers, senior service providers, and emerging health care technologies; the capability of the management of the Members of the Obligated Group and any future Member of the Obligated Group; and future economic and other conditions that are impossible to predict. The extent of the ability of the Members of the Obligated Group and any future Member of the Obligated Group to generate future revenues has a direct effect upon the payment of the principal of, premium, if any, and interest on the Series 2025 Bonds. Neither the Underwriter nor the Authority have made any independent investigation of the extent to which any such factors may have an adverse effect on the revenues of the Obligated Group.

Currently, health care providers receive much of their revenues from Medicare and Medicaid. Various studies have been done that make wide-ranging predictions as to when and if these programs will become economically unsustainable in their current forms. Health care providers also receive significant revenues from major private payors, but the payment mechanisms pursuant to which those payors pay are subject to, and will continue to be subject to, constant change as both the payors and the employers who bear a significant portion of the burden of paying for private insurance seek to reduce the costs related thereto.

The health care industry has recently seen a significant increase in regulation, enforcement related thereto and the cost of complying with such regulation. It can be presumed that the regulatory focus on health care, and the related cost of compliance, will continue to grow. In addition, federal, state and local agencies have increased their scrutiny of transactions involving not-for-profit, tax-exempt organizations and are focusing in particular upon limitations on the use of charitable assets and revenues.

Health care has always been an industry subject to rapid technological change. It should be assumed the pace of technological change will continue, if not increase, resulting in a delivery model that will in the future be substantially different than the delivery model utilized today. This discussion of risk factors is not intended to be exhaustive and should be read in conjunction with all other parts of this Official Statement.

Shifting Political Landscape for Health Care in the U.S.

Donald Trump was re-elected as the 47th President of the United States in the November 2024 Presidential election, marking a significant shift in the political landscape, with considerable implications for the health care industry. For example, shifts in leadership at executive agencies such as the U.S. Department of Health and Human Services ("***HHS***"), the Centers for Medicare & Medicaid Services ("***CMS***"), and the Food and Drug Administration ("***FDA***") and the creation of temporary executive commissions such as the Department of Government Efficiency, may create uncertainty for health care providers around regulatory priorities, Medicare and Medicaid reimbursement, and other funding upon which providers may rely. The imposition of tariffs on pharmaceutical products and other medical products and equipment may create supply chain issues which could materially increase operating costs and adversely affect operations of the Members of the Obligated Group. In addition, the Trump administration's policies could involve new compliance requirements and auditing processes requiring additional investments in administrative systems and staff training. As described further below, policy initiatives during President Trump's first term as President included efforts to overturn key tenets of the Affordable Care Act, curtail the Medicaid program and deregulate the health care industry. Any renewed efforts to weaken or repeal the Affordable Care Act or to reduce federal expenditures to offset proposed tax cuts could lead to reduced reimbursement or federal funds otherwise available to health care providers, a rise in uninsured patients, and a corresponding financial strain on providers, particularly those serving low-income populations. Although the specifics of the health care policies to be implemented under President

Trump's administration remain to be seen, the effect of these individuals and their policies on the Obligated Group's operations and finances could be material.

Pandemics or other Public Health Emergencies

The occurrence of a public health emergency, including a pandemic similar in scope and severity to the COVID-19 pandemic, and governmental and public responses to such emergency, may directly or indirectly affect the operations and financial condition of senior living facility operations in a multitude of ways. There can be no assurance that a future pandemic or other public health emergency will not result in material adverse consequences to the operations, including reduced rental income and further reduced demand for housing, and/or financial condition of the Obligated Group. The extent to which government stimulus and support or business interruption insurance would be available in connection with a pandemic or other public health emergency is fact dependent and there can be no assurance that any such coverage would be sufficient to cover losses.

A highly infectious disease outbreak could materially adversely affect the Obligated Group's business or financial condition in various ways, including but not limited to (1) reputational damage, (2) a quarantine or temporary shutdown, (3) skilled nursing bed, pharmaceutical or medical supply shortages, (4) professional or non-professional staff shortages or illness or (5) failure to maintain occupancy or turnover due to potential residents choosing to defer or avoid senior care. Governmental and commercial entity responses and resulting economic conditions may also directly or indirectly affect the Obligated Group's operations and revenues. For example, responses such as shelter-in-place orders, sick-leave mandates or remote work policies, could (1) disrupt the production or supply of pharmaceuticals and medical supplies or increase the costs of such products, (2) result in significantly delayed payments from third party payors which may substantially decrease the Obligated Group's liquidity, (3) increase employee sick-leave expenses or other employee costs, or (4) otherwise materially adversely impact the Obligated Group's business in ways that are difficult to predict at this time. Management cannot predict the likelihood or severity of any of the aforementioned events upon the Obligated Group's business or financial condition, though such effect could be material and adverse.

Government Aid for COVID-19

In response to the COVID-19 pandemic, the federal Coronavirus Aid, Relief, and Economic Security Act ("***CARES Act***") created a Public Health and Social Services Emergency Fund, commonly known as the Provider Relief Fund, with a direction to HHS to distribute funds through grants or other mechanisms to eligible providers for healthcare related expenses or lost revenues that are attributable to COVID-19. HHS distributed funding from the Provider Relief Fund as grants, not as loans, and did so automatically without requiring an application. However, all Provider Relief Fund recipients must attest to the program's "Terms and Conditions," which among other things, require the submission and maintenance of documentation to substantiate that funds were used for allowable expenses. To be an allowable expense under the program, the funds must have been used to prevent, prepare for and respond to COVID-19. All allowable expenses must be supported by adequate documentation in accordance with the Terms and Conditions.

HHS is actively auditing recipients of Provider Relief Funds to ensure compliance with the Terms and Conditions of the CARES Act. Violations may be pursued as false claims under the Federal False Claims Act and may occur as a result of an audit by HHS or by the filing of a whistleblower complaint under the Federal False Claims Act. There can be no assurance that the Obligated Group will not be the subject of an audit, what the penalties for even minor and inadvertent violations might be, or that the Obligated Group will not be the subject of false claims actions, whether arising as a result of HHS oversight activities or in response to whistleblower findings.

General Economic Conditions and Financial Markets

The U.S. economy is unpredictable. Economic downturns, inflation and other unfavorable economic conditions have previously impacted the health care and senior care industries and health care and senior care providers' business and financial condition. If general economic conditions further worsen, the Obligated Group may not be able to achieve or sustain future profitability, and its liquidity and ability to repay outstanding debt, including debt service on the Series 2025 Bonds, may be adversely affected.

Broad economic factors—such as inflation, unemployment rates, instabilities in consumer demand and consumer spending or instabilities in the housing market in the Obligated Group's facilities' area—could affect occupancy levels and the Obligated Group Members' ability to collect outstanding receivables. Other economic conditions that from time to time may adversely affect the Obligated Group's financial condition, and consequently, its ability to make payments on the Series 2025A Obligation, include but are not limited to: (1) an inability to access financial markets on acceptable terms at a desired time, (2) increased borrowing costs, (3) significant investment portfolio losses, (4) increased business failures and consumer and business bankruptcies, (5) federal and state budget challenges resulting in reduced or delayed Medicare and Medicaid reimbursement, (6) a reduction in the demand for health care or senior care services, (7) an increase in lawsuits and increased malpractice and casualty insurance expenses, (8) reduced availability or affordability of insurance, (9) a shortage of physician, nursing or other professional personnel, (10) a shortage of medical supplies and skilled nursing beds, (11) increased operating costs, (12) a reduction in the receipt of grants and charitable contributions, (13) unfavorable demographic developments in the Obligated Group's service areas, (14) increased competition from other senior care or health care institutions, or (15) difficulties in extending existing or obtaining new liquidity facilities. Future financial market disruptions cannot be predicted and there can be no assurance that future financial disruptions will not materially or adversely affect the operations and financial condition of the Obligated Group.

Like the rest of the country, the Obligated Group has recently experienced significant increases in the costs of food and energy, as well as meaningful wage and salary pressures, and any increases in fees to cover these inflationary costs may be limited by competition and other factors. The inability of the Obligated Group to increase fees and charges to keep pace with inflation could adversely affect the financial condition and results of operations of the Obligated Group.

Some of the challenges caused by the disruptions in the credit markets and general economic conditions are further highlighted below. These and other risks may adversely affect the Obligated Group and jeopardize its ability to generate revenues, make payments under the Loan Agreement and, consequently, make payments on the Series 2025 Bonds. There can be no assurance that the financial condition of the Obligated Group will not be adversely affected by any of these circumstances.

General Risks of Long-Term Care Facilities

There are many diverse factors not within the Obligated Group's control that have a substantial bearing on the risks generally incident to the operation of its facilities. These factors include generally imposed fiscal policies; adverse use of adjacent or neighboring real estate; the ability to maintain the facilities; community acceptance of the facilities; changes in demand for the facilities; changes in the number of competing facilities, increases in the availability or improvements in the level of in-home care, and the advancement of emerging technologies; telehealth; changes in the costs of operation of the facilities; changes in state laws affecting long term care programs; potential federal law changes; the limited income of the elderly; changes in the long term care and health care industries; difficulties in or restrictions on the Corporation's ability to raise rates charged; general economic conditions; and the availability of working capital. In recent years, a number of long-term care facilities throughout the United States have defaulted on various financing obligations or otherwise have failed to perform as originally expected. There can be no assurance the Members of the Obligated Group will not experience one or more of the adverse factors that caused other facilities to struggle or fail. Many other factors may adversely affect the operation of facilities like the Corporation's facilities and cannot be determined at this time.

Nationwide Nursing and Qualified Healthcare Worker Shortage; Increased Costs

Senior living providers and most other health care providers in general depend on qualified nurses and aides to provide quality service to patients and residents, and the Corporation competes with other senior living and health care providers for qualified nurses and other qualified health care workers. There is currently a nationwide shortage of qualified nurses and health care workers, which is expected to continue for the foreseeable future. Further, in April 2024, the Centers for Medicare & Medicaid ("***CMS***") finalized a rule that established minimum staffing standards for nursing homes that receive Medicare or Medicaid funding. The rule contains staggered implementation beginning in May of 2026 and the increased cost to nursing homes associated with the staffing mandate is an estimated $6.5 billion per year. A number of states and industry advocacy organizations have initiated lawsuits challenging the rule and seeking to enjoin its implementation and enforcement. It is unknown if and how such litigation might affect the Obligated Group in the future. This shortage, which may increase if the minimum staffing rule becomes effective, and the more stressful working conditions it creates for those remaining in the profession are increasingly viewed as a threat to patient safety and may trigger the adoption of state and federal laws and regulations intended to reduce that risk. For example, some states are considering legislation that would prohibit forced overtime for nurses and other types of health care workers. In response to the shortage of qualified nurses and health care workers, providers of health care services, including senior living providers, have increased and could continue to increase wages and benefits to recruit or retain nurses and other health care workers and in some cases have been required to hire more expensive contract nurses and pay increased costs for temporary health care workers retained through third party placement agencies. Additionally, some health care providers, including senior living providers, are looking to international solutions to address workforce shortages.

A lack of qualified nurses and health care workers or increased costs to recruit and retain nurses and health care workers could adversely affect the operating results of the Obligated Group. Additionally, the COVID-19 pandemic exacerbated staffing shortages, with practitioners and other personnel deciding to leave the health care sector or retire early. Many employers in a variety of sectors continue to struggle to fill available positions. These personnel shortages may result in increased costs and lost revenues from time to time due to the need to hire agency staffing personnel at higher rates, increased compensation levels to retain current personnel, and the inability to operate at capacity due to the staff shortage, any of which could materially adversely impact the Obligated Group's business or financial condition.

Increases in Medical and Labor Costs

A deviation from the anticipated medical care requirements of the resident population or substantial unanticipated increases in the cost of such care could have a negative impact on the operations of the facilities of the Obligated Group. In addition, the cost of providing health care services may increase due to many reasons, including increasing regulation by the federal, state or local governments, increasing insurance costs and litigation, increases in salaries paid to nurses and other health care personnel and shortages in such personnel that may require the use of employment agencies or other temporary service providers. Increases in third party therapy services and other ancillary costs such as drugs and medical supplies may also increase costs. The undertaking to provide such care is a contractual obligation of the Obligated Group, and no assurance can be given that the Obligated Group will have sufficient funds to meet its anticipated obligations.

In addition, the cost of providing health care services may increase due to increases in salaries paid to nurses and other health care personnel and due to shortages in such personnel which may require use of employment agencies. Increases in third party therapy services and other ancillary costs such as drugs and medical supplies may also increase costs. Shortages of skilled and unskilled workers may have a material impact on the operations of the Obligated Group. For example, many senior living providers experience significant difficulty with staff turnover and/or hiring entry level staff at entry-level pay. Management of the Obligated Group is taking certain steps to engage their employees and combat employee turnover, including enhanced management training, perks that are not part of the benefits program such as an occasional day off, and focus on the results of employee engagement surveys.

Uncertainty of Revenues

The ability of the Obligated Group to make payments on the Obligations issued under the Master Indenture is dependent upon the generation of revenues in the amounts necessary for the Obligated Group to pay the principal, premium, if any, and interest on its debt, as well as other operating and capital expenses. The success of the Obligated Group's facilities will be dependent on, in part: (i) the maintenance of high occupancy levels at the Obligated Group's facilities by eligible residents who will be able to pay the entrance fee, monthly service fees and assisted living and health care fees; (ii) the capabilities of the Obligated Group management; (iii) government regulation and health care reform efforts; (iv) the policies of third-party payors, including government payors (*e.g.*, Medicare and Medicaid); (v) increased competition from other senior living providers; (vi) future economic conditions and (iii) other conditions which cannot be predicted. In addition, the availability of sufficient entrance fees is dependent upon the amount of refunds paid pursuant to the residency agreements. See **APPENDIX A – THE MEMBERS OF THE OBLIGATED GROUP – Residency Agreements**. Any of these factors may affect revenues and potentially limit the Obligated Group's ability to make debt service payments on the Series 2025 Bonds. No representation or assurance can be made that revenues will be realized by the Obligated Group in amounts sufficient to make the required payments with respect to debt service on the Series 2025 Bonds.

The successful operation of the Obligated Group's communities is heavily dependent upon the efforts of its management team responsible for day-to-day operations. If there were unforeseen turnover in management, there can be no assurance that the Obligated Group would be able to replace qualified individuals in a timely manner, which could have a material adverse impact on the revenues of the Obligated Group. If there were changes in management personnel or insurmountable challenges involved with the operation and management of multiple campuses, the Obligated Group may not be able to deliver services at the pricing it intends or at the same level of quality it has historically provided, which could impact occupancy and ultimately revenues and the Obligated Group's ability to pay debt service on the Series 2025 Bonds. The Obligated Group is subject to changes in the reputation of it and its communities. Any adverse change in the public's perception of the Obligated Group's brand may affect the Obligated Group's ability to attract and retain residents, which could have a material adverse impact on the revenues of the Obligated Group. In addition, litigation brought against the Obligated Group may have a materially adverse impact on the reputation of the Obligated Group. There can be no assurance that these or other factors will not adversely affect the Obligated Group's ability to generate adequate funds to pay all amounts due on the Series 2025 Bonds.

The Nature of the Income and Assets of Seniors

A portion of the monthly income of the residents of the Obligated Group's facilities will be fixed income derived from pensions and social security. In addition, some residents may liquidate assets in order to pay the entrance fees and monthly fees and other charges for occupancy of the facilities. If, due to inflation or otherwise, substantial increases in monthly fees and other charges are required to cover increases in operating costs, nursing care costs, wages, benefits and other expenses, residents may have difficulty paying or may be unable to pay such increased monthly fees and other charges. Alternatively, any decrease in the amounts paid by such fixed income sources could affect the ability of residents to pay fees and additional restrictions imposed upon Social Security or other fixed income sources could affect the ability of future residents to pay entrance fees or to meet the financial obligations under the residency agreements. The Members of the Obligated Group conduct a financial analysis of each potential resident before executing a residency agreement to determine the likely ability of the resident to meet the financial obligations; however, no assurance may be given that future events, including life expectancy, will not result in residents encountering difficulty in paying monthly service fees. Each Obligated Group Member's inability to collect from residents the full amount of their payment obligations, either when due or at all, may jeopardize the Corporation's obligation to make loan repayments under the Loan Agreement.

Impact of Market Turmoil

In recent years, economic turmoil has had and could in the future have negative repercussions upon the United States and global economies. To date, this turmoil has particularly impacted the financial sector, prompting a number of banks and other financial institutions to seek additional capital, to merge and, in some cases, to cease operations. These events collectively led to a scarcity of credit, lack of confidence in the financial sector, volatility in the financial markets, fluctuations in interest rates, reduced economic activity, increased business failures and increased consumer and business bankruptcies. At times, market conditions have adversely affected investment earnings and values and could adversely affect the value of the Obligated Group's investments and those of prospective residents, as well as future investment earnings. Further, sales of residential real estate have at times been negatively impacted. As a result, prospective residents of the facilities at times in the past have, and again in the future, could encounter difficulty in liquidating investments and selling homes in order to raise necessary cash to pay their entrance fees and the monthly service fees.

Sale of Personal Residences

It is anticipated that a number of prospective residents of the Obligated Group's facilities will be required to sell their current homes to pay the entrance fee prior to occupancy or to meet other financial obligations under their residency agreements. Nationwide, there previously had been a substantial reduction in residential sales volume, a reduction in residential sales prices and residential mortgage loans generally had become less available. If there is another reduction or stagnation in residential sales volume or if mortgage loans remain difficult to secure or if such loans are available only at interest rates that prospective home purchasers are unwilling to pay, or should there be any other material adverse conditions in the residential housing market, such prospective residents may not have sufficient funds to pay the entrance fee or to meet other obligations under their residency agreements, thereby causing a delay in scheduled occupancy of the Obligated Group's facilities or the remarketing of vacated units, and such prospective residents may choose not to establish residence at a facility, which would have an adverse impact on the revenues of the Obligated Group.

Organized Resident Activity

The Obligated Group may, from time to time, be subject to pressure from its residents seeking, among other things, to raise the level of services or to maintain the level of monthly fees or other charges without increase. While such pressure from groups of residents is not unusual, no assurance can be given that such pressure will not escalate into serious organized activity such as a general rent strike. Moreover, management of the Obligated Group may be subject to conflicting pressures from different groups of residents, some of whom may seek an increase in the level of services while others wish to hold down monthly fees and other charges. In such event, no assurance can be given that management of the Obligated Group would be able to satisfactorily meet the needs of both groups. To the extent that the Obligated Group was unable to do so, the number of residents who voluntarily withdraw from the Obligated Group's facilities may increase.

Utilization Demand

Several factors could, if implemented, affect demand for services of the Members of the Obligated Group, including: (i) efforts by insurers and governmental agencies to reduce utilization of skilled nursing home and long-term care facilities by such means as preventive medicine, care coordination and home health care programs; (ii) a decline in the population or a change in the age composition of the service area of the Obligated Group's facilities; (iii) a decline in the economic conditions of the service area of the Obligated Group's facilities; (iv) advances in scientific and medical technology; (v) increased or more effective competition from nursing homes, assisted living communities and long-term care facilities now or hereafter located in the service areas of the Members of the Obligated Group; (vi) to the extent any residents use long-term care insurance to help pay for their care, an increase in long-term care insurance premiums or other disruptions in the long-term care insurance market and (vii) general disruptions in the health care, long-term care or insurance markets resulting from health care reform efforts, including the potential repeal and replacement of the Affordable Care Act. See "**Health Care Reform**" below for additional information.

Failure to Maintain Turnover or Occupancy

The economic feasibility of the Obligated Group's facilities depends in large part upon the ability of the Members of the Obligated Group to continue to attract and retain sufficient numbers of residents to their respective facilities to maintain high occupancy and turnover of occupancy throughout the term of the Series 2025 Bonds.

The ability of the Members of the Obligated Group to maintain occupancy depends to some extent on factors outside their control, including, without limitation, residents' health and required levels of care, termination rights under the residency agreements, market factors and competition, the duration and outcome of any future pandemics, and other factors. If the Obligated Group's facilities fail to maintain high occupancy and turnover of occupancy, there may be insufficient funds to pay the debt service on the Series 2025 Bonds. Moreover, if: (i) a substantial number of residents live beyond the anticipated life expectancies assumed by the Members of the Obligated Group; (ii) the number of residents permanently transferred to a health care facility is substantially less than assumed by the Members of the Obligated Group; or (iii) market changes require a reduction (or limit the rate of increase) in the amount of the entrance fees payable by new residents, the receipt of additional entrance fees would be negatively impacted or curtailed, which would consequently impair the revenues of the Obligated Group. Such impairment would also result if the Obligated Group is unable to remarket units becoming available when residents die, withdraw, or are permanently transferred to a health care center or any other facility.

Actuarial Risk and Entrance Fee Amortization

Entrance fees are one-time payments made by residents of the Obligated Group under residency agreements, which entitle them to admission to and use of the facilities of the Obligated Group. Nonrefundable entrance fees are recorded as deferred revenue and are amortized into income based on expected future costs using the actuarial life of each resident. The actuarial life may not be reflective of the actual life span of each resident, which may have an adverse effect on the income calculation.

Entrance Fee Refunds

Under certain circumstances the Obligated Group is obligated to refund all or a portion of a resident's entrance fee upon the resident's departure from an Obligated Group facility. The payment of such refunds could adversely affect the Obligated Group's ability to make payments required by the Loan Agreement and the Series 2025A Obligation.

Financial Assistance and Obligation to Residents

The Obligated Group provides, but does not guarantee, financial assistance to residents unable to pay monthly service fees by reasons of circumstances beyond their control. The Members of the Obligated Group, as organizations described in Section 50l(c)(3) of the Code (an "***Exempt Organization***"), are required by applicable laws relating to their status as Exempt Organizations to maintain a policy of generally not requiring residents to leave its facilities because of the inability to pay, provided certain eligibility criteria and other conditions are met. Such requirement may require the Members of the Obligated Group in the future to provide increased financial assistance or absorb greater operating losses**.** There may be circumstances, however, under which the requirements for greater financial assistance may have a material adverse effect on the financial condition of the Obligated Group and any future Members of the Obligated Group that qualify as Exempt Organizations.

Private Health Insurance and Long-Term Care Insurance

The health care sector has been, and continues to be, adversely affected by the volatility in the health insurance industry. Health insurance costs are rising while reimbursement for care is materially strained. Any reductions in reimbursement rates from private or governmental insurance plans could have a material adverse effect on the operations of the Obligated Group. See "**Medicare and Medicaid Programs**" for a description of certain risks related to government health insurance programs (*e.g.*, Medicare and Medicaid). Additionally, to the extent any residents use long-term care insurance to help pay for their care, an increase in long-term care insurance premiums or other disruptions in the long-term care insurance market could reduce demand for the Obligated Group's services. The Obligated Group's inability to collect the full amount of resident's payment obligations may adversely affect the ability of the Obligated Group to make payments with respect to the Series 2025 Bonds.

Professional Liability Claims and Losses

The operations of the Obligated Group may be affected by increases in the incidence of professional liability lawsuits against physicians, nurses, elder care facilities and care providers in general and by increases in the dollar amount of damage recoveries. These may result in increased insurance premiums and an increased difficulty in obtaining professional and general liability insurance. Insurance does not provide coverage for judgments for punitive damages. The Obligated Group insures against malpractice claims. No assurance can be given that present levels of coverage can be maintained in ensuing years or that the price of such future coverage will not increase substantially over prior periods.

Litigation may also arise from the corporate and business activities of the Obligated Group, including from its status as an employer, restrictions on the age of the occupants, restrictions on marital status or other discriminatory practices, or Americans with Disabilities Act or Fair Housing Act violations. Many of these risks should be covered by insurance, but some might not be. For example, certain antitrust claims, claims arising from wrongful termination, claims arising from physical harm or assault, including sexual molestation, business disputes and wage and hour claims may not be covered by insurance or other sources and may, in whole or in part, be a liability of the Obligated Group if determined or settled adversely.

State Budgetary Pressures

Many states face financial challenges such as the erosion of tax revenues, which may cause a shortfall between state revenue and state spending demands. Current and future state budget challenges may negatively affect the health care industry and facility residents in a number of ways, including, but not limited to, reductions or delays in Medicaid reimbursement or pension benefit cuts. Additionally, Congressional health care reform proposals to cap the federal share of Medicaid expenditures or "block grant" the Medicaid program could further shift rising costs to the states, exacerbating the state's current budget challenges. See also "**Federal and State Healthcare Program Reimbursement Cuts and Delays**" and "**Health Care Reform**" herein. Management is unable to determine what impact, if any, current or future state budget challenges may have on the operations and financial condition of the Obligated Group.

Changing Capabilities of Home Health Care Technology; Impact on Demand for Facilities

New and changing methods of care delivery, such as web-based home monitoring, telemedicine, mobile health, and smartphone technology will continue to rapidly change the way in which providers of health services provide services to individuals, including seniors. Changes in the delivery of behavioral health services, home health services, personal care services and other community-based services have occurred, and will likely continue to occur, due to the increased use of health care technology tools. The advent of "telehealth", which refers to a wide category of technology that helps provide connected care services through mobile phones, computers and tablets, for example, allows patients to remain in the safety of their homes while still receiving the care they need. These and other developments will further the ability of the home health and personal care services industry to care for patients in their homes. Proliferation and availability of technological changes are expected to increase the ability of seniors to remain in their homes longer into their lives than has historically been feasible, which could result in significantly reduced demand for facilities such as the Obligated Group's facilities. Efforts to reduce hospital readmissions and costs in the overall care continuum will further the use of these new and changing technologies. These changes may allow other companies, including hospitals and other health care organizations that are not currently providing home health and personal care, to expand their services to include home health services, personal care or similar services. The Obligated Group may encounter increased competition in the future that could negatively impact patient referrals to them, limit their ability to maintain or increase their market position and adversely affect the Obligated Group's profitability.

Competition

The facilities of the Obligated Group are located in areas where other continuing care facilities and other competitive facilities exist, and Members of the Obligated Group may face additional competition in the future as a result of the construction of new, expanded or renovated senior housing or continuing care facilities in their primary market areas. Competition from life care communities, continuing care retirement communities, congregate housing, assisted living centers, home healthcare agencies, personal care homes and agencies, memory support services, hospice providers, and other long-term care communities which offer sheltered, assisted living or nursing care now or hereafter located in the Obligated Group's service areas could adversely affect their revenues. In addition, as described above under "**Changing Capabilities of Home Health Care Technology; Impact on Demand for Facilities**," the Obligated Group faces increasing competition from home health care services and technological changes that enable the elderly to remain in their homes longer into their lives than historically feasible. The Members of the Obligated Group will also face competition from other forms of retirement living that have proliferated the market in recent years, including condominiums, apartment buildings and facilities not specifically designed for the elderly, some of which may be designed to offer similar facilities but not necessarily similar services, at lower prices. Such competitors may include for-profit entities. Many for-profit entities operate on a larger scale than the Obligated Group and have better access to capital than the Obligated Group. Competitors may additionally be better positioned to utilize federal programs resulting from Health Care Reform, such as accountable care organizations ("***ACOs***"), that would allow the competition to align with other health care providers to invest in infrastructure and redesign integrated delivery processes. The potential impacts such initiatives and alignments will have on the Obligated Group or its competition is unknown. Such entities may also have the ability to attract staff and other human resources in the Obligated Group's market areas that would create shortages in the availability of the qualified individuals the Obligated Group needs to hire or retain. Such shortages could have an adverse impact on the revenues of the Obligated Group.

Environmental Matters

Health care providers are subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations which address, among other things, health care operations, facilities and properties owned or operated by health care providers. Among the type of regulatory requirements faced by health care providers are (a) air and water quality control requirements, (b) waste management requirements, including medical waste disposal, (c) specific regulatory requirements applicable to asbestos, polychlorinated biphenyls and radioactive substances, (d) requirements for providing notice to employees and members of the public about hazardous materials handled by or located at the clinics, (e) requirements for training employees in the proper handling and management of hazardous materials and wastes and (f) other requirements.

In their role as the owner and operator of its facilities, the Members of the Obligated Group may be subject to liability and practical, financial and legal risks for investigating and remedying any hazardous substances that may be located on its property or may have migrated on or off of their property. Such risks may (a) result in damage to individuals, property or the environment, (b) interrupt operations and increase their cost, (c) result in legal liability, damages, injunctions or fines and (d) result in investigations, administrative proceedings, penalties or other governmental agency actions. There is no assurance that the

Obligated Group will not encounter such risks in the future, and such risks may result in material adverse consequences to the operations or financial condition of the Obligated Group.

Each Member of the Obligated Group has certified that it is in compliance in all material respects with applicable environmental laws, and that to the best of its knowledge, none of its property contains any asbestos or PCB-containing material in violation of applicable law.

Cyber Attacks

The Obligated Group relies on information technology ("***IT***") systems, including electronic health records, to process, transmit and store sensitive and confidential data, including the PHI and personally identifiable information of its patients and employees, and proprietary and confidential business performance data. Any disruptions or other loss of such information could result in disruption in the efficiency of the services provided by the Obligated Group, thereby affecting its revenues. Although the Obligated Group routinely monitors and tests the security of its IT systems and processes and implements appropriate security measures, IT systems are often subject to computer viruses, cyber-attacks by hackers, or breaches due to employee error or malfeasance. Cyber-attacks specifically targeting health care providers have been occurring more frequently, and in some cases, have resulted in the interruption of temporary cessation of services.

Any breach or cyber-attack that compromises patient data could result in negative press and substantial fines or penalties for violation of HIPAA or similar state privacy laws that may harm the Obligated Group's business or financial condition. In addition to regulatory fines and penalties, health care entities subject to the breaches may be liable for the costs of remediating the breaches, damages to individuals (or classes) whose information has been breached, reputational damage and business loss and damage to IT infrastructure. Although Management believes that the security protocols in place in connection with the Obligated Group's IT systems are in compliance with current business practices and standards, the Obligated Group's IT security measures may not be sufficient to prevent cyber-attacks in the future. As cybersecurity threats continue to evolve, the Obligated Group may not be able to anticipate certain attack methods in order to implement effective protective measures, and may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks. Additionally, the Obligated Group's IT systems routinely interface with and rely on third party systems who are also subject to the risks outlined above and may not have or use appropriate controls to protect confidential information. A breach or attack affecting a third-party service provider could harm the Obligated Group's business or financial condition. Although the Obligated Group has insurance against some cyber risks and attacks, it may not be sufficient to offset the impact of a material loss event.

Additional Debt

The Master Indenture permits the Obligated Group to issue Additional Indebtedness. See **APPENDIX C – SUMMARY OF PRINCIPAL DOCUMENTS – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Limitations on Additional Indebtedness**. In the future such issuances and obligations could increase the Obligated Group's debt service and repayment requirements in a manner which could adversely affect debt service coverage on the Series 2025 Bonds.

Under the terms of the Master Indenture, future debt holders may share in the security provided for the Series 2025A Obligation under the Master Indenture.

In the past, the Obligated Group has used debt financing to fund the costs associated with the construction of new facilities and the renovation or expansion of existing facilities, as well as to effect the current or advance refunding of prior indebtedness or to fund the costs of capital expenditures associated with its existing facilities and/or new facilities. The Obligated Group may issue Additional Indebtedness in the future for similar purposes.

Covenants Related to Credit Arrangements

The Obligated Group currently has three outstanding credit arrangements with Bank of America, N.A. ("***Bank of America***") and one outstanding credit arrangement with Banc of America Public Capital Corp ("***BAPCC***"): (i) the line of credit given by Bank of America to the Obligated Group, (ii) the tax-exempt direct placement given by BAPCC to the Obligated Group in 2017 which matures in full in 2029, (iii) the taxable term loan given by Bank of America to the Obligated Group which commitment terminates in 2027, and (iv) the taxable term loan given by Bank of America to the Obligated Group in 2024 which commitment terminates in 2029, and a credit arrangement in the form of a taxable term loan given by The Huntington National Bank ("***Huntington***") to the Obligated Group in 2024 which commitment terminates in 2031. In connection with these credit arrangements, the Obligated Group has entered into agreements which contain certain covenants for the benefit of Bank of America, BAPCC or Huntington, as applicable, including maintaining a minimum debt service coverage ratio of 1.20 to 1.0 and maintaining an unrestricted cash and liquid investments to funded debt ratio of not less than 0.35 to 1.0. These covenants and restrictions may be waived, modified or amended by Bank of America, BAPCC or Huntington, as applicable, with the consent of the Obligated Group, but without notice to or consent by the Bond Trustee, the Master Trustee, or the holders of the Series 2025 Bonds, the holders of any Obligations, or any other Person. Violation of any of such covenants may result in an Event of Default under the Master Indenture, which could result in acceleration of all of the Obligations, including the Series 2025A Obligation, if issued. The obligations to Bank of America, BAPCC and Huntington are secured by five separate Obligations under the Master Indenture.

Fluctuation in the Valuation of and Earnings on Investments

As of December 31, 2024, the Obligated Group had $431,377,000 of assets (unrestricted cash and liquid investments) invested in unrestricted investments. The soundness of such investments is believed to be reasonable but their performance, or earnings thereon, are subject to vast fluctuations. See **APPENDIX A – FINANCIAL INFORMATION – Combined Investment Fund**.

Interest Rate Swap Risks

As of February 28, 2025, the Corporation was a party to two interest rate swap agreements. The Corporation utilizes these swap agreements to hedge, or otherwise manage, the interest rate risk related to the Corporation's borrowings. The Corporation may enter into additional swaps or other hedge agreements in the future. See **APPENDIX B - Note 11** (Derivative Instruments) for more information.

The following table provides a summary of the terms under the outstanding swap agreements as of February 28, 2025:

Counterparty	Notional Amount	Maturity Date	Rate Paid	Rate Received	Mid Market Valuation
Wells Fargo Bank, N.A.	$9,420,000	12/1/2034	3.5930%	67% of (SOFR + 0.11448)	($470,593)
Wells Fargo Bank, N.A.	$1,405,000	12/1/2025	3.4900%	67% of (SOFR + 0.11448)	($7,154)

The Corporation's interest rate swaps or other hedges are subject to periodic "mark-to-market" valuations and may, at any time, have a negative value to the Corporation and the Members of the Obligated Group. If either a swap or other hedge counterparty or the Corporation or other Members of the Obligated Group terminates such an agreement when the agreement has a negative value to the Corporation and the Members of the Obligated Group, the Members of the Obligated Group would be obligated to make a termination payment to the counterparty in the amount of such negative value, and such payment could be substantial and potentially materially adverse to the financial condition of the Corporation and the Members of the Obligated Group.

The counterparty generally may only terminate such an agreement upon the occurrence of defined termination events, including but not limited to nonpayment by the Corporation, a bankruptcy type event, cross default to specified indebtedness or other swaps or other breaches of covenants in such agreements. The counterparty may terminate the swap agreements if the rating of the Corporation's indebtedness is withdrawn or falls below "BBB-" as determined by Fitch Ratings, or the Corporation fails to have any rated long-term, unsecured, unenhanced senior debt (not taking into account any third party credit enhancement). The Corporation may also terminate such agreements upon the occurrence of certain events in accordance with the related swap agreements.

In the event of an early termination of a swap agreement, there can be no assurance that: (i) the Obligated Group will receive any termination payment payable to it by the respective swap provider; (ii) the Obligated Group will not be obligated to or will have sufficient monies to make a termination payment payable by it to the applicable swap provider; or (iii) the Obligated Group will be able to obtain a replacement swap agreement with comparable terms.

In addition, there are other risks associated with the swap agreements that could affect the value of the swap agreements, the ability of the Corporation to accomplish its objectives in entering into the swap agreements, or the ability of the Corporation to meet its obligations under the swap agreements. These risks include, among other things, the following: (i) Counterparty Risk – the failure of either counterparty to make required payments; (ii) Credit Risk – the occurrence of an event modifying the credit rating of the Corporation or the applicable counterparty; (iii) Termination Risk – the requirement to terminate the transaction in a market that dictates a termination payment by the Corporation; and (iv) Basis Risk – the mismatch between actual variable rate debt service on the hedged borrowings and the variable rate indices used to determine swap payments by the counterparty to the Corporation.

THIS IS NOT A COMPLETE LIST OF THE RISKS ASSOCIATED WITH THE SWAP AGREEMENTS. PURCHASERS OF THE SERIES 2025 BONDS SHOULD CONSULT WITH THEIR OWN ADVISORS TO ASCERTAIN SUCH RISKS.

The Corporation's obligations under each swap agreement are general obligations of the Corporation payable from any legally available monies and such obligations are not Obligations under the Master Indenture.

The obligations of the Corporation under the swap agreements do not alter the Corporation's obligation to make loan repayments under the Loan Agreement. Since the swap agreements are subject to termination upon the occurrence of a number of events, no assurance can be given that they will continue to be in existence. The swap agreements do not provide a source of credit or security for the Series 2025 Bonds.

Health Care Reform

The Patient Protection and Affordable Care Act of 2010 and the Health Care and Education Affordability Reconciliation Act of 2010 (collectively referred to as the "***Affordable Care Act***") has significantly changed the United States health care delivery system, addressing almost all aspects of healthcare facility and provider operations, including the delivery of health care services, the financing of health care costs, healthcare provider reimbursement and the legal obligations of healthcare providers, insurers, employers and consumers. Key changes include cost containment measures, including new payment models which may result in lower health care provider reimbursement and utilization changes; quality improvement and clinical integration initiatives; fraud and abuse enforcement enhancements; health insurance market reforms; and Medicaid expansion. Additionally, the Affordable Care Act includes a number of initiatives that impact skilled nursing facility reimbursement. Each of these Affordable Care Act initiatives has required health care providers to assess, and potentially alter, their business strategy and practices. While the Affordable Care Act may result in many providers receiving reduced payments for care, millions of previously uninsured Americans have obtained health insurance coverage as a result of the

Affordable Care Act. There is no assurance that federal payments made as a result of reimbursement reform measures will be sufficient to cover the Obligated Group's skilled nursing facility costs. In addition, any future Congressional action related to value-based purchasing or adjustments to market basket updates could negatively affect the Obligated Group's revenues. While Management is currently operating within the framework of the Affordable Care Act, Management cannot predict with any reasonable degree of certainty or reliability any ultimate effects of the law and its accompanying regulations on the Obligated Group's operations or financial condition.

Due to the controversial nature of health care reform generally, the Affordable Care Act and its implementation has been, and remains, politically controversial. Since its enactment, the law has continually faced legal, legislative and political challenges, including legislative repeal efforts. The Affordable Care Act has survived three major Supreme Court challenges, and no bills wholly repealing the Affordable Care Act have passed both chambers of Congress. Accordingly, the majority of the Affordable Care Act remains law. New legal or legislative challenges to the Affordable Care Act may occur in the future. Management cannot predict the likelihood of any future Affordable Care Act repeal bills or other health care reform bills becoming law, or the subsequent effects of any such laws or legal decisions, though such effects could materially impact the Obligated Group's business or financial condition. In particular, any legal, legislative or executive action that (1) reduces federal health care program spending, (2) increases the number of individuals without health insurance, (3) reduces the number of people seeking health care, or (4) otherwise significantly alters the health care delivery system or insurance markets could have a material adverse effect on the Obligated Group's business or financial condition.

In addition to actual and possible legislative changes or legal challenges, executive branch actions and policies could impact the viability of the Affordable Care Act. For example, executive branch action has the potential to significantly impact the Affordable Care Act insurance exchange market by causing a reduction in the number of healthy individuals in the Affordable Care Act health insurance exchanges, a reduction in the number of plans available on the health insurance exchanges, and/or an increase in insurance premiums. Former President Biden took executive actions that strengthened and built on the Affordable Care Act and reversed certain policies of the prior Trump administration that were seen as undermining the Affordable Care Act. However, the change to the second Trump administration and the unified majority in both chambers of Congress will have an unpredictable impact on Affordable Care Act-related legislation and the status of President Biden's executive orders, which may positively or negatively impact the financial performance of the Obligated Group.

The continued focus on health care reform may increase the likelihood of significant changes affecting the health care industry. Possible future changes in the Medicare, Medicaid and other state programs, including Medicaid supplemental payments pursuant to upper payment limit programs, may reduce reimbursements to the members of the Obligated Group and may also increase their operating expenses.

In addition, other legislative proposals which could have an adverse effect on the Obligated Group include: (a) any changes in the taxation of non-profit corporations or in the scope of their exemption from income or property taxes; (b) limitations on the amount or availability of tax exempt financing for corporations recognized under Section 501(c)(3) of the Code; (c) regulatory limitations affecting the Obligated Group's ability to undertake capital projects or develop new services; and (d) a requirement that non-profit health care institutions pay real estate property tax and sales tax on the same basis as for-profit entities. The discussion herein is not an exhaustive study of the laws and regulations which may apply to the Obligated Group and its operations. Other laws and regulations not set forth herein may also apply to the Obligated Group and its operations and may have an adverse impact thereon.

Federal Debt Limit Increase

Through legislation, the federal government has created a debt "ceiling" or limit on the amount of debt that may be issued by the United States Treasury. In the past several years, political disputes have arisen within the federal government related to debt ceiling increase authorization. Any failure by Congress to increase the federal debt ceiling may impact the federal government's ability to incur additional debt, pay its existing debt, or to satisfy its obligations relating to the Medicare and Medicaid programs. Management is unable to determine what impact any failure to increase the federal debt ceiling may have on the operations and financial condition of the Obligated Group, although such impact may be material. Additionally, the market price or marketability of the Series 2025 Bonds in the secondary market may be materially adversely impacted by any failure to increase the federal debt ceiling.

Present and Prospective Federal and State Reimbursement Regulation

The operations of the continuing care facilities, like other health care facilities throughout the country, will be affected on a day-to-day basis by numerous legislative, regulatory and industry-imposed operational and financial requirements which are administered by a variety of federal and state governmental agencies as well as by self-regulatory associations and commercial medical insurance reimbursement programs. It is impossible, however, to predict the effect of any such legislation and regulation on the operations or financial condition of the Obligated Group's continuing care facilities.

Nursing care facilities, including those of the Obligated Group, are subject to numerous licensing, certification and accreditation requirements. These include, but are not limited to, requirements relating to Medicare and Medicaid participation and payment, and requirements relating to state licensing agencies, private payors and accreditation organizations. Renewal and continuance of certain of these licenses, certifications and accreditations are based upon inspections, surveys, audits, investigations or other reviews, some of which may require or include affirmative action or response by the Obligated Group. An adverse determination could result in a loss, fine or reduction in the Obligated Group's scope of licensure, certification or accreditation or could reduce the payment received or require the repayment of amounts previously remitted. The Obligated Group currently anticipates no difficulty in renewing or continuing currently held licenses, certifications or accreditations.

Third Party Payments and Managed Care

In the environment of increasing managed care, the Obligated Group can expect additional challenges in maintaining its resident and patient populations and attendant revenues. Third party payors, such as health maintenance organizations, direct their subscribers to providers who have agreed to accept discounted rates or reduced per diem charges. Continuing care retirement communities are less sensitive to this directed utilization than standalone skilled nursing facilities and other types of health care service providers; however, the risk may increase and the Obligated Group may be required to accept residents at its facilities under such conditions should managed care cost reduction measures now pervasive in the health care industry continue to grow.

Medicare and Medicaid Programs

Medicare provides certain health care benefits to beneficiaries who are 65 years of age or older, blind, disabled, or qualify for the end stage renal disease program. Medicaid is a program of financial assistance, funded jointly by the federal government and each of the various states, primarily for medical assistance to certain needy individuals and their dependents. Due to health care reform as well as continuing political and financial pressures, the legal and regulatory environment surrounding the Medicaid and Medicare programs has been changing and is expected to continue to change. Future changes to Medicare and Medicaid may alter features including: (1) services eligible for payment; (2) rates of payment; (3) eligibility requirements to participate or qualify for different levels of payment/reimbursement; (4) consequences of violations; (5) rates and requirements relating to additional payments unrelated to services offered to patients; (6) guidelines relating to interactions between the participating healthcare providers, third party payors and the federal and state governments; and (7) payment methodologies. Past federal budgets have contained cuts to the Medicare program budget. In addition, due to the sequestration required by the Budget Control Act of 2011, annual cuts to the Medicare program of 2% of the total program costs are currently expected to continue through 2032.

Medicare. Unless a specific waiver applies, skilled nursing facility ("***SNF***") services are covered by the Medicare program only if the patient spends at least three consecutive days as a hospital inpatient for a related condition prior to admission to the SNF and if the patient was admitted to the SNF within 30 days of discharge from the hospital. Medicare reimburses for such post-hospital inpatient nursing services provided by the SNF for up to 100 days for each spell of illness, subject to coinsurance and deductible payments from the patient. Medicare beneficiaries have the option to receive their health benefits through the original Medicare program or through private health plans (e.g., a commercial HMO or PPO) approved by the Medicare Advantage program ("***Medicare Advantage***"). Medicare pays Medicare Advantage plans a capitated (per beneficiary) amount to provide all Medicare covered benefits. It is possible that there will be reductions in rates paid to Medicare Advantage plans that may ultimately be passed on to providers such as the Members of the Obligated Group's facilities.

Medicare pays SNFs pursuant to a prospective payment system ("***PPS***"). Effective October 1, 2019, CMS replaced its Resource Utilization Groups IV classification system with a new case-mix classification model called the "SNF Patient-Driven Payment Model" ("***PDPM***"). Reimbursement under the PDPM is determined based on ICD-10 diagnosis codes and patient characteristics and adjusted based on the services rendered in order to account for varying costs throughout the stay. Per CMS, the goals of the PDPM are to tie payment to patient conditions and needs rather than the volume of services and to reduce provider paperwork burdens. There is no assurance that PPS payments made by the federal government will be sufficient to cover the facility's costs. In addition, any future Congressional action to decrease the SNF PPS per-diem rates or establishment of an alternative classification system could negatively affect the Obligated Group.

Effective October 1, 2020, the fiscal year 2021 Skilled Nursing Facility PPS final payment rules ("***2021 SNF PPS Rules***") finalized updates to the SNF Value-Based Purchasing Program ("***SNF VBP Program***"). The SNF VBP Program applies either positive or negative incentive payments to services furnished by SNFs based on their performance on the program's readmissions measure. Under the SNF Quality Reporting Program ("***SNF QRP***"), SNFs that fail to submit the required quality data to CMS will be subject to a 2% reduction to the otherwise applicable annual market basket percentage update with respect to that fiscal year. Management cannot predict the Obligated Group's performance under these programs or the corresponding effects on the Obligated Group's operations or financial condition.

For the fiscal year ended September 30, 2024 and for the three month period ended December 31, 2024, 17% and 16%, respectively, of total operating revenue of the Obligated Group was derived from the Medicare program.

Medicaid. The Medicaid payment system varies by state, and may not be consistent among the various states in which Members of the Obligated Group are located. Amounts paid under any of these systems are generally lower than the costs of providing the services. While federal law imposes certain basic requirements on the individual Medicaid plans developed by the states, each state has developed its own Medicaid payment system. The methodologies for reimbursing providers and practitioners under each state's system vary greatly among the individual states.

Federal budgetary pressures may reduce the total amount of federal government participation in paying for care for Medicaid recipients. Future federal or state health reform may involve a realignment of the Medicaid program (such as a cap on the federal share of Medicaid expenditures) or its dissolution. There is no way of projecting what form any future program of financing health care delivery to the economically disadvantaged will take or whether levels of reimbursement will be adequate to cover the expenses incurred by any given provider rendering that care.

Because a portion of the Medicaid program's costs are paid by the applicable state, the absolute level of Medicaid revenues paid, as well as the timeliness of their receipt, may be affected by the financial condition of, or the budgetary factors facing, the applicable state. The actions states could take with regard to reducing Medicaid expenditures to accommodate any budgetary shortfalls include a change in the method of payment to nursing home facilities, changing eligibility requirements for Medicaid recipients and delaying actual payments due to health care providers. Any such action taken by such state could adversely affect the financial condition of the Obligated Group. See also "**State Budgetary Pressures**" above.

For the fiscal year ended September 30, 2024 and for the three month period ended December 31, 2024, 10% and 8%, respectively, of total operating revenue of the Obligated Group was derived from the Medicaid program.

Federal and State Healthcare Program Reimbursement Cuts and Delays

The federal and state governments have in the past, and may in the future, make changes to their respective budgets, which budget reductions may include reductions to the Medicare or Medicaid programs. Additionally, federal health care reform legislation has resulted in significant reimbursement cuts, and future health care reform efforts may result in additional cuts. Federal or state budget authorization delays or other challenges may cause Medicare and Medicaid reimbursements to be paid late. Such payment delays may have a material adverse effect upon facilities that accept Medicare and Medicaid payments. The reduction of Medicare or Medicaid spending may also have a material adverse effect upon facilities that accept Medicare and Medicaid payments. See "**Health Care Reform**" and "**Medicare and Medicaid Programs**" herein for additional information.

Healthcare Fraud and Abuse Laws

Certain federal laws, including the laws commonly known as the Anti-Kickback Statute, the Stark Law and the False Claims Act, seek to protect the federal health care programs from fraud and abuse (collectively, the "***Federal Healthcare Fraud Laws***"). The Federal Healthcare Fraud Laws are complex, heavily enforced and subject to frequent amendment. In addition, *qui tam* or "whistleblower" lawsuits under the False Claims Act allows private individuals to bring actions on behalf of the government. Violation of the Federal Healthcare Fraud Laws may result in significant financial penalties, fines, exclusion from the federal health care programs and/or criminal liability. Additionally, a number of states have passed healthcare fraud and abuse laws similar in scope to the Federal Healthcare Fraud Laws. Violation of state fraud and abuse laws may also result in significant financial penalties, fines, exclusion from the federal health care programs and/or criminal liability.

Although the Obligated Group has a compliance program designed to help ensure material compliance with laws, rules and regulations affecting the health care industry, including the Federal Healthcare Fraud Laws and similar state laws, these policies and procedures may not be wholly effective. If a Member of the Obligated Group is alleged or found to have violated such laws, rules or regulations or if government health care program payments are suspended due to an allegation of fraud, the Obligated Group's operations and financial condition could be materially adversely affected. At the present time, Obligated Group management is not aware of any pending or threatened claims, investigations or enforcement actions regarding any applicable federal or state statutes which, if determined adversely to a Member of the Obligated Group would have a material adverse effect on the financial condition of the Obligated Group.

Federal Privacy Laws

Specific state and federal laws govern the use and disclosure of confidential patient health information, as well as patients' rights to access and amend their own health information. The Health Insurance Portability and Accountability Act of 1996 ("***HIPAA***") and its implementing regulations established national standards to facilitate the electronic exchange of Protected Health Information ("***PHI***") and to maintain the privacy and security of the PHI. These standards have a major effect on health care providers which transmit PHI in electronic form in connection with HIPAA standard transactions (*e.g.,* health care claims). In particular, HIPAA established standards governing: (1) electronic transactions and code sets; (2) privacy; (3) security; and (4) national identifiers. The Members of the Obligated Group have developed policies, procedures and practices that they believe comply with the HIPAA standards and requirements, but, if it was determined that any Member of the Obligated Group was not in compliance, there could be criminal and civil penalties imposed.

In 2009, HIPAA was amended by the Health Information Technology for Economic and Clinical Health ("***HITECH***") Act to impose certain of the HIPAA privacy and security requirements directly upon business associates of covered entities and significantly increase the monetary penalties for violations of HIPAA. Regulations that took effect in late 2009 also require business associates to notify covered entities, who in turn must notify affected individuals and government authorities, of data security breaches involving unsecured PHI. Since the passage of the HITECH Act, enforcement of HIPAA violations has increased. If it was determined that any Member of the Obligated Group was not in compliance with HIPAA and HITECH Act standards and requirements, there could be criminal and civil penalties imposed.

Legislation and Regulations Governing Life Care Facilities

Each of the Obligated Group's facilities must comply with extensive federal, state and local regulations as they apply to continuing care retirement communities, life care, nursing care, shelter care and assisted living facilities. Failure to comply with any of these regulations may have a material adverse effect on the Obligated Group.

Certain of the states in which the Obligated Group's facilities are located require the maintenance of various types of escrow accounts. One type of escrow account required is known as a debt reserve escrow, which, among other things, must be funded in an amount equal to a facility's payments due on long-term financing for a defined period of time, usually six months to one year. Another type of escrow required by some states is known as an operating escrow, which must be funded in an amount equal to all or a portion of a facility's total operating costs for a defined period, ranging from 100% for one month to 30% for one year. Other state regulations require that specified amounts of entrance fees and/or fees subject to refundable residency agreements be escrowed.

Some of the states in which the Obligated Group's facilities are located require the provision of a disclosure statement to the facility's residents. Disclosure statements must give, among other things, a description of the facility, the services given, summaries of residency agreement forms and financial information.

All states monitor the standard of care given at each health care facility through the licensing and survey process, whereby licensees are continually subject to the state's approval of the physical capacities of the facility, as well as the level of care given. Facilities offering nursing care in particular are subject to strict federal and state regulation regarding standards of care.

In addition, the Obligated Group may be subject to efforts by governmental agencies to limit the cost of services provided by the Obligated Group or reduce the number of available beds through regulatory actions which might limit the ability of the Obligated Group to undertake capital improvements to its respective facilities or to develop new institutional health services. Further, future legislation that incentivizes increased utilization of home health services, preventive medicine or outpatient care, or that improves occupational health and safety measures, could reduce the utilization of long-term care facilities, generally.

Nursing Home Star Ratings

CMS implemented an online reporting system that allows consumers to compare ratings information of Medicare and Medicaid participating nursing homes. The ratings are a composite metric consisting of one to five stars (five being the best) and intended to convey the overall performance of over 15,000 nursing homes in the U.S. Ratings are posted to CMS's website, Nursing Home Care Compare. Each nursing home is rated on three components: health inspection results, quality measures, and staffing levels, and also to overall quality. CMS maintains that its star ratings will provide consumers with an important tool for comparing nursing homes both locally and nationwide. The overall ratings for the skilled nursing facilities of the Members of the Obligated Group are listed below. The Members of the Obligated Group are unable to determine what impact such rating may have on the demand for services of these communities or the financial condition of the Members of the Obligated Group.

Skilled Nursing Facility	Location	Rating
Brandel Health and Rehab	Northbrook, Illinois	★★★★★
Covenant Living of Golden Valley Care & Rehabilitation Center	Golden Valley, Minnesota	★★★★★
Covenant Shores Health Center	Mercer Island, Washington	★★★★
Covenant Village Care Center	Plantation, Florida	★★★★
Covenant Living of the Great Lakes	Grand Rapids, Michigan	★★★
Covenant Village Care Center	Turlock, California	★★★★★
Michaelsen Health Center	Batavia, Illinois	★★★★★
Mount Miguel Covenant Village, a/k/a Mount Miguel Covenant Village Health Facility	Spring Valley, California	★★★★
Pilgrim Manor	Cromwell, Connecticut	★★★★★
Samarkand Skilled Nursing, a/k/a The Smith Health Center	Santa Barbara, California	★★★★★
Covenant Living at Windsor Park, a/k/a The Torrey M. Johnson Healthcare Center	Carol Stream, Illinois	★★★★
The Village Care and Rehabilitation Center	Westminster, Colorado	★★
Covenant Living at Inverness	Tulsa, Oklahoma	★★★★★
Covenant Living of Keene	Keene, New Hampshire	★★★

Future Healthcare and Regulatory Risks

The Obligated Group is and will continue to be subject to certain governmental regulations. Participants in the health care industry are subject to significant regulatory requirements of federal, state and local governmental agencies and independent professional organizations and accrediting bodies, technological advances and changes in treatment modes, various competitive factors and changes in third party reimbursement programs. In addition, the operations of the health care industry have been subject to increasing scrutiny by federal, state and local governmental agencies. In response to perceived abuses and actual violations of the terms of existing federal, state and local healthcare payment programs, such agencies have increased their audit and enforcement activities, and federal and state legislation has been considered or enacted, providing for civil and criminal penalties against certain activities. Bills proposing to regulate or control, in some manner, health care costs and revenues and a number of proposals for a national health insurance program are regularly submitted to Congress. There are wide variations among these proposals and the effect on the health care industry and the Obligated Group cannot be determined. There can be no assurance that the implementation of any such bill or proposal or any future bill or proposal, or the implementation by the federal or state administrative bodies of cost containment or revenue control programs, would not adversely affect the revenues of the Obligated Group's facilities, and thus the revenues of the Obligated Group.

Tax Reform

On December 22, 2017, President Trump signed into law "H.R. 1 - An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018," (the "***Tax Cuts and Jobs Act of 2017***"). The Tax Cuts and Jobs Act of 2017 lowered corporate and individual tax rates and eliminated certain tax preferences and other tax expenditures. The Tax Cuts and Jobs Act of 2017 also repealed effective January 1, 2019, the individual mandate under the Affordable Care Act. Such repeal of the individual mandate may result in a higher number of uninsured individuals, which may adversely affect the financial condition of the Obligated Group. The Tax Cuts and Jobs Act of 2017 also eliminated the issuance of tax-exempt bonds to advance refund outstanding tax-exempt bonds. This could materially impact the market price or marketability of the Series 2025 Bonds (and outstanding bonds issued by and on behalf of the Obligated Group) and/or availability of borrowed funds for the Obligated Group, particularly for capital expenditures, as well as the operations, financial position and cash flows of the Obligated Group.

Potential Changes to Tax Treatment of the Series 2025 Bonds

Proposals to alter or eliminate the exclusion of interest on tax-exempt bonds from gross income for some or all taxpayers have been made in the past and may be made again in the future. Such legislative proposals, if enacted, could alter the federal and/or state tax treatment described under the heading "**TAX MATTERS**" herein, and certain of which, whether or not enacted, could adversely affect the market value or marketability of the Series 2025 Bonds. Certain legislative proposals, if enacted, could tax all or a portion of the interest on tax exempt bonds, including the Series 2025 Bonds, for certain taxpayers under the regular income tax, the alternative minimum tax or otherwise, and could apply to bonds issued before, on, or after the date of enactment.

It is unclear whether any legislation will be enacted affecting the tax treatment of interest on the Series 2025 Bonds. If any such legislation is retroactive and applies to tax-exempt bonds, including the Series 2025 Bonds, previously issued for the benefit of the Obligated Group, the adoption of any such legislation could adversely affect the market value or marketability of the Series 2025 Bonds and the financial condition of the Obligated Group. In addition, the adoption of any such legislation could increase the cost to the Obligated Group of financing future capital needs.

Challenges to Real Property and Sales Tax Exemptions

The real property and sales tax exemptions historically afforded to certain nonprofit retirement communities by state and local taxing authorities have been subject to increased scrutiny and challenges. These challenges have been based on a variety of grounds, including allegations that the providers were not engaged in sufficient charitable activities. Obligated Group management continuously monitors real estate tax assessments to assure increases are properly justified and, when appropriate, protested. Obligated Group management cannot predict the outcome of any such scrutiny or the financial effect that an adverse determination regarding any of its current real property or sales tax exemptions or assessments will have as any potential liability relating to any adverse determination is currently undetermined.

Possible Changes in Tax Status

The possible modification or repeal of certain existing federal income or state tax laws or other loss by the Members of the Obligated Group of the present advantages of certain provisions of the federal income or state tax laws could materially and adversely affect the status of the Members of the Obligated Group. The Members of the Obligated Group have each received a determination letter from the Internal Revenue Service (the "***IRS***") confirming that its is an exempt organization under Section 501(c)(3) of the Code. As exempt organizations, the Members of the Obligated Group are subject to a number of requirements affecting their operation. The failure of the Members of the Obligated Group to remain qualified as exempt organizations would affect the funds available to the Members of the Obligated Group for payments of debt service on the Series 2025 Bonds.

In addition, failure of the Obligated Group or the Authority to comply with certain requirements of the Code, or adoption of amendments to the Code to restrict the use of tax-exempt bonds for facilities such as those of the Obligated Group, could cause interest with respect to the Series 2025 Bonds to be included in the gross income of holders or former holders for federal income tax purposes. See "**TAX MATTERS**" herein.

Risks Related to Tax-Exempt Status

Tax Exemption for Nonprofit Corporations. Loss of tax-exempt status by a Member of the Obligated Group could result in loss of tax exemption of the Series 2025 Bonds and of other tax-exempt debt issued for the benefit of a Member of the Obligated Group, and defaults in covenants regarding the Series 2025 Bonds and other related tax-exempt debt would likely be triggered. Such an event would have material adverse consequences on the financial condition of the Obligated Group. Obligated Group management is not aware of any transactions or activities currently ongoing that are likely to result in the revocation of the tax-exempt status of any Member of the Obligated Group.

The maintenance by an entity of its tax-exempt status depends, in part, upon its maintenance of its status as an organization described in Section 501(c)(3) of the Code. The maintenance of such status is contingent upon compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including its operation for religious, charitable and educational purposes and its avoidance of transactions which may cause its assets to inure to the benefit of private individuals.

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

Tax-Exempt Status of the Series 2025 Bonds. The tax-exempt status of the Series 2025 Bonds is based on the continued compliance by the Authority, the Corporation and users of property financed with proceeds of the Series 2025 Bonds with certain covenants relating generally, among other things, to the use of the facilities financed with the proceeds of such Series 2025 Bonds, arbitrage limitations and rebate of certain excess investment earnings to the federal government. Failure to comply with such covenants with respect to the Series 2025 Bonds could cause interest on all of the Series 2025 Bonds to become subject to federal income taxation retroactively to the original date of issue of the Series 2025 Bonds. In such event, the Series 2025 Bonds are not subject to redemption solely as a consequence thereof.

Lack of Marketability for the Series 2025 Bonds

Although the Underwriter intends, but is not obligated, to make a market for the Series 2025 Bonds, there can be no assurance that there will be a secondary market for the Series 2025 Bonds, and the absence of such a market for the Series 2025 Bonds could result in investors being unable to resell the Series 2025 Bonds should they need or wish to do so.

Certain Matters Relating to Security for the Series 2025 Bonds

The facilities of the Obligated Group are not comprised of general purpose buildings and generally would not be suitable for industrial or commercial use. Consequently, it could be difficult to find a buyer or lessee for such facilities and, upon any default, the amount of the outstanding Series 2025 Bonds may not be realized from the sale or lease of such facilities if it were necessary to proceed against such facilities.

The Members of the Obligated Group enter into a residency agreement with each resident. The residency agreements give to each resident a contractual right to occupy space but no ownership rights in the facility. Pursuant to the residency agreement, a resident's occupancy rights are subordinate to the rights of a holder of indebtedness of the facility. However, in California the regulating department may record a notice of lien for the benefit of the residents if it determines a lien is necessary to secure performance of a Member of the Obligated Group to the residents. Such a lien would only apply prospectively as to future obligations and may be released when the department deems the lien no longer necessary. Florida, Minnesota and Colorado also have statutes providing for certain priorities of the residents' rights under their residency agreements over other liens. Moreover, in the event of a proceeding against a facility upon the occurrence of a default, it is impossible to predict how a court might rule in the face of a claim for occupancy by a resident of the facility who has fully complied with all the terms and conditions of the residency agreement.

Certain amendments to the Bond Indenture may be made with the consent of the owners of not less than a majority of the principal amount of the outstanding Series 2025 Bonds; and, since the Bond Indenture permits the issuance of Additional Bonds, such percentage may be comprised wholly or partially of holders of Additional Bonds. See **APPENDIX C – SUMMARY OF PRINCIPAL DOCUMENTS – SUMMARY**

OF CERTAIN PROVISIONS OF THE BOND INDENTURE – Supplemental Bond Indenture. Certain amendments to the Master Indenture may be made with the consent of the holders of not less than a majority of the principal amount of the outstanding Obligations. Such amendments may adversely affect the security of the holders of a particular issue of the Series 2025 Bonds and, with respect to the Master Indenture, such percentage may be composed wholly or partially of the holders of additional Obligations. See **APPENDIX C – SUMMARY OF PRINCIPAL DOCUMENTS – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Supplements and Amendments to the Master Indenture**.

The effectiveness of the security interest in the Gross Revenues of the Corporation and the other Members may be limited by a number of factors, including: (i) provisions prohibiting the direct payment of amounts due to health care providers from Medicaid and Medicare programs to persons other than such providers; (ii) the absence of an express provision permitting assignment of receivables due under the contracts between the Corporation and third-party payors, and present or future legal prohibitions against such assignment; (iii) certain judicial decisions which cast doubt on the right of the Master Trustee, in the event of the bankruptcy of a Member of the Obligated Group, to collect and retain accounts receivable from Medicare, Medicaid and other governmental programs; (iv) commingling of proceeds of accounts receivable with other moneys of a Member of the Obligated Group not so pledged under the Master Indenture; (v) statutory liens; (vi) rights arising in favor of the United States of America or any agency thereof; (vii) constructive trusts or equitable or other rights impressed or conferred thereon by a federal or state court in the exercise of its equitable jurisdiction; (viii) federal bankruptcy laws which may affect the enforceability of the Master Indenture, the Loan Agreement or the Gross Revenues covenant relating to Gross Revenues which are earned by the Obligated Group and during the pendency of such proceedings; (ix) rights of third parties in Gross Revenues converted to cash and not in the possession of the Master Trustee; and (x) claims that might arise if appropriate financing or continuation statements are not filed in accordance with the Uniform Commercial Code, as from time to time in effect.

Bankruptcy

If any Member of the Obligated Group were to file a petition for relief under Chapter 11 of the Federal Bankruptcy Code, its revenues and certain of its accounts receivable and other property acquired after the filing (and under certain conditions some or all thereof acquired within 120 days prior to the filing) would not be subject to the security interests created under the Bond Indenture. The filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against that Member of the Obligated Group and its property and as an automatic stay of any act or proceeding to enforce a lien upon its property. If the bankruptcy court so ordered, the Member of the Obligated Group's property could be used for the benefit of such Member of the Obligated Group and/or the other Members of the Obligated Group despite the security interest of the Master Trustee therein, provided that "adequate protection" is given to the lienholder.

In a bankruptcy proceeding, the petitioner could file a plan for the adjustment of its debts which modifies the rights of creditors generally, or any class of creditors, secured or unsecured. The plan, when confirmed by the court, binds all creditors who had notice or knowledge of the plan and discharges all claims against the debtor provided for in the plan. No plan may be confirmed unless, among other conditions, the plan is in the best interests of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly in favor of junior creditors. Certain judicial decisions have cast doubt upon the right of a trustee, in the event of a health facility's bankruptcy, to collect and retain for the benefit of bondholders portions of revenues consisting of certain governmental receivables.

Certain Matters Relating to Enforceability of the Master Indenture

The Corporation's obligation under the Loan Agreement is secured in part by the Series 2025A Obligation, which is in turn secured under the Master Indenture. The practical realization of value upon any default will depend upon the exercise of various remedies specified in the Loan Agreement and the Master Indenture. These and other remedies may, in many respects, require judicial actions which are often subject to discretion and delay. Under existing law, the remedies specified by the Loan Agreement and the Master Indenture may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in those documents. The various legal opinions to be delivered concurrently with the delivery of the Series 2025 Bonds will contain certain qualifications as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, reorganization, fraudulent conveyance or other similar laws affecting the enforcement of creditors' rights generally.

The effectiveness or priority of the security interests and mortgages that may secure the Series 2025 Bonds and the guaranties under the terms of the Master Indenture may also be limited by, among other things, the following: (i) statutory liens; (ii) rights arising in favor of the United States of America or any agency thereof; (iii) prohibitions against assignment of certain accounts or contract rights contained in state or federal statutes, including those statutes which may affect assignment of Medicare payments; (iv) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction; (v) federal bankruptcy laws; (vi) rights of third parties in any revenues, including revenues converted to cash, not in the possession of the Master Trustee; (vii) the requirement that appropriate continuation statements be filed in accordance with the Uniform Commercial Code as from time to time in effect; and (viii) the Permitted Encumbrances defined in the Master Indenture.

The accounts of the Members of the Obligated Group will be combined for purposes of determining whether various covenants and tests contained in the Master Indenture (including tests relating to the incurrence of Additional Indebtedness) are met, notwithstanding the uncertainties as to the enforceability of certain obligations of the Members of the Obligated Group contained in the Master Indenture which bear on the availability of the assets and revenues of the Members of the Obligated Group for debt service on the Obligations, including the Series 2025A Obligation pledged as security for the Series 2025 Bonds. The joint and several obligations of Members of the Obligated Group to make payments of debt service on the Obligations issued under the Master Indenture (including transfers in connection with voluntary dissolution or liquidation) may not be enforceable to the extent: (i) enforceability may be limited by applicable bankruptcy, moratorium, reorganization or similar laws affecting the enforcement of creditors' rights and by general equitable principles; and (ii) such payments (A) are requested with respect to payments on any Obligations which are issued by a Member of the Obligated Group other than the Member of the Obligated Group from which such payment is requested, which are issued for a purpose which is not consistent with the charitable purposes of the Member of the Obligated Group from which such payment is requested or which are issued for the benefit of any Member of the Obligated Group which is not a tax-exempt organization, (B) are requested to be made from any moneys or assets which are donor-restricted or which are subject to a direct or express trust which does not permit the use of such moneys or assets for such a payment, (C) would result in the cessation or discontinuation of any material portion of the health care or related services previously provided by the Member of the Obligated Group from which such payment is requested, or (D) are requested to be made pursuant to any loan violating applicable usury laws. The extent to which the assets of any future Member of the Obligated Group may fall within the categories (A), (B) and (C) above with respect to the Obligations cannot now be determined. The amount of such assets which could fall within such categories could be substantial.

In addition, a Member of the Obligated Group may not be required to make any payment on any Obligation, or portion thereof, the proceeds of which were not loaned or otherwise disbursed to or for the benefit of such Member of the Obligated Group, to the extent that assumption of the obligations evidenced by the Obligations would render such Member of the Obligated Group insolvent or insufficiently capitalized. Provisions of state law and federal bankruptcy law permit the avoidance of any transfer made, or obligation incurred, at the time the transferor was either insolvent or became insolvent as a result of the transfer or became insufficiently capitalized as a result of the transfer, if such transfer was not for "fair consideration" or "reasonably equivalent value" (depending on which state or federal fraudulent transfer law were applied). Application by courts of tests of "insolvency," "insufficient capitalization," "reasonably equivalent value" and "fair consideration" has resulted in a complex body of case law.

If the undertaking of the obligations evidenced by the Obligations were avoided under one or more of the above-described tests, the payment obligation as well as any payments made by such Member of the Obligated Group would be subject to avoidance or recovery in an action brought by any creditor of such Member of the Obligated Group in a state law proceeding, or, in the event that such Member of the Obligated Group were involved in a proceeding under the United States Bankruptcy Code by the Bankruptcy Trustee (or by such Member of the Obligated Group as a Chapter 11 debtor-in-possession), in a bankruptcy proceeding.

There exist, in addition to the foregoing, common law authority and authority under state statutes pursuant to which the state courts may terminate the existence of a not for profit corporation or undertake supervision of its affairs on various grounds, including a finding that such corporation has insufficient assets to carry out its stated charitable purposes or has taken some action which renders it unable to carry out such purposes. Such court action may arise on the court's own motion pursuant to a petition of the state Attorney General or such other persons who have interests different from those of the general public, pursuant to the common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses. It is possible that the application of this common law and statutory power would limit the ability of a Member of the Obligated Group in a particular state to make payments, in accordance with its joint and several obligation under the Master Indenture, for the benefit of another Member of the Obligated Group in a different state.

Various state statutes may cause delay in foreclosure on the mortgages securing Obligations. One such statute is found at Chapter 61.24.030(4) of the Revised Code of the State of Washington, which provides that foreclosure may not commence while any action by the beneficiary on the obligations secured is pending in any court.

Risks Related to the Mortgages

The Corporation and certain other Members of the Obligated Group have mortgaged the Mortgaged Property to secure the Obligations of the Obligated Group pursuant to the Master Indenture. The Corporation has previously delivered to the Master Trustee mortgagee title insurance policies for the Mortgaged Property in an amount equal to approximately $231,256,000. In connection with the issuance of the Series 2025 Bonds, the Corporation will not increase the amount of the coverage but will update such title insurance policies to include the modification of the Mortgages issued in connection with the Series 2025A Obligation in such title insurance policies. There is no requirement that the amount of mortgagee title insurance be increased in the future.

In the event that there is a default under the Master Indenture, the Master Trustee has the right to foreclose on the Mortgaged Property under certain circumstances.

All amounts collected upon foreclosure of the Mortgaged Property pursuant to the Mortgages will be used to pay certain costs and expenses incurred by, or otherwise related to, the foreclosure, the performance of the Master Trustee and/or the beneficiary under the Mortgages, and then to pay amounts owing under the Master Indenture in accordance with the provisions of the Master Indenture. See **APPENDIX C – SUMMARY OF PRINCIPAL DOCUMENTS – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Pledge of Gross Revenues; Pledge of Mortgages**, **– SUMMARY OF PRINCIPAL DOCUMENTS – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Defaults and Remedies** and **– SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGES**.

In the event that the lien of the Mortgages is actually foreclosed, then, in addition to the customary costs and expenses of operating and maintaining the facilities, the party or parties succeeding to the interest in the Mortgaged Property (including the Master Trustee, if such party was to acquire the interest of the Corporation or of another Member of the Obligated Group in the Mortgaged Property) could be required to bear certain associated costs and expenses, which could include: the cost of complying with federal, state or other laws, ordinances and regulations related to the removal or remediation of certain hazardous or toxic substances; the cost of complying with laws, ordinances and regulations related to health and safety, and the continued use and occupancy of the facilities, such as the Americans with Disabilities Act; and costs associated with the potential reconstruction or repair of the Mortgaged Property in the event of any casualty or condemnation.

The facilities are not comprised of general purpose buildings and generally would not be suitable for industrial or commercial use and consequently, it could be difficult to find a buyer or lessee for such facilities.

Any valuation of the facilities is in part based on future projections of income, expenses, capitalization rates and the availability of the partial or total property tax exemption. Additionally, the value of the facilities will at all times be dependent upon many factors beyond the control of the Obligated Group, such as changes in general and local economic conditions, changes in the supply of or demand for competing properties in the same locality, and changes in real estate and zoning laws or other regulatory restrictions. A material change in any of these factors could materially change the value of the facilities. Any weakened market condition may also depress the value of the facilities. Any reduction in the market value of the facilities could adversely affect the security available to the owners of the Series 2025 Bonds. In addition, no recent fair market value appraisal of all Mortgaged Property has been made and at any time its value may be less than the aggregate principal amount of the then outstanding Obligations, including the Series 2025A Obligation. There is no assurance that the amount available upon foreclosure of the facilities after the payment of foreclosure costs will be sufficient to pay the amounts owing by the Obligated Group on the then outstanding Obligations, including the Series 2025A Obligation.

In the event of foreclosure, a prospective purchaser of the Mortgaged Property may assign less value to the Mortgaged Property than the value of the Mortgaged Property while owned by a Member of the Obligated Group since such purchaser may not enjoy the favorable financing rates associated with the Series 2025 Bonds and other benefits. To the extent that buyers whose income is not tax-exempt may be willing to pay less for the Mortgaged Property than nonprofit buyers, then the resale of the Mortgaged Property after foreclosure may require more time to solicit nonprofit buyers interested in assuming the financing now applicable to the Mortgaged Property. In addition, there can be no assurance that the Mortgaged Property could be sold at one hundred percent (100%) of its fair market value in the event of foreclosure. Although the Master Trustee will have available the remedy of foreclosure of the Mortgage in the event of a default (after giving effect to any applicable grace periods, and subject to any legal rights which may operate to delay or stay such foreclosure, such as may be applicable in the event of a Member's bankruptcy), there are substantial risks that the exercise of such a remedy will not result in recovery of sufficient funds to satisfy all of the Obligated Group's obligations.

In addition, various states in which the Mortgaged Property is located may have statutes affecting the availability of and/or procedures relating to pursuit of certain remedies, including foreclosure, that could affect or limit the Master Trustee’s remedies in the event of a default. Such statutes, for example, (i) may limit or bar deficiency judgments in certain circumstances; (ii) may require certain state or other approvals and satisfaction of other conditions under the applicable state and local regulations as they apply to continuing care retirement communities, life care, nursing care, shelter care and assisted living facilities for the sale of such facilities as continuing care retirement communities, or life care, nursing care, shelter care or assisted living facilities; and/or (iii) may include so called "one-action" rules, which if imposed by the applicable state statutes, may require that the Master Trustee exhaust the security under the applicable

Mortgage(s) by foreclosure and prohibit any personal action against the Member of the Obligated Group or on the Obligations other than a deficiency judgment following a judicial foreclosure.

POTENTIAL OWNERS OF THE SERIES 2025 BONDS SHOULD FAMILIARIZE THEMSELVES WITH SUCH PROCEDURES, RESTRICTIONS AND LIMITATIONS OF THE VARIOUS REMEDIES AVAILABLE UNDER THE MORTGAGES IN THE STATES IN WHICH THE MORTGAGED PROPERTY IS LOCATED IN ORDER TO UNDERSTAND IN FULL THE RISKS AND PROCEDURES INVOLVED WITH SUCH REMEDIES IN EACH STATE PRIOR TO PURCHASING ANY SERIES 2025 BONDS.

Other Possible Risk Factors

The occurrence of any of the following events, or other unanticipated events, could adversely affect the operations of the Members of the Obligated Group: (i) reinstatement or establishment of mandatory governmental wage, rent or price controls; (ii) inability to control increases in operating costs, including salaries, wages and fringe benefits, supplies and other expenses, given an inability to obtain corresponding increases in revenues from residents whose incomes will largely be fixed; (iii) unionization, employee strikes and other adverse labor actions which could result in a substantial increase in expenditures without a corresponding increase in revenues; (iv) adoption of other federal, state or local legislation or regulations having an adverse effect on the future operating or financial performance of the Members of the Obligated Group; (v) the cost and availability of energy; (vi) the occurrence of natural disasters, including fires, floods and earthquakes, which may damage the Obligated Group's facilities, interrupt utility service to these facilities, or otherwise impair the operation and generation of revenues from said facilities; (vii) increased unemployment or other adverse economic conditions in the service areas of the Members of the Obligated Group which would increase the proportion of patients who are unable to pay fully for the cost of their care; (viii) any increase in the quantity of benevolent care provided which is mandated by law or required due to increased needs of the community in order to maintain the charitable status of the Members of the Obligated Group; (ix) national or international conflict or terrorism impacting some or all of the service areas or facilities of the Obligated Group; or (x) cost and availability of any insurance, such as malpractice, fire, automobile and general comprehensive liability, that organizations such as the Members of the Obligated Group generally carry.

Construction Risks

Construction of the Project is subject to the usual risks associated with construction projects, including, but not limited to, delays in issuance of required building permits or other necessary approvals or permits, increases in the cost of materials and labor, strikes, shortages of materials and adverse weather conditions. Such events could result in delaying construction and occupancy of the Project and cause the costs of construction of the Project to increase. It is anticipated that the proceeds from the sale of the Series 2025 Bonds, together with anticipated investment earnings thereon, will be sufficient to complete the construction and equipping of the Project. However, cost overruns for projects of this magnitude may occur. In addition, the completion dates may be extended by reason of changes authorized by the Corporation, delays due to acts or neglect of the Corporation or by independent contractors employed by the Corporation or by labor disputes, fire, delays in obtaining all necessary permits, unusual delay in transportation, adverse conditions not reasonably anticipated, unavoidable casualties or any causes beyond the control of the contractors. Cost overruns could also result in the Corporation not having sufficient moneys to complete construction of the Series 2025 Project. Any such insufficiency or significant delay in construction and occupancy of the Series 2025 Project could materially affect the receipt of revenues needed to pay debt service on the Series 2025 Bonds. See **APPENDIX A - THE PROJECTS** for a more detailed discussion of the Projects.

Bond Examinations

IRS officials have indicated that more resources will be invested in audits of tax-exempt bonds in the charitable organization sector. In addition, the IRS has sent several hundred post-issuance compliance questionnaires to nonprofit corporations that have borrowed on a tax-exempt basis. The questionnaire includes questions relating to the borrower's (i) record retention, which the IRS has particularly emphasized, (ii) qualified use of bond-financed property, (iii) arbitrage yield restriction and rebate requirements, (iv) debt management policies and (v) voluntary compliance and education. IRS representatives indicate that after analyzing responses from the first wave of questionnaires, thousands more will be sent. Additionally, the Series 2025 Bonds or other tax-exempt obligations issued for the benefit of the Members of the Obligated Group, may be, from time to time, subject to examinations by the IRS. While Obligated Group management believes that its expenditure and investment of bond proceeds, use or property financed with tax-exempt debt, and record retention practices and post-issuance compliance procedures have complied and do comply with all applicable laws and regulations, there can be no assurance that the issuance of surveys will not lead to an IRS review that could adversely affect the market value of the Series 2025 Bonds or of other outstanding tax-exempt indebtedness of the Obligated Group.

Further, IRS officials have indicated that more resources will be invested in audits of tax-exempt bonds in the charitable organization sector. As a result, the Series 2025 Bonds may be, from time to time, subject to audit by the IRS. The Corporation believes that the Series 2025 Bonds properly comply with the tax laws. In addition, Bond Counsel will render an opinion with respect to the tax-exempt status of the Series 2025 Bonds, as described under the caption, "**TAX MATTERS**" herein. The Corporation has not sought to obtain a private letter ruling from the IRS with respect to the Series 2025 Bonds, however, and the opinions of Bond Counsel are not binding on the IRS or the courts. There can be no assurance that any IRS examination of the Series 2025 Bonds will not adversely affect the market value of the Series 2025 Bonds. See "**TAX MATTERS**" herein.

LITIGATION

The Authority

To the knowledge of the Authority, there is not now pending or threatened against the Authority any litigation restraining or enjoining the issuance or delivery of the Series 2025 Bonds or questioning or affecting the validity of the Series 2025 Bonds, the right of the Authority to enter into the Bond Indenture or to secure the Series 2025 Bonds in the manner provided in the Bond Indenture and the relevant statutes under which the Series 2025 Bonds are issued or the proceedings or authority under which the Series 2025 Bonds are to be issued. Neither the creation, organization or existence of the Authority nor the title of any of the present board members or other officers of the Authority to their respective offices is being contested.

The Obligated Group

There is not now pending or, to the knowledge of any Member of the Obligated Group, threatened any litigation against any Member of the Obligated Group except for litigation in which the probable recoveries and the estimated costs and expenses of defense, in the opinion of the counsel to the Members of the Obligated Group responsible therefor, will be entirely within the Obligated Group's applicable insurance policy limits (subject to applicable deductibles) or reserves, including self-insurance trusts, established by the Obligated Group therefor, or which otherwise would not materially adversely affect the business or properties of any Member of the Obligated Group.

RATING

Fitch Ratings, Inc. ("***Fitch***") has assigned the Series 2025 Bonds a rating of "A-" with a stable outlook. Any further explanation of the significance of such rating may be obtained only from the rating agency. The Corporation and the Obligated Group furnished to such rating agency certain information and materials respecting the Series 2025 Bonds and themselves.

This rating reflects only the view of the rating agency and is not a recommendation to buy, sell or hold the Series 2025 Bonds. There is no assurance that the rating will continue for any given period of time or that the rating will not be revised downward, suspended or withdrawn entirely, if in the judgment of a rating agency circumstances so warrant. Any such downward revision, suspension or withdrawal of a rating may have an adverse effect on the market price or marketability of the Series 2025 Bonds.

CONTINUING DISCLOSURE

General

No financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Series 2025 Bonds and the Authority will not provide any such information. The Obligated Group has undertaken all responsibilities for any continuing disclosure to bondholders as described below, and the Authority shall have no liability to the holders of the Series 2025 Bonds or any other person with respect to Securities and Exchange Commission Rule 15c2-12 (the "***Rule***") adopted under the Securities Exchange Act of 1934, as amended.

The Members of the Obligated Group have covenanted for the benefit of the Bondholders and the beneficial owners of the Series 2025 Bonds, pursuant to a Continuing Disclosure Undertaking (the "***Continuing Disclosure Undertaking***") to be executed and delivered by the Obligated Group, to provide or cause to be provided certain financial information and operating data relating to the Obligated Group and to provide notice of certain events to certain information repositories pursuant to the Rule. See "**FORM OF CONTINUING DISCLOSURE UNDERTAKING**" attached hereto as **APPENDIX E** to this Official Statement.

Compliance with Prior Disclosure Obligations

For the last five years, the Obligated Group has timely filed in all material respects the information required by the disclosure agreements related to outstanding bonds and under the Rule.

UNDERWRITING

The Series 2025 Bonds are being purchased by the Underwriter. The Underwriter has agreed to purchase the Series 2025 Bonds at a purchase price of $151,502,201.70, which is the par amount of the Series 2025 Bonds plus net original issue premium of $6,222,161.70 and less an underwriting discount of $1,119,960.00. The bond purchase agreement for the Series 2025 Bonds provides that the Underwriter will purchase all the Series 2025 Bonds, if any are purchased, and require the Corporation to indemnify the Underwriter and the Authority against losses, claims and liabilities arising out of any untrue statement of a material fact contained in this Official Statement or the omission herefrom of any material fact in connection with the transactions contemplated by this Official Statement. The initial public offering price may be changed, from time to time, by the Underwriter.

The Underwriter may offer and sell the Series 2025 Bonds to certain dealers (including dealers depositing the Series 2025 Bonds into unit investment trusts) and others at prices lower than the offering price set forth on the inside cover page.

TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the Series 2025 Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed or refinanced therewith, and certain other matters. The Authority, the Corporation and the Users (as defined in **APPENDIX C** hereto) have covenanted to comply with all requirements that must be satisfied in order for the interest on the Series 2025 Bonds to be excludible from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Series 2025 Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2025 Bonds.

Subject to compliance by the Authority, the Corporation and the Users with the above referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Series 2025 Bonds is excludible from the gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "***Code***"). Interest on the Series 2025 Bonds may affect the corporate alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the Authority, the Corporation, and the Users with respect to certain material facts within the Authority's, the Corporation's and the Users' knowledge and will rely on an opinion of Peterson Cramer, counsel to the Corporation and the Users, that the Corporation and the Users are each a 501(c)(3) organization and certain other matters. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Series 2025 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2025 Bonds should consult their tax advisors as to applicability of any such collateral consequences.

Ownership of the Series 2025 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2025 Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the "***OID Issue Price***") for each maturity of the Series 2025 Bonds is the price at which a substantial amount of such maturity of the Series 2025 Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the Series 2025 Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the OID Issue Price of a maturity of the Series 2025 Bonds is less than the principal amount payable at maturity, the difference between the OID Issue Price of each such maturity of the Series 2025 Bonds (the "***OID Bonds***") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the OID Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the Authority, the Corporation and the Users comply with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludible from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Code; and (d) the accretion of original issue discount in each year may result in certain collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Series 2025 Bonds who dispose of Series 2025 Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Series 2025 Bonds in the public offering, but at a price different from the OID Issue Price or purchase Series 2025 Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Series 2025 Bond is purchased at any time for a price that is less than the Series 2025 Bond's stated redemption price at maturity, or, in the case of an OID Bond, its OID Issue Price plus accreted original issue discount (the "***Revised Issue Price***"), the purchaser will be treated as having purchased a Series 2025 Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Series 2025 Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Series 2025 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Series 2025 Bonds.

An investor may purchase a Series 2025 Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Series 2025 Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Series 2025 Bond. Investors who purchase a Series 2025 Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Series 2025 Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Series 2025 Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Series 2025 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Series 2025 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The IRS has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the IRS will commence an audit of the Series 2025 Bonds. If an audit is commenced, under current procedures the IRS may treat the Authority as a taxpayer and the holders of the Series 2025 Bonds may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Series 2025 Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Series 2025 Bonds, are in certain cases required to be reported to the IRS. Additionally, backup withholding may apply to any such payments to any Series 2025 Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Series 2025 Bond owner who is notified by the IRS of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Under the laws of the State of Colorado, as presently enacted and construed, so long as interest on the Series 2025 Bonds is not included in gross income for federal income tax purposes, interest on the Series 2025 Bonds will not be included in Colorado taxable income for the purposes of the income tax imposed by the State of Colorado pursuant to Article 22 of Title 39 of the Colorado Revised Statutes, as amended, upon individuals, corporations and estates and trusts. No opinion is expressed by Bond Counsel regarding taxation of interest on the Series 2025 Bonds under any other provisions of Colorado law. Ownership of the Series 2025 Bonds may result in other Colorado tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2025 Bonds. Prospective purchasers of the Series 2025 Bonds should consult their tax advisors regarding the applicability of any such Colorado taxes.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Series 2025 Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel. Bond Counsel has been retained by the Corporation. Bond Counsel is bond counsel to the Authority. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Series 2025 Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except for such statements or information in its capacity as Bond Counsel described under this caption. Bond Counsel has reviewed the information under the headings "**THE SERIES 2025 BONDS**," "**SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2025 BONDS**" (as such information described therein relates to the Series 2025 Bonds but excluding the information under the subheading "**Master Indenture**" describing the amount of the Outstanding Obligations under the Master Indenture or describing the title insurance policies), and "**TAX MATTERS**" and has supplied information in **APPENDIX C** and **APPENDIX D** relating to the Series 2025 Bonds attached to this Official Statement. This review was not undertaken to establish or confirm factual matters set forth herein. Certain legal matters will be passed upon for the Authority by its counsel, Ballard Spahr LLP, Denver, Colorado. Certain legal matters will be passed upon for the Members of the Obligated Group by their counsel, Peterson Cramer, Lake Forest, Illinois, and for the Underwriter by its counsel, Dentons US LLP, Chicago, Illinois.

INDEPENDENT AUDITORS

The consolidated financial report of Covenant Living Communities and Services and subsidiaries for the years ended September 30, 2024 and 2023, included in **APPENDIX B** to this Official Statement have been audited by Plante Moran, independent auditors, as stated in their reports appearing herein.

FINANCIAL ADVISOR

The Authority has retained PFM Financial Advisors LLC ("***PFM***") as financial advisor with respect to the issuance of the Series 2025 Bonds. PFM is not obligated to undertake, and has not undertaken, to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. PFM is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

MISCELLANEOUS

Any statements in this Official Statement, including the appendices hereto, involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. The attached **APPENDIX A**, **APPENDIX B**, **APPENDIX C**, **APPENDIX D**, **APPENDIX E**, and **APPENDIX F** are integral parts of this Official Statement and must be read together with all of the foregoing statements.

The summaries or descriptions of provisions of the Series 2025 Bonds and the principal legal documents and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is hereby made to such instruments, documents and other materials for the complete provisions thereof.

It is anticipated that CUSIP identification numbers will be printed on the Series 2025 Bonds, but neither the failure to print such numbers on any Series 2025 Bond nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for any Series 2025 Bond.

Except for the information concerning the Authority under the captions "**INTRODUCTION - The Authority**," "**THE AUTHORITY**," and "**LITIGATION – The Authority**," the Authority is not responsible for any statements made in this Official Statement. Accordingly, except with respect to the information contained under such captions, the Authority makes no representation or warranty, expressed or implied, as to the truthfulness, sufficiency and completeness of the statements set forth in this Official Statement and any statements otherwise made in connection with the offer, sale and distribution of the Series 2025 Bonds. The Corporation has reviewed the information contained herein which relates to the Obligated Group and has approved all such information for use within this Official Statement.

The Authority has consented to the use of this Official Statement, and the execution and delivery of this Official Statement has been duly authorized by each Member of the Obligated Group.

COVENANT LIVING COMMUNITIES AND SERVICES
COVENANT LIVING OF COLORADO
COVENANT LIVING OF FLORIDA, INC.
COVENANT LIVING OF GOLDEN VALLEY
COVENANT HOME
COVENANT HOME OF CHICAGO
COVENANT LIVING AT THE HOLMSTAD
COVENANT HEALTH CARE CENTER, INC.
COVENANT LIVING OF CROMWELL, INC.
COVENANT LIVING WEST
COVENANT LIVING OF THE GREAT LAKES
COVENANT LIVING AT WINDSOR PARK
COVENANT LIVING OF KEENE
TULSA HILLS COMMUNITY, INC.

By: /s/ David G. Erickson
President and Chief Executive Officer

APPENDIX A

THE MEMBERS OF THE OBLIGATED GROUP

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APPENDIX A

TABLE OF CONTENTS

OVERVIEW OF COVENANT LIVING COMMUNITIES AND SERVICES A-3
Location of Campuses—Obligated Group A-3

HISTORY, BACKGROUND AND ORGANIZATION A-3
The Obligated Group A-3
The Church and Its Mission to Seniors A-4
Legal Structure Chart A-5

THE EVANGELICAL COVENANT CHURCH A-7

THE MEMBERS OF THE OBLIGATED GROUP A-7
Tax Exempt Status A-7
Description of Facilities and Operations A-7
Unit Mix, Occupancy and Total Residents by Campus as of December 31, 2024 .... A-8
Levels of Care A-8
Summary of Facilities and Census A-9
Sales and Marketing A-9
Residency Agreements A-10
Contract Mix A-12
Third Party Payors A-12
Competition A-12
Licensure and Memberships A-13

THE PROJECTS A-13
Covenant Living of The Great Lakes, Grand Rapids, Michigan A-13
Covenant Living of Northbrook, Northbrook, Illinois A-13
Other Projects A-13

GOVERNANCE AND MANAGEMENT A-14
Directors, Committees, Central Office, Officers, and Employees and Staffing of the Corporation A-14
The Directors and Officers of Covenant Ministries of Benevolence A-17

FINANCIAL INFORMATION A-18
Financial Information of the Obligated Group A-18
Obligated Group Statements of Operations A-19
Obligated Group Statements of Financial Position A-20
The Obligated Group – Percentages of Total Revenues A-21
Other Debt Service Information A-22
Debt Service Coverage Ratio Information A-24
Days Cash on Hand A-24
Cash to Debt Ratio A-25
Capital Expenditures A-25
Management's Discussion of the Obligated Group's Statements of Operations A-25

Combined Investment Fund A-27

DEBT MANAGEMENT AND PLAN OF FINANCE A-27

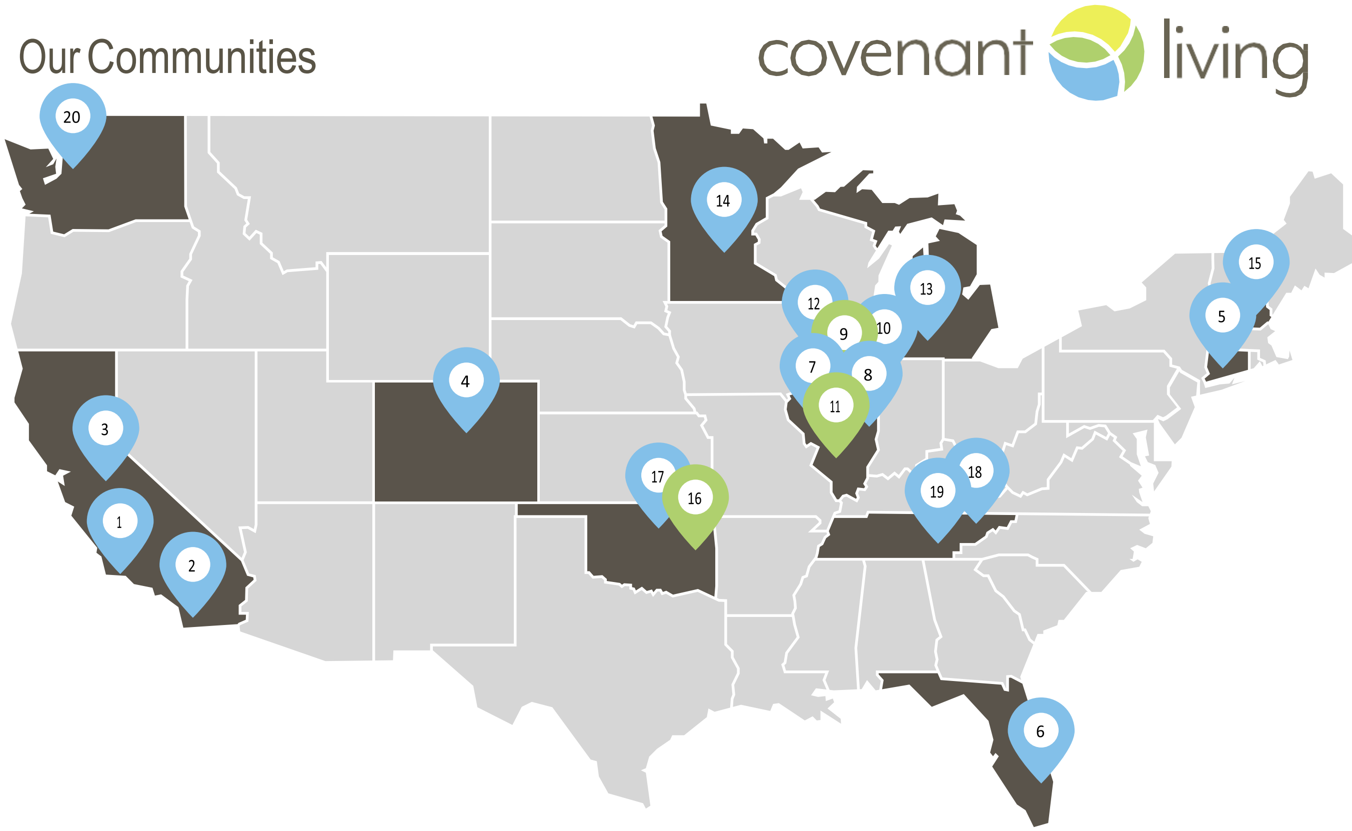
ADDITIONAL INFORMATION A-28
Summary of Insurance Information A-28
Operating and Capital Plan Process A-28
Termination of Evangelical Covenant Church Retirement Plan A-28

FUTURE PLANNING, STRATEGY AND PROJECTS A-28

CORPORATION AFFILIATES – NON-OBLIGATED GROUP MEMBERS A-29
Covenant Living Services A-29
Covenant Home Services A-29
Covenant Living of Geneva A-29
Covenant Living of Bixby, Inc. A-30
Three Crowns Park A-30
Covenant Living at Shannondale A-30

OVERVIEW OF COVENANT LIVING COMMUNITIES AND SERVICES

Location of Campuses



1 **Covenant Living at the Samarkand,** Santa Barbara, CA*
2 **Covenant Living at Mount Miguel,** Spring Valley, CA*
3 **Covenant Living of Turlock,** Turlock, CA*
4 **Covenant Living of Colorado,** Westminster, CO*
5 **Covenant Living of Cromwell,** Cromwell, CT*
6 **Covenant Living of Florida,** Plantation, FL*
7 **Covenant Living at the Holmstad,** Batavia, IL*
8 **Covenant Living at Windsor Park,** Carol Stream, IL*
9 **Covenant Home of Chicago,** Chicago, IL*
10 **Three Crowns Park,** Evanston, IL
11 **Covenant Living of Geneva,** Geneva, IL
12 **Covenant Living of Northbrook,** Northbrook, IL*
13 **Covenant Living of the Great Lakes,** Grand Rapids, MI*
14 **Covenant Living of Golden Valley,** Golden Valley, MN*
15 **Covenant Living of Keene,** Keene, NH*
16 **Covenant Living of Bixby,** Bixby, OK
17 **Covenant Living at Inverness,** Tulsa, OK*
18 **Shannondale of Knoxville,** Knoxville, TN
19 **Shannondale of Maryville,** Maryville, TN
20 **Covenant Living at the Shores,** Mercer Island, WA*

Key:
- CCRC
- Rental, Supportive Living or Healthcare Specific Community
- * Obligated Group Member

HISTORY, BACKGROUND AND ORGANIZATION

The Obligated Group

The Obligated Group consists of Covenant Living Communities and Services (the "Corporation") and the other Members of the Obligated Group, as defined below. The Corporation is an Illinois not for profit corporation organized in 1986 to formally operate a multi-institutional continuing care system of retirement communities, assisted living facilities (personal care facilities) and/or skilled nursing homes on behalf of the Board of Benevolence (the "Board of Benevolence") of The Evangelical Covenant Church (the "Church"). The central corporate office of the Corporation is located in Skokie, Illinois, with facilities owned and operated by Members of the Obligated Group located in California, Washington, Connecticut, Florida, Illinois, Minnesota, Colorado, New Hampshire, Oklahoma, and Michigan.

The Corporation is the sole corporate member of the following entities, which together with the Corporation, comprise the members of the Obligated Group:

- Covenant Living of Colorado, a Colorado nonprofit corporation
- Covenant Living of Florida, Inc., a Florida nonprofit corporation
- Covenant Living of Golden Valley, a Minnesota nonprofit corporation
- Covenant Home (d/b/a Covenant Living of Northbrook), an Illinois not for profit corporation
- Covenant Home of Chicago, an Illinois not for profit corporation
- Covenant Living at the Holmstad, an Illinois not for profit corporation
- Covenant Health Care Center, Inc., an Illinois not for profit corporation
- Covenant Living of Cromwell, Inc., a Connecticut non-stock corporation
- Covenant Living West (d/b/a Covenant Living at Mount Miguel, Covenant Living at the Samarkand, Covenant Living of Turlock, Covenant Living at the Shores), a California nonprofit public benefit corporation
- Covenant Living of the Great Lakes, a Michigan nonprofit corporation
- Covenant Living at Windsor Park, an Illinois not for profit corporation
- Covenant Living of Keene, a New Hampshire nonprofit corporation
- Tulsa Hills Community, Inc. (d/b/a Covenant Living at Inverness), an Oklahoma not for profit corporation

Covenant Living of Keene and Tulsa Hills Community, Inc., became Members of the Obligated Group as of October 1, 2024.

The foregoing entities together with the Corporation are collectively referred to herein as the "Obligated Group." As used herein, a "Member of the Obligated Group" refers to an individual member of the Obligated Group and the phrase "Members of the Obligated Group" refers to the members of the Obligated Group collectively. See **CORPORATION AFFILIATES – NON-OBLIGATED GROUP MEMBERS** for a description of other entities affiliated with the Corporation that are not members of the Obligated Group.

The members of the Corporation are the elected and *ex-officio* members of the Board of Benevolence. The Board of Benevolence consists of twelve individuals elected to staggered six-year terms by delegates at the Annual Meeting of the Church, plus five *ex-officio* voting members: the President of the Church, a liaison member from the Church's Executive Board, the President of Covenant Ministries of Benevolence, a liaison member from the Council of Superintendents of the Church, and the Senior Vice President of Finance of Covenant Ministries of Benevolence. As discussed below, the Corporation's members elect the Board of Directors of the Corporation.

The members of the Board of Benevolence constitute the board of directors of Covenant Ministries of Benevolence, an Illinois not for profit corporation. The sole corporate member of Covenant Ministries of Benevolence is the Church. The purpose of Covenant Ministries of Benevolence is, subject to certain restrictions contained in the Bylaws of Covenant Ministries of Benevolence, to provide leadership, guidance, and coordination to the ministries of the Church, including, without limitation, the Church's ministry to seniors through the Members of the Obligated Group and other affiliates of the Corporation that are not members of the Obligated Group. In addition, Covenant Ministries of Benevolence supervises the operations, either directly or through its subsidiary, Covenant Initiatives for Care, Inc., of group homes for developmentally disabled adults, children's homes, and other related entities located in Illinois, Michigan, Minnesota, Connecticut, and California.

The Church and Its Mission to Seniors

The Church (which is more fully described under the heading "**THE EVANGELICAL COVENANT CHURCH**") has been involved in caring for the sick and the elderly for over 130 years since the founding of its Home of Mercy in 1886. In the early 1950's, the Church developed its first continuing care campus at Covenant Palms in Miami, Florida, with residential housing and nursing facilities sharing the same campus.

In the early 1980s, the Church recognized that the retirement and related health care facilities had grown to sufficient size to require a separate administrative organization. A separate management committee was elected within the Board of Benevolence, and a management organization known as "Covenant Retirement Communities" was created to oversee the operation of the individual facilities. In 1986, the Corporation was organized as a separate Illinois not for profit corporation.

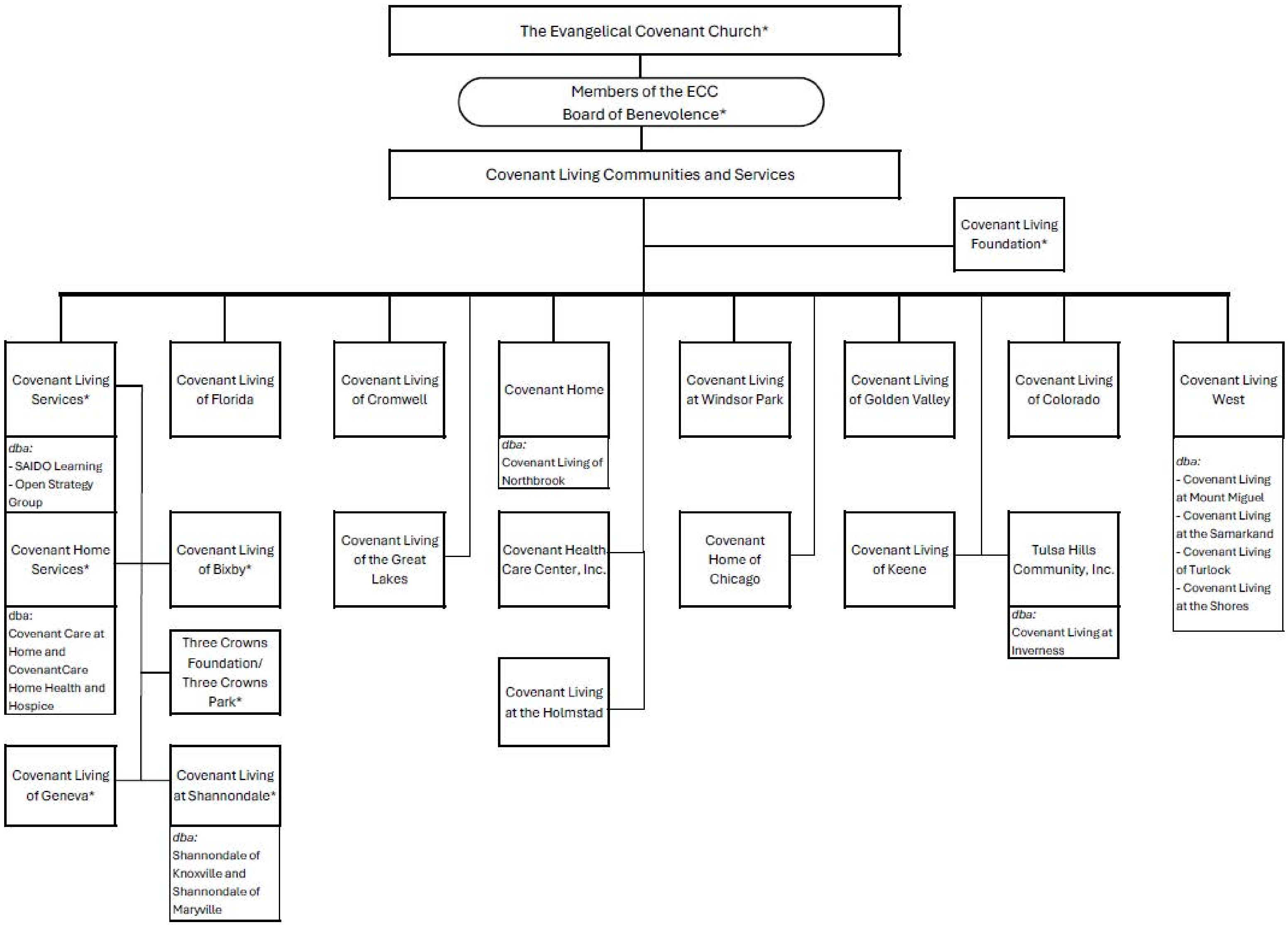
THE CHURCH, COVENANT MINISTRIES OF BENEVOLENCE, THE BOARD OF BENEVOLENCE, COVENANT INITIATIVES FOR CARE, INC., AND THEIR RELATED ENTITIES ARE NOT MEMBERS OF THE OBLIGATED GROUP, AND HAVE NO OBLIGATION, AS GUARANTORS, OBLIGORS OR OTHERWISE, TO MAKE PAYMENTS ON THE SERIES 2025 BONDS OR ANY OTHER OBLIGATIONS UNDER THE MASTER INDENTURE.

Legal Structure Chart

The following legal structure chart summarizes the legal structure of the Corporation and the other Members of the Obligated Group. The chart indicates each subsidiary, its corporate name and the primary name or names under which it does business. The Corporation is the sole corporate member of each of the other Members of the Obligated Group set forth below it. The membership of the Corporation is comprised of the individuals who serve as the directors of Covenant Ministries of Benevolence (also referred to as the members of the Board of Benevolence). Entities that are not Members of the Obligated Group are marked with one asterisk.

(See Organization Chart on the next page.)

Corporate Structure



03.13.2025

*Not part of Obligated Group

THE EVANGELICAL COVENANT CHURCH

The Church was founded in 1885. It is an Illinois not for profit corporation whose corporate membership is comprised of its member churches located throughout the United States and Canada. The member churches are separate not for profit corporations or religious associations of the state in which they are located whose membership is composed of the individual members of the church congregation. These churches are administratively organized into regional conferences, the number, and boundaries of which are determined by the Church.

The Executive Board of the Church (i) coordinates and implements the common mission of the Church as developed and articulated by the Annual Meeting ("Gather") of the Church and the Church's Constitution and Bylaws and Strategic Planning Process; and (ii) specifically governs, as the agent of Gather and the Church's Standing Committees, the Church's Christian Formation, Church Growth and Evangelism, Communication and World Mission ministries.

The Church has also established the following corporations, among others: the Corporation, Covenant Ministries of Benevolence; North Park University, an Illinois not for profit corporation; National Covenant Properties, an Illinois not for profit corporation; and Covenant Trust Company, a chartered Illinois trust company.

THE CHURCH AND ITS AFOREMENTIONED BOARDS, MINISTRIES AND AFFILIATED CORPORATIONS (WITH THE EXCEPTION OF THE CORPORATION) ARE NOT MEMBERS OF THE OBLIGATED GROUP AND HAVE NO OBLIGATION, AS GUARANTORS, OBLIGORS OR OTHERWISE, TO MAKE PAYMENTS ON THE SERIES 2025 BONDS OR ANY OTHER OBLIGATIONS UNDER THE MASTER INDENTURE.

THE MEMBERS OF THE OBLIGATED GROUP

Tax Exempt Status

The Corporation and each of the Members of the Obligated Group are exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code (the "Code"), and have each obtained a determination letter from the Internal Revenue Service confirming such exemption.

Description of Facilities and Operations

The Members of the Obligated Group operate facilities on fifteen campuses located in ten states with four locations in Illinois, three locations in California, and single locations in Colorado, Connecticut, Florida, Michigan, Minnesota, New Hampshire, Oklahoma, and Washington. The Corporation's campuses originated with local Church conferences or individual churches in the various states, and were combined in 1986 under one central organizational structure. The Corporation has endeavored through its planning to operate a retirement community in each of the Church's geographic conferences (i.e., the Central, East Coast, Great Lakes, Mid-South, Midwest, North Pacific, Northwest, Pacific Southwest, and Southeast Conferences).

Covenant Ministries of Benevolence owned Brandel Manor, a skilled nursing facility, and Cypress Assisted Living, both of which were operated as part of the Covenant Living of Turlock campus by Covenant Living West. Covenant Living West closed both facilities as of June 2024. As of January 2025, Covenant Ministries of Benevolence sold the real estate and related improvements formerly owned and operated as Brandel Manor and Cypress Assisted Living to an unrelated third party.

The Corporation previously owned certain residential units known as The Estates of Windsor Park, consisting of sixty-two residential units located at the Covenant Living at Windsor Park campus. In October 2023, the Corporation transferred ownership of the units known as The Estates of Windsor Park to Covenant Living at Windsor Park.

As shown on the chart on the following page, as of December 31, 2024, (i) the facilities owned and operated by the Members of the Obligated Group in total consisted of 3,531 residential living units, 793 assisted living units and 830 skilled nursing care beds (as more fully described under the heading **THE MEMBERS OF THE OBLIGATED GROUP - Levels of Care**); and (ii) 5,645 residents were being cared for in the facilities operated by Members of the Obligated Group.

Unit Mix, Occupancy and Total Residents by Campus as of December 31, 2024

Facility Name	Location	Residential & Catered Apartments	Occupancy Percentage	Assisted Living Units	Occupancy Percentage	Health Care Beds	Occupancy Percentage	Total Resident Census by Campus
Covenant Living at the Shores	Mercer Island, WA	207	98%	45	82%	43	65%	336
Covenant Living at the Samarkand	Santa Barbara, CA	217	94%	54	94%	63	90%	375
Covenant Living of Turlock	Turlock, CA	221	87%	51	88%	50	98%	341
Covenant Living at Mount Miguel	Spring Valley, CA	250	97%	46	96%	87	91%	439
Covenant Living of Golden Valley	Golden Valley, MN	200	90%	56	71%	78	86%	333
Covenant Living of Northbrook	Northbrook, IL	314	96%	55	98%	83	87%	517
Covenant Living at the Holmstad	Batavia, IL	344	93%	62	94%	83	89%	519
Covenant Home of Chicago	Chicago, IL	N/A	N/A	55	75%	N/A	N/A	42
Covenant Living at Windsor Park	Carol Stream, IL	410	98%	72	99%	64	83%	640
Covenant Living of Cromwell	Cromwell, CT	259	90%	50	84%	58	100%	396
Covenant Living of Florida	Plantation, FL	289	87%	42	90%	60	93%	391
Covenant Living of Colorado	Westminster, CO	235	98%	39	97%	60	93%	399
Covenant Living of the Great Lakes	Grand Rapids, MI	189	99%	62	95%	37	100%	320
Covenant Living at Inverness	Tulsa, OK	256	76%	43	95%	44	100%	334
Covenant Living of Keene	Keene, NH	140	96%	61	89%	20	90%	263
Totals for the Obligated Group		**3,531**	**93%**	**793**	**90%**	**830**	**90%**	**5,645**

Levels of Care

The Corporation's campuses are generally planned to provide a complete continuum of care from residential living through skilled nursing, and include the following:

Residential (Independent) Living: for residents who are able to safely live in a residential setting and are able to self-manage their health needs. In most instances, an entrance fee is charged prior to entering a residential living unit and monthly service fees are charged thereafter. Basic services provided include apartment living accommodations containing a kitchen equipped with a stove and refrigerator (other furnishings supplied by each resident), utilities and maintenance, a meal plan (depending on the facility residency agreement), scheduled activities, chaplain services, health office, limited transportation, security, use of common areas, etc. A limited number of the campuses offer residential (independent) living with assistive services for residents who are able to safely live in a residential setting but wish to access supportive services through third parties, such as housekeeping and meal services.

Assisted Living: for residents who require ongoing assistance with activities of daily living to meet their health and safety needs. Full meal service, 24-hour staffing and assistance with activities of daily living are included in the basic charges at this level of care. Additional services may be purchased on a fee-for-service basis or based on a package of services. Residents in assisted living may need occasional nursing care. The Corporation's assisted living units are not currently eligible for Medicaid or Medicare reimbursement, except Covenant Home of Chicago, which is licensed in Illinois as a Supportive Living Facility.

Skilled Nursing Care: for residents who require the daily attention of a professional nurse (RN or LPN) on duty 24 hours a day. Rehabilitation services are provided for residents as needed. This level of care is eligible for Medicaid and/or Medicare reimbursement, as applicable. In most facilities, monthly charges are at an increased level reflecting the more intensive care provided.

Summary of Facilities and Census

The following table summarizes the utilization and occupancy of the facilities of the Members of the Obligated Group by level of care through the fiscal years ended September 30, 2024, and September 30, 2023, and the three month periods ended December 31, 2024, and December 31, 2023. Calculations represent the average occupancy for the period indicated and average count of units in service during such time periods.

Average Occupancy	12-Month Period		3-Month Period	
	Ended 9/30/2024	Ended 9/30/2023	Ended 12/31/2024*	Ended 12/31/2023
Residential Living				
Average No. of Units	3,138	3,141	3,532	3,139
Average No. of Units Occupied	2,877	2,812	3,252	2,873
% Occupied	92%	90%	92%	92%
Assisted Living				
Average No. of Units	706	720	793	720
Average No. of Units Occupied	613	606	716	618
% Occupied	87%	84%	90%	86%
Nursing Care				
Average No. of Units	850	910	830	909
Average No. of Units Occupied	712	784	738	783
% Occupied	84%	86%	89%	86%

* Average occupancy as of 12/31/24 includes Covenant Living at Inverness and Covenant Living of Keene, both of which became members of the Obligated Group effective 10/01/2024.

Sales and Marketing

The following table summarizes residential (independent) living unit re-occupancy and new entrant activity for the periods indicated. The Corporation utilizes entrance fee discounts when appropriate and continues to increase entrance fee rates at most campuses. As a result, the Corporation anticipates a somewhat level volume of entrance fee cash flows.

	12-Month Period Ended		3-Month Period Ended	
	9/30/2024	9/30/2023	12/31/2024**	12/31/2023
Total Reoccupancies	398	405	95	69
Total Sales / Occupancies	398	405	95	69
Reoccupancy Entrance Fees, Net*	$ 71,681	$ 69,920	$ 15,913	$ 11,809
Vacancy Rate / Turnover	11.7%	11.8%	10.3%	12.4%

* Numbers in thousands
** Occupancy as of 12/31/24 includes Covenant Living at Inverness and Covenant Living of Keene, both of which became members of the Obligated Group effective 10/01/2024.

The Corporation oversees sales and marketing with an internal management team structure for all the campuses owned and operated by Members of the Obligated Group on a national level. The Corporation makes significant ongoing investment in its teams for sales management, public relations, creative and video development, marketing, and digital tactics in-house, which has allowed the Corporation to have better quality, brand management, and agility in communications and marketing execution while optimizing the marketing budget allocations for these initiatives.

In addition to more effective marketing tactics, the Corporation continues to implement enhanced oversight and sales training of staff at the campuses including remote call monitoring and other assistance through frequent on-site visits from the Corporation's central office staff. Various metrics are in place to monitor staff activity and performance and to focus training where needed. Ongoing facility and maintenance staff attention is given to ensure available residential living units are move-in ready and that a sufficient number of model apartments are available for onsite tours.

As of December 31, 2024, the campuses of the Obligated Group, with the exception of five, had overall occupancies of 90% or above, which is a significant accomplishment to maintaining consistently strong occupancy trends. The ongoing focus for the Corporation is to maintain all campus occupancy levels above 90%. In working toward this goal, the Corporation focuses on marketing and sales for assisted living and skilled nursing care, in part through the inclusion of dedicated sales representatives for healthcare at most campuses, and through the development of specific strategies for each campus given each campus' unique operating environment.

Residency Agreements

The October 2024 Commission on Accreditation of Rehabilitation Facilities ("CARF") "Financial Ratios and Trend Analysis" defines four basic types of residency agreements, which are typically utilized within the continuing care retirement community industry, two of which are utilized by the Members of the Obligated Group and described below. Generally, residency agreements require the payment of an entrance fee in addition to the payment of monthly service fees. Entrance fees are one-time payments made by residents of the retirement communities entitling them to admission to and use of the retirement community facilities. The amounts of the entrance fee and the monthly service fee are related to the size and location of the accommodations selected by the resident, as well as the Health Care (as defined herein) benefit to be received. The term Health Care as used in this section means skilled nursing care and assisted living care at any facility affiliated with the Corporation, or any facility owned by an unrelated third party and arranged for by the Corporation.

Extensive Contract: provides for an up-front entrance fee and monthly charges that remain the same regardless of the resident's level of care, except normal operating cost and inflation adjustments.

Modified Contract: provides for an up-front entrance fee and monthly charges that remain the same regardless of the resident's level of care for a specified period of time, or the resident's monthly charges may increase as the level of care increases, but such increase is at a discounted rate from the posted fees for the Health Care (as defined above) provided.

The Corporation's Extensive Contracts

The Extensive Contract provides for the payment of an increased entrance fee and an increased monthly service fee to the Corporation's Modified Contract fees. When the resident requires Health Care, the resident continues to pay the same monthly service fee plus an additional charge for the additional meals required at the Health Care facility. All fees and charges beyond the basic room and board fee for the Health Care facility, including charges for ancillary services, pharmacy, and supplies, are an additional charge to the resident.

Extensive Contracts are offered at Covenant Living of Florida, Covenant Living of Keene, and Covenant Living at Windsor Park.

The Corporation's Modified Contracts

Currently, the Corporation offers the following five types of Modified Contracts: (i) the Standard Modified Contract, (ii) the 30 Day Health Care Modified Contract, (iii) the 90% Refundable Modified Contract, (iv) the 50% Refundable Modified Contract, and (v) the Monthly Modified Contract. Each type of Modified Contract is more fully described below.

Each of the various Modified Contracts contain a provision for the refund of a portion of the original entrance fee paid because of the early death or voluntary withdrawal of a resident resulting in a vacated apartment. In calculating the amount of the refund of such entrance fee, the entrance fee paid by a resident is reduced at varying rates depending on the contract terms and state ranging from 1½% - 2%[1], of the entrance fee paid per month or partial month from the date of occupancy by the resident through the date of termination up to the full amount of the entrance fee paid by the resident. The amount of the reduction in the entrance fee amount refunded to the resident is further limited in the 90% Refundable Modified Contract and 50% Refundable Modified Contract described below.

The Standard Modified Contract offered by the Corporation is the contract selected most often by residents. The Standard Modified Contract provides for sixty days of Health Care for the resident at no additional cost to the resident, as well as a 10% discount from the stated Health Care rate. In the event of the death of the resident or other termination of the Standard Modified Contract, the resident is entitled to a refund of the entrance fee paid by the resident reduced monthly by the appropriate percentage of the entrance fee as described above.

The Corporation also offers a 30 Day Health Care Modified Contract that is based on the form of the Standard Modified Contract, except for the Health Care offered. Under the 30 Day Health Care Modified Contract, the resident pays a lesser entrance fee compared to that due under the Standard Modified Contract, and receives thirty days of Health Care at no additional cost to the resident. The 10% discount from the stated Health Care rate that is available under the Standard Modified Contract is not provided under the 30 Day Health Care Modified Contract. In the event of the death of the resident or other termination of the 30 Day Health Care Modified Contract, the resident is entitled to a refund of the entrance fee paid by the resident reduced monthly by the appropriate percentage of the entrance fee as described above.

The Corporation offers two primary Refundable Modified Contracts, a 90% Refundable Modified Contract and a 50% Refundable Modified Contract[2]. Each of the Refundable Modified Contracts offers the same Health Care benefit to the resident as the Standard Modified Contract described above, but the entrance fees for the Refundable Modified Contracts are increased above the entrance fee required under the Standard Modified Contract. In the event of the death of the resident or other termination of the Refundable Modified Contract, the resident is entitled to a refund of the entrance fee paid by the resident reduced on a monthly basis by the appropriate percentage of the entrance fee as described above, which reduction in the entrance fee is limited to a maximum of 10% of the entrance fee paid by the resident under the 90% Refundable Modified Contract or 50% of the entrance fee paid by the resident under the 50% Refundable Modified Contract. In the event the resident withdraws in the first year of residency or dies in the first six months of residency the refund of the entrance fee may be greater than 90% or 50%, respectively.

A Monthly Modified Contract is also offered by the Corporation. Under the Monthly Modified Contract, the resident pays a relatively nominal entrance fee and a monthly fixed fee in addition to the usual Modified Contract monthly service fee. The monthly fixed fee is equal to 2% of the entrance fee that would otherwise be due under the Standard Modified Contract for the selected residential unit. The Monthly Modified Contract provides for 60 days of Health Care at no additional cost to the resident. The 60 Health Care days are earned in the first 60 months of residency on the basis of one day per month.

<u>Per Diem Basis</u>

There are residents who are admitted directly to the Health Care facilities on a per diem basis. These residents pay the Health Care facility's prevailing daily rate for the Health Care received.

Rental contract options are actively offered at the Covenant Living of Turlock, Covenant Living of Florida, and Covenant Living of Golden Valley facilities on a limited basis. The rental contract options are limited at each campus. No Health Care benefits are available under these contracts.

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[1] The rate for contracts entered into prior to 2013 is 1½%-4%.

[2] Other form Modified Contracts containing different refundable options and other terms regarding residency were previously offered, but are no longer offered to prospective residents. Some of those prior form Modified Contracts may still be in effect at certain campuses.

Contract Mix

Contract mix, as of December 31, 2024, for the continuing care retirement communities within the Obligated Group is as follows:

Type	12/31/2024	% of Total
Extensive	133	2.4%
Modified	6	0.1%
Per Diem & Rental	773	14.2%
Refundable Modified	673	12.3%
Standard Modified	3,872	71.0%
Total	**5,457**	**100.0%**

Third Party Payors

Payments on behalf of certain residents of the facilities of the Obligated Group are made to the appropriate member of the Obligated Group by private commercial insurance companies and by the federal and state governments under the Medicare, Medicare through Managed Care, Medicaid, and Supplemental Security Income programs.

For the skilled nursing care facilities, the following table indicates the number and percentage of resident days that fall into the private pay, Medicaid, or Medicare categories for the fiscal years ended September 30, 2024, and September 30, 2023, and the three month periods ended December 31, 2024, and December 31, 2023.

	Private Days	% Mix	Medicaid Days	% Mix	Medicare Days	% Mix
Health Care						
12-Months Ended 09/30/24	83,386	32	95,661	36	82,808	32
12-Months Ended 09/30/23	83,248	29	119,666	42	84,182	29
3-Months Ended 12/31/24	25,375	37	19,985	30	22,483	33
3-Months Ended 12/31/23	21,463	30	29,293	41	21,047	29

Third party payors are not involved with payments to the residential or assisted living facilities, except at Covenant Home of Chicago which has a small number of assisted living units licensed by the State of Illinois as supportive living, and is reimbursed by the State. See **RISK FACTORS – Medicare and Medicaid Programs** in this Official Statement.

Competition

The Obligated Group faces competition from similar facilities operating in or near each of its market areas, and may face additional competition in the future as a result of the construction of new competitive facilities or the expansion of existing competitive facilities. Management believes that it is well positioned in each of its market areas to respond to current and future competition. See **RISK FACTORS – Competition** in this Official Statement.

The service area for each campus is generally within a 25 mile radius of the campus. Residents affiliated with the Church are drawn from a larger area with a concentration of residents at the Obligated Group's campuses historically indicating an affiliation with the Church.

Each of the Obligated Group's campus locations operate in unique competitive markets due to their geographic dispersion, although the campuses are commonly branded, and each community markets the internally developed wellness philosophy of LifeConnect® to distinguish the Members of the Obligated Group from competitors. The LifeConnect® program includes spiritual, emotional, relational, physical, intellectual, vocational, environmental, and financial wellness components, and provides residents with the opportunity to pursue their unique passions and interests by allowing residents to focus their time and energy on what means the most to them, while also giving them the opportunity to explore new experiences.

Licensure and Memberships

All of the operating facilities of the Obligated Group are licensed, to the extent required, by the individual states of incorporation and/or operate to provide the levels of care offered, and all such licenses are current as of the date of this Official Statement. The Corporation and the operating facilities of the other Members of the Obligated Group are members of LeadingAge, a community of nonprofit aging services providers and other mission driven organizations serving older adults, and the operating facilities of the Members of the Obligated Group are members of their respective state associations of LeadingAge.

THE PROJECTS

Covenant Living of the Great Lakes, Grand Rapids, Michigan

Approximately $30 million of the proceeds of the Series 2025 Bonds will be used to finance the costs of design, development, and construction of up to eighteen new residential buildings. Each individual building is a duplex containing two separate homes (up to 36 homes) ranging from 1,492 to 1,740 square feet of living area, and containing two bedrooms, two and a half baths, and an attached two car garage on approximately 8.5 acres of vacant land currently owned by Covenant Living of the Great Lakes and within the existing boundaries of the Great Lakes campus located in Grand Rapids, Michigan A construction contract has been entered into as of October 2024 for the stipulated sum of $20.9 million with project completion estimated to occur in the Summer of 2026. All deposits received by the Corporation under any Reservation Agreements will be deposited by the Corporation and held in escrow in accordance with applicable law and the Reservation Agreement in the Corporation's entrance fee escrow account. In addition, approximately $4.2 million of the proceeds of the Series 2025 Bonds will be used to finance updates to the assisted living, skilled nursing, and physical therapy facilities at the Covenant Living of the Great Lakes campus (collectively, the "Great Lakes Project").

Covenant Living of Northbrook, Northbrook, Illinois

Approximately $4 million of the proceeds of the Series 2025 Bonds will be used to finance completion of the final phase of construction of a new residential building comprised of 36 units, and dining venue expansions at the Covenant Living of Northbrook campus located in Northbrook, Illinois (the "Northbrook Residential Project") that was initially financed with a portion of the Series 2018A Bonds and the Series 2020A Bonds. It is anticipated that the Northbrook Residential Project will be completed in December of 2025.

Other Projects

In addition to the Great Lakes Project and the Northbrook Residential Project, and to address current market trends, a portion of the proceeds of the Series 2025 Bonds will be used to finance the renovation, remodeling, construction and equipping of the following projects:

- Approximately $15 million for the renovation and construction of 20 assisted living/memory care units at the Covenant Living of Turlock campus located in Turlock, California;
- Approximately $3.4 million for the renovation of the dining areas in the skilled nursing and assisted living facilities at the Covenant Living at the Samarkand campus located in Santa Barbara, California;
- Approximately $4.4 million for the renovation of the dining areas in the skilled nursing and assisted living facilities at the Covenant Living of Colorado campus located in Westminster, Colorado;
- Approximately $8 million for the renovation of all dining facilities, common areas at the assisted living and skilled nursing facilities, and physical therapy facilities at the Covenant Living at the Holmstad campus located in Batavia, Illinois; and
- Approximately $16 million for the renovation of residential living hallways and dining areas, and the addition of hurricane windows throughout the campus at Covenant Living of Florida located in Plantation, Florida.

These projects are in various stages of planning and development, and as such, certain permits, authorizations, or other construction related approvals will be or have been applied for or have been received.

GOVERNANCE AND MANAGEMENT

Directors, Committees, Central Office, Officers, and Employees and Staffing of the Corporation

The Board of Directors of the Corporation consists of elected, transitional, and ex-officio directors, all of whom vote. The number of elected directors, including transitional directors, must be at least thirteen, but no more than sixteen, the exact number of which is fixed by the members of the Corporation who elect the directors to four-year terms. The number of transitional directors shall be up to three, and shall have held a leadership position in an organization which has recently become affiliated with the Corporation. The transitional directors are elected by the members of the Corporation upon recommendation of the Board of Directors for two-year terms. The ex-officio directors of the Corporation are the President of the Corporation, the President of the Board of Benevolence, the Chair of the Board of Benevolence, and the President of the Church. The directors of each subsidiary are the same individuals who serve as directors of the Corporation, and are also elected by the members of the Corporation. There are currently fourteen elected members of the Board of Directors, which includes two transitional directors, and an additional four ex-officio directors. In addition, the Corporation has seventeen nonvoting resident representatives representing specific campuses that attend the meetings of the Board of Directors. The elected, transitional, and ex-officio members of the Board of Directors are listed below:

Elected

Anderson, Allen
Santa Barbara, California
Hospital Administrator - Retired

Bentley, Sarah
Rancho Palos Verdes, California
Non-profit Business Executive

Buettner, Kathy
Wheaton, Illinois
Administration/Finance--Retired

Christensen, Pamela
Austin, Texas
Certified Financial Planner

Creaney, Janet (Chair)
Palm Harbor, Florida
Home Health Care Manager—Retired

Flewellen, Lorene
Atlanta, Georgia
HR Consultant

Fredrickson, John
Wauwatosa, Wisconsin
Attorney

Kincanon, Kurt
Lafayette, Indiana
Pastor

Manlove, Matthew
Attleboro, Massachusetts
IT Executive

Martin, Robert
Northbrook, Illinois
Business Executive – Retired

Means, Jennifer
Sanford, North Carolina
Healthcare/Information Technology

Vanover, Andrew
Grand Rapids, Michigan
Pastor

Transitional

Hoffman, Janet
Evanston, Illinois
Attorney

Shepard, William
Maryville, Tennessee
Banking – Retired

Ex Officio (voting)

Erickson, David G., President
Covenant Living Communities and Services
Skokie, Illinois

Swanson-Draheim, Tammy, President
The Evangelical Covenant Church
Chicago, Illinois

Palmer, Mary, Chair
The Board of Benevolence
Concord, California

Slechta, Todd, President
Covenant Ministries of Benevolence
Chicago, Illinois

Committees

The Board of Directors of the Corporation may from time to time create committees as deemed appropriate to assist in the operation and administration of the Corporation and the Members of the Obligated Group. Currently, the Board of Directors of the Corporation has created, in addition to other committees with various duties and powers, an Executive Committee to act, subject to certain restrictions, on certain matters between general meetings of the full Board of Directors and as otherwise authorized by the Board of Directors from time to time. The current members of the Executive Committee are as follows:

Appointed

Flewellen, Lorene
Atlanta, Georgia
HR Consultant

Hoffman, Janet
Evanston, Illinois
Attorney

Ex-Officio

Erickson, David (President)
Covenant Living Communities and Services
Skokie, Illinois

Creaney, Janet (Chair – Board of Directors)
Covenant Living Communities and Services
Palm Harbor, Florida

Slechta, Todd, President
Covenant Ministries of Benevolence
Chicago, Illinois

Central Office

The central office of the Corporation houses the officers of the Corporation who are responsible for the administration of its operations and oversight of each subsidiary. Examples of services provided by the central office to each subsidiary include: cash management, accounting, financial reporting, third party billing, payroll processing, sales and marketing plans and oversight, human resource coordination, information systems support and services, facilities assessment, risk management, LifeConnect® support and programming, maintenance of actuarial database, facilities management, capital planning and oversight, legal services, customer service program, strategic long range planning, capital and operating plans, national policies and procedures, reimbursement filings and reviews, employee training and development, health care services oversight, and fund development and general oversight of the operations of the Members of the Obligated Group.

Officers

The following officers of the Corporation make up the Executive Leadership Team and oversee the operations of the Obligated Group:

David G. Erickson, President/CEO, has served in this position since June 2024. He previously was Senior Vice President and General Counsel where he was responsible for general oversight of legal matters affecting the Corporation including fair housing, residency agreements, regulatory matters, development and acquisitions, insurance matters, corporate compliance, and community benefit. Prior to 2008, he served for 15 years as one of the outside legal consultants to the Corporation. Before obtaining his law degree and going into private practice, he worked with the Corporation as a marketing representative. Mr. Erickson is a graduate of Bethel University, Minneapolis, Minnesota and received his law degree from Kent College of Law in Chicago, Illinois.

Jean E. Justie, Chief Financial Officer, joined the Corporation in September 2020 and is responsible for all financial activities within the Corporation, including financial operations and financial strategy. Prior to joining the Corporation, Ms. Justie served as Senior Vice President of Finance for AMITA Health, a joint operating company that operated a faith-based integrated health system in the Chicago metro area. Prior to the formation of AMITA Health in 2015, Ms. Justie worked for Alexian Brothers Health System, a Catholic health system that became part of AMITA. Ms. Justie is a Registered Certified Public Accountant and a graduate of the University of Illinois at Urbana/Champaign.

Cory Kallheim, General Counsel/Assistant Secretary, joined the Corporation in April 2022 and was named General Counsel in August 2024. He serves as chief legal advisor and oversees the day-to-day legal matters, as well as corporate compliance, privacy, and risk management. Prior to joining the Corporation, he served over 17 years in various legal roles at LeadingAge and was in private practice at two law firms in Minnesota. Mr. Kallheim is a graduate of Goucher College, Baltimore, Maryland, and received his law degree from the University of South Dakota School of Law.

Jay L. Hibbard, Chief Growth and Communications Officer, joined the Corporation in September 2016 and is responsible for all sales and marketing activities at each level of care including oversight of corporate marketing strategies, policies, and marketing resource services. Mr. Hibbard also oversees corporate wide communications including crisis communications. Prior to joining the Corporation in 2016, Mr. Hibbard worked as President of Bluespire Marketing, a national senior living marketing and communications firm. Prior to that he served as Vice President of Sales for Spectrum Consulting, a national senior living consulting firm. Mr. Hibbard holds a Communications undergraduate degree from Liberty University and serves on the Board of Directors of Shell Point Retirement Community, one of the largest single site retirement communities in the United States.

Bill L. Rabe, Chief Information and Technology Officer, joined the Corporation in December 2016 and oversees Information Technology. Prior to 2016, he served over 30 years in various operational capacities managing large teams and more recently has provided strategic planning and consulting services across multiple industries, including more than seven years in healthcare. Mr. Rabe holds an undergraduate degree in Applied Science and serves as a commissioner for LeadingAge Center of Aging Services Technologies (CAST).

Darrell Baltimore, Chief Operating Officer, joined the corporation in October 2024, and oversees the operational aspects of the Corporation's communities nationwide, including resident life, dining services, facilities management, and skilled care, emphasizing collaboration, empowerment, and trust at all levels, with a primary focus on enhancing the resident experience. Prior to joining the Corporation, Darrell held senior leadership positions at Vi Senior Living. He is a US Army veteran, having served with the 82nd Airborne Division, and holds a Master of Science in Long Term Care, Senior Housing, and Aging Services from the University of North Texas. He also earned his BA in Business Administration from the College of Charleston.

Francis "Fran" Palma, Chief Marketing and Digital Strategy Officer, joined the Corporation in September 2016 and leads all the Corporations' marketing strategies including the digital platforms such as the Corporation's websites, social media, and employee recruiting sites. Prior to joining the Corporation, Mr. Palma served as Vice President of Digital Strategies for Martino & Binzer (now Bluespire Senior Living) where he established a digital department beginning in 2004. In this role, he worked with more than 100 senior living organizations including the Corporation, providing strategic marketing planning, direction, and execution. Mr. Palma began his career in 1995, splitting his time between social work and building eldercare databases and providing online marketing. In 1999, he started an online advertising department for Partner Communications, and four years later moved to a marketing agency called Creative Energy. Mr. Palma is a graduate of Connecticut State University with a degree in Psychology.

Randal "Randy" Gross, Senior Vice President, Project Development, joined the Corporation in February 2011 and oversees all major construction development projects from pre-development and planning through construction and occupancy. He also works closely with the Corporation's campus leaders on managing capital to address maintenance. Prior to joining the Corporation, Randy worked for UPS, United Parcel Service, overseeing environmental compliance, project development of several distribution facilities, facility maintenance and housekeeping. After UPS he worked at Cardinal Health as a systems technology manager, and at the Chicago

Zoological Society where he managed several facility work groups. Randy earned a Bachelor of Science degree in Civil Engineering Technology from Southern Illinois University and a Master of Business Administration from Concordia University.

Elizabeth A. McLaren, Senior Vice President of Revenue-Cycle, Reimbursement and HCBS, joined the Corporation in August 2009 and oversees all revenue cycle activities (including third party and private pay billing and centralized intake), CovenantCare at Home, managed care contracting and legislative relations. Ms. McLaren's role with the Corporation began as the health and wellness reimbursement manager, overseeing third party billing. Her responsibilities expanded shortly thereafter to include providing support for Covenant Living skilled nursing and assisted living facilities, as the national director of healthcare. Named the associate vice president of health services in May 2016, her area of responsibility further expanded to include oversight of the two home care agencies located in Turlock, California, and St. Charles, Illinois. Prior to joining the Corporation in 2009, Ms. McLaren served as senior manager in the healthcare management practice at Frost, Ruttenberg and Rothblatt, PC for 10 years. Elizabeth has held many volunteer roles within Leading Age Illinois, one of the largest and most respected associations of providers serving older adults in Illinois, and is currently the past chair of the Board of Directors. In 2011, Elizabeth authored Long Term Skilled Services: Applying Medicare's Rules to Clinical Practice, a book that was, at the time, considered a seminal resource for those involved in Medicare billing. She has published articles in several national publications including Provider Magazine. Ms. McLaren is a graduate of Culver-Stockton College with a degree in accounting.

Emily Warnygora, Assistant Secretary, joined the Corporation in November 2016 as an Administrative Assistant supporting multiple executive leaders and was promoted to Executive Administrative Assistant in October 2018. In April 2021, she transitioned to Senior Executive Assistant to the President/CEO. In this role, Emily provides administrative support to the CEO, oversees all board related activities, and manages the executive administrative team. Emily is a graduate of North Park University in Chicago, Illinois.

Employees and Staffing

As of December 31, 2024, the Members of the Obligated Group employed 3,011 employees (including full-time and part-time). Management believes its salary and benefit package is competitive with those of other comparable institutions in the service areas in which it operates. The Corporation has an executive benefit program to assist in the retention of senior and middle management, whereby a percentage of the executive's salary is deferred on an annual basis. The Corporation believes its employee relations to be satisfactory, having been enhanced by emphasis on communication at all levels. The human resource directors conduct regular employee surveys and training programs for managers and staff. A Chief Human Resource Officer is on staff at the central office and serves as a resource to all locations of the Obligated Group.

The Directors and Officers of Covenant Ministries of Benevolence

The Corporation is affiliated with the Church through the Board of Benevolence and Covenant Ministries of Benevolence. The approval of the members of the Corporation (i.e., the elected and ex-officio members of the Board of Benevolence who are also the members of the Board of Directors of Covenant Ministries of Benevolence) is required for certain actions of the Corporation, including, without limitation, (i) subject to certain applicable policies of the Board of Benevolence, (a) the strategic plan, mission statement, and general policy of and major borrowing by the Corporation, (b) the acquisition, encumbrance and other conveyance of any real property of the Corporation, (c) mergers or dissolution (and related distributions) of the Corporation, (d) creation of subordinate and affiliated corporations and related entities, and (e) determination of the Corporation's fiscal year end; (ii) amendments to the Articles of Incorporation and Bylaws of the Corporation; and (iii) designation of auditors of the Corporation's books and records. With respect to the Members of the Obligated Group (other than the Corporation), the approval of the Corporation is required for the above listed actions, to the extent such actions relate to the activities of the applicable Member of the Obligated Group. In addition, the approval of certain actions of each Member of the Obligated Group is subject to the approval of the Board of Benevolence and the Executive Board of the Church, to the extent required by written policies of such boards.

The following individuals serve as the members of the Board of Benevolence and members of the Board of Directors of Covenant Ministries of Benevolence:

Elected

Anderson, Curt Mount Prospect, Illinois	Johnson, Darryl Mount Bayou, Mississippi	Poston, Susan New Brighton, Minnesota
Clark, Bill Tulsa, Oklahoma	Moore, Ben Golden, Colorado	Stroot, Kecia Roseau, Minnesota
Derooy, Arthur Hilmar, California	Nordstrom, Travis Gretna, Nebraska	Thomas, Semmeal Detroit, Michigan
Hilts, Tracy Colorado Springs, Colorado	Palmer, Mary Concord, California	Watts, Tiffine Detroit, Michigan

Ex-Officio (Voting)

Davidson, Will San Ramon, California Executive Board Liaison of The Evangelical Covenant Church	Slechta, Todd Chicago, Illinois President of Covenant Ministries of Benevolence and of Covenant Initiatives for Care	Yee, Greg Renton, Washington Superintendent Liaison of The Evangelical Covenant Church
Hanson, Scott Chicago, Illinois Senior Vice President of Finance Covenant Ministries of Benevolence	Swanson-Draheim, Tammy Chicago, Illinois President of The Evangelical Covenant Church	

Advisory (Non-Voting)

Erickson, David Skokie, Illinois CEO of Covenant Living Communities and Services	Goduti, Alyssa Cromwell, Connecticut CEO of Adelbrook Community Services Inc.	Stuhmer, Linda Turlock, California CEO of EMC Health, Inc.

The following individuals serve as officers of Covenant Ministries of Benevolence, who are responsible for the day-to-day operations of Covenant Ministries of Benevolence:

Todd Slechta President	Scott T. Hanson Senior Vice President of Finance	Linda Stuhmer Senior Vice President/ General Counsel
Katie Pagani Assistant Secretary	Marit Johnson Awes Assistant Secretary	

FINANCIAL INFORMATION

Financial Information of the Obligated Group

The financial information of the Obligated Group contained herein is derived from and should be read in conjunction with the Consolidated Financial Statements for the fiscal years ended September 30, 2024 (audited) and September 30, 2023 (audited), for the three month periods ended December 31, 2024 (unaudited) and December 31, 2023 (unaudited), and Independent Auditors' Reports included in Appendix B to this Official Statement. The results for the three month period ended December 31, 2024, are not necessarily indicative of the results which may be expected for Fiscal Year 2025.

[See Financial Information on the following pages]

COVENANT LIVING COMMUNITIES AND SERVICES STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS For the Periods Indicated (in thousands)	Twelve Month Period Ended 9/30/2024	 9/30/2023	Three Month Period Ended 12/31/2024	 12/31/2023
OPERATING REVENUE				
Routine resident services	$ 267,806	$ 259,086	$ 80,462	$ 68,451
Ancillary services	28,030	28,687	5,052	7,163
Amortization of deferred entrance fees	51,310	51,611	14,530	12,635
Net assets released from restriction for operations	5,452	3,521	2,556	2,081
Other	9,174	9,951	3,609	2,136
TOTAL OPERATING REVENUES	361,772	352,856	106,209	92,466
OPERATING EXPENSES				
Routine nursing services	78,045	76,605	21,979	20,368
Ancillary services	16,855	17,142	3,938	4,153
Resident benefits	16,502	15,648	4,761	4,228
Dietary	47,271	44,747	14,397	12,162
Laundry	2,037	2,290	435	564
Housekeeping	11,255	10,663	3,184	2,938
Maintenance	21,082	19,251	6,270	5,140
Utilities	14,930	14,456	3,994	3,390
Administrative and general	61,024	56,130	15,637	13,820
Interest	20,967	17,216	6,124	4,995
Property taxes	4,021	4,086	1,272	1,098
Insurance	10,032	6,175	1,938	1,442
Marketing and promotion	15,936	14,413	4,163	3,479
Depreciation	57,366	54,613	16,029	13,886
Amortization	419	262	105	69
Other	371	1,394	325	79
TOTAL OPERATING EXPENSES	378,113	355,091	104,551	91,811
OPERATING INCOME	(16,341)	(2,235)	1,658	655
NON-OPERATING INCOME (EXPENSE)				
Contributions	1,519	(679)	(871)	(328)
Other Non-operating Income (Expense)	(2,180)	53	(857)	(4)
Gain (Loss) on Extinguishment of Debt	-	-	-	-
Investment Return:				
Interest and dividend income	14,587	10,795	2,683	3,722
Realized gains (losses) on fixed income and equity securities-net	1,782	3,802	8,296	(39)
Unrealized gains (losses) on fixed income and equity securities-net	17,875	4,363	(21,434)	10,244
Alternative investment income (loss)	38,974	24,815	16,238	9,025
Total Investment Return (Loss)	73,218	43,775	5,783	22,952
Unrealized gains (losses) on derivative instruments	(334)	378	279	(310)
Interest expense on interest rate swaps	16	(58)	(9)	5
Total Non-operating Income (Expense)	72,239	43,469	4,325	22,315
INCOME (LOSS)	55,898	41,234	5,983	22,970
OTHER CHANGES IN UNRESTRICTED NET ASSETS				
Net assets released for capital	573	212	-	-
Net asset transfer to related organization	(300)	(2,000)	-	-
Total Other Changes in Unrestricted Net Assets	273	(1,788)	-	-
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 56,171	$ 39,446	$ 5,983	$ 22,970
Note: Information above is consistent with GAAP.				

COVENANT LIVING COMMUNITIES AND SERVICES OBLIGATED GROUP STATEMENTS OF FINANCIAL POSITION As of the Periods Indicated (in thousands)	9/30/2024	9/30/2023	12/31/2024 Unaudited	12/31/2023 Unaudited
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 36,892	$ 58,693	$ 30,251	$ 40,533
Restricted cash	5,879	5,674	8,168	6,402
Assets whose use is limited:				
Board designated	97,060	95,011	100,974	94,534
Restricted under debt agreements	12,154	12,043	2,223	2,123
Accounts receivable — net of allowances	18,707	19,181	21,628	19,095
Prepaid expenses and other assets	8,066	6,634	5,521	7,115
Total current assets	178,758	197,236	168,765	169,802
ASSETS WHOSE USE IS LIMITED:				
Board designated	312,714	252,772	311,475	267,456
Restricted under state and debt agreements	82,197	98,587	78,059	98,642
Endowment	9,692	8,619	9,675	9,124
Total assets whose use is limited	404,603	359,978	399,209	375,223
OTHER ASSETS	206,750	139,337	154,403	148,052
INTEREST IN IRREVOCABLE TRUSTS	7,140	3,560	3,396	3,809
PROPERTY AND EQUIPMENT				
Property and Equipment — at Cost	1,325,667	1,268,789	1,476,439	1,279,552
Less Accumulated Depreciation	700,855	673,401	738,364	687,288
Property and Equipment — Net	624,812	595,388	738,075	592,264
TOTAL	$ 1,422,063	$ 1,295,499	$ 1,463,848	$ 1,289,150

	9/30/2024	9/30/2023	12/31/2024 Unaudited	12/31/2023 Unaudited
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable — trade	$ 22,066	$ 20,342	$ 13,924	$ 10,864
Accrued salaries and wages	17,788	15,603	13,342	12,979
Accrued interest	6,692	6,566	2,172	1,839
Advance deposits	2,664	2,230	3,514	2,991
Current maturities of long-term debt	15,225	14,285	17,394	13,475
Deferred revenue subject to refund	120,901	114,013	137,924	111,779
Refundable contract liabilities	125,116	122,531	167,375	121,915
Other current liabilities	27,514	26,043	33,899	27,604
Total current liabilities	337,966	321,613	389,544	303,446
LONG-TERM DEBT — Less current maturities	569,027	531,630	553,359	518,066
OTHER LIABILITIES	27,405	23,946	45,263	24,049
DEFERRED REVENUE FROM ENTRANCE FEES	260,804	250,143	286,734	251,651
Total liabilities	1,195,202	1,127,332	1,274,900	1,097,212
NET ASSETS:				
Unrestricted	204,729	148,560	165,929	171,549
Temporarily restricted	12,440	10,987	13,344	11,263
Permanently restricted — endowment	9,692	8,620	9,675	9,125
Total net assets	226,861	168,167	188,948	191,938
TOTAL	$ 1,422,063	$ 1,295,499	$ 1,463,848	$ 1,289,150

The Obligated Group - Percentages of Total Revenues

The following percentages of total revenues demonstrate on a percentage basis, each contribution of the individual Members of the Obligated Group to the total revenues of the Obligated Group. Total revenues for the three months ended December 31, 2024, were $110.536 million. Total revenues for the twelve months ended September 30, 2024, were $434.01 million.

[See Revenue Chart on following page]

The Obligated Group Percentages of Total Revenues as of:	3-Month Period Ended 12/31/2024	12-Month Period Ended 9/30/2024
Covenant Living at the Shores	6.8	7.0
Covenant Living at the Samarkand	9.4	10.1
Covenant Living of Turlock	4.9	5.2
Covenant Living at Mount Miguel	7.9	7.6
Brandel Manor and Cypress Assisted Living	-	0.8
Covenant Living of the Great Lakes	4.2	4.6
Covenant Living of Golden Valley	6.4	6.4
Covenant Living of Northbrook	9.6	10.1
Covenant Living at the Holmstad	9.1	8.9
Covenant Living at Windsor Park	9.7	10.1
Covenant Home of Chicago	0.7	0.7
Covenant Living of Cromwell	7.0	6.8
Covenant Living of Florida	5.8	5.8
Covenant Living of Colorado	5.8	6.2
Covenant Living at Inverness	4.5	n/a
Covenant Living of Keene	4.5	n/a
Covenant Living Communities and Services *	3.7	9.7
TOTAL	100.0	100.0
Total Revenues for Period Ended (in thousands) **	$ 110,536	$ 434,010

* Percent of Total Revenues of Covenant Living Communities and Services are derived primarily from management fees paid by the Members of the Obligated Group, other than the Corporation, and other related corporations. Covenant Living Communities and Services also records the gain/loss on derivative instruments.

** Total revenues include operating revenues and non-operating income.

Other Debt Service Information

The following chart details the current debt service obligations of the Corporation and other Members of the Obligated Group with respect to current outstanding bonds, exclusive of the Series 2025 Bonds.

[See Debt Service Obligations Chart on following page]

	Fixed Rate 2015A (CO)(1)		Fixed Rate 2018A (CO)		Fixed Rate 2018B (CT)		Fixed Rate 2020A (CO)		Fixed Rate 2020B (CO)		BANK 2015B(2)		BANK 2017(3)		BANK 2022(4)		BANK 2024(5)		BANK 2024(5)		Less:	AGGREGATE
FYE 9/30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	DSRFs(6)	Net of DSRFs
2025	$3,900,000	$1,760,250		$2,989,000	$1,375,000	$2,023,625		$3,290,000	$1,780,000	$6,539,092	$1,265,000	$15,079	$5,155,000	$1,036,093	$1,003,517	$985,365	$0	$2,384,835	$746,000	$3,555,674		$39,803,530
2026				2,989,000	1,440,000	1,953,250		3,290,000	3,380,000	6,466,852			5,335,000	778,576	1,028,605	959,912	741,000	2,560,136	787,000	3,505,308		35,214,638
2027				2,989,000	1,515,000	1,879,375		3,290,000	5,765,000	6,338,822			3,160,000	598,277	1,222,925	1,774,567	788,000	2,512,228	830,000	3,452,178		36,115,373
2028				2,989,000	1,590,000	1,801,750		3,290,000	5,515,000	6,165,460			3,710,000	424,368	591,456	2,406,036	838,000	2,461,281	875,000	3,396,150		36,053,501
2029				2,989,000	1,670,000	1,720,250		3,290,000	5,745,000	5,976,292			3,825,000	239,566	632,119	2,365,373	891,000	2,407,111	755,000	3,339,873		35,845,584
2030				2,989,000	1,755,000	1,634,625		3,290,000	5,970,000	5,779,480			3,965,000	48,254	675,578	2,321,914	947,000	2,349,534	810,000	3,288,675		35,824,060
2031				2,989,000	1,840,000	1,544,750		3,290,000	10,310,000	5,505,976					722,025	2,275,467	1,007,000	2,288,312	865,000	3,233,813		35,871,343
2032				2,989,000	1,930,000	1,450,500		3,290,000	10,685,000	5,093,424					771,665	2,225,827	1,071,000	2,223,200	920,000	3,175,288		35,824,905
2033				2,989,000	2,030,000	1,351,500		3,290,000	11,185,000	4,603,536					824,717	2,172,775	1,123,000	2,154,849	985,000	3,112,934		35,822,311
2034				2,989,000	2,130,000	1,247,500		3,290,000	11,705,000	4,090,800					881,417	2,116,075	1,196,000	2,082,145	1,050,000	3,046,251		35,824,188
2035				2,989,000	2,235,000	1,138,375		3,290,000	315,000	3,821,552					942,016	2,055,476	1,273,000	2,004,757	1,120,000	2,975,155		24,159,332
2036				2,989,000	2,350,000	1,023,750		3,290,000	6,635,000	3,665,872					1,006,780	1,990,712	1,355,000	1,922,384	1,195,000	2,899,314		30,322,813
2037				2,989,000	2,465,000	903,375		3,290,000	19,125,000	3,088,848					1,075,997	1,921,495	1,443,000	1,834,665	1,280,000	2,818,312		42,234,692
2038				2,989,000	4,815,000	721,375		3,290,000	17,755,000	2,262,736					1,149,973	1,847,519	1,536,000	1,741,289	1,365,000	2,731,649		42,204,541
2039				2,989,000	5,055,000	474,625		3,290,000	18,555,000	1,449,392					1,229,035	1,768,457	1,636,000	1,641,838	1,455,000	2,639,241		42,182,589
2040				2,989,000	5,305,000	215,625		3,290,000	19,395,000	599,312					1,313,532	1,683,960	1,742,000	1,535,942	1,555,000	2,540,673		42,165,045
2041			3,910,000	2,891,250	1,660,000	41,500	16,580,000	2,958,400	3,680,000	82,432					1,403,838	1,593,654	1,855,000	1,423,177	1,660,000	2,435,362	(3,045,351)	39,129,262
2042			5,850,000	2,647,250			5,470,000	2,517,400							1,500,353	1,497,138	1,975,000	1,303,115	1,775,000	2,322,891		26,858,148
2043			6,140,000	2,347,500			5,690,000	2,294,200							1,603,504	1,393,988	2,102,000	1,175,330	1,895,000	2,202,678		26,844,200
2044			6,450,000	2,032,750			5,915,000	2,062,100							1,713,746	1,283,745	2,238,000	1,039,280	2,020,000	2,074,390		26,829,012
2045			6,770,000	1,702,250			6,150,000	1,820,800							1,831,568	1,165,924	2,383,000	894,417	2,160,000	1,937,527		26,815,487
2046			7,110,000	1,355,250			6,400,000	1,569,800							1,957,490	1,040,002	2,537,000	740,191	2,305,000	1,791,257		26,805,990
2047			7,465,000	990,875			6,655,000	1,308,700							2,092,069	905,423	2,702,000	575,939	2,460,000	1,635,163		26,790,169
2048			7,835,000	608,375			6,920,000	1,037,200							2,235,901	761,591	2,877,000	401,045	2,630,000	1,468,497		26,774,609
2049			8,250,000	206,250			7,200,000	754,800							2,389,621	607,871	3,063,000	214,843	2,805,000	1,290,425	(3,883,237)	22,898,573
2050							7,485,000	461,100							2,553,910	443,582	3,261,000	16,604	2,995,000	1,100,448		18,316,644
2051							7,785,000	155,700							2,729,494	267,998			3,200,000	897,568		15,035,761
2052															2,917,149	80,343			3,415,000	680,868		7,093,361
2053																			3,645,000	449,600		4,094,600
2054																			4,017,000	200,649		4,217,649
	$3,900,000	$1,760,250	$59,780,000	$62,605,750	$41,160,000	$21,125,750	$82,250,000	$69,580,200	$157,500,000	$71,529,878	$1,265,000	$15,079	$25,150,000	$3,125,134	$40,000,000	$41,912,190	$42,580,000	$41,888,450	$53,575,000	$70,197,815	($6,928,588)	$883,971,908

1. The Series 2015A Bonds will be refunded with the Series 2025 Bonds. The figures above represent debt service payments made to bondholders on 12/1/24.
2. The Series 2015B Direct Placement was paid in full on 12/1/24. Figures above based on 80% of the average 1 Month Term SOFR rate for the 12 month period ended 2/25/25, plus the bank credit spread.
3. Figures above for the Series 2017 Direct Placement are based on 80% of the average 1 Month Term SOFR rate for the 12 month period ended 2/25/25, plus the bank credit spread.
4. The interest rate on the Keene bank placement is fixed at a rate of 2.50% through 2/1/27. After that date, a fixed interest rate of 6.61% is assumed.
5. Figures above for the Inverness Loan and the Shannondale Loan are based on the average 1 Month Term SOFR rate for the 12 month period ended 2/25/25, plus the applicable bank credit spreads.
6. The Obligated Group has debt service reserve funds for the Series 2018A and Series 2018B Bonds. These are assumed to be released and used to pay debt service in the year of final maturity for each series.

Debt Service Coverage Information (in thousands)	For the Fiscal Years Ended 9/30/2024	9/30/2023	* 3-MonthPeriod Ended 12/31/2024	12/31/2023
Income (loss)	$ 55,898	$ 41,235	$ 5,983	$ 22,970
Add:				
Net Reoccupancy Entrance Fees Received	71,681	69,920	15,913	11,809
Depreciation, Amortization & Bad Debt Expense	60,002	56,669	16,470	14,249
Interest Expense	20,951	17,273	6,133	4,990
Unrealized (gains)/losses on investments	(53,502)	(26,077)	6,145	(18,478)
Unrealized (gains)/losses on derivatives	334	(378)	(279)	310
Expenses excluded from NIADS per MTI	44	1,345	-	-
Less:				
Amortization of Entrance Fees	(51,310)	(51,611)	(14,530)	(12,635)
Net Income Available for Debt Service (1)	$ 104,098	$ 108,376	$ 35,835	$ 23,215
Historical Annual Debt Service (2)	$ 37,213	$ 36,329	$ 42,374	$ 36,630
Historical Annual Debt Service Coverage Ratio	**2.80x**	**2.98x**	**3.38x**	**2.54x**
Historical Maximum Annual Debt Service (3)	$ 44,037	$ 38,677	$ 43,549	$ 38,154
Historical Maximum Annual Debt Service Coverage Ratio	**2.36x**	**2.80x**	**3.29x**	**2.43x**
Pro Forma Maximum Annual Debt Service (4)	$ 46,862	$ 46,862	$ 46,862	$ 46,862
Pro Forma Maximum Annual Debt Service Coverage Ratio	**2.22x**	**2.31x**	**3.06x**	**1.98x**

(1) Net Income Available for Debt Service was calculated based on the defintions in the Master Indenture. Net Income Available for Debt Service for the 3-month interim periods reported above is annualized for calculation for Historical Annual Debt Service Coverage Ratio, Historical Maximum Annual Debt Service Coverage Ratio, and Pro Forma Maximum Annual Debt Service Coverage Ratio.

(2) Historical Annual Debt Service was calculated based on the definitions in the Master Indenture which includes the actual annual debt service for the fiscal year ended, including principal, interest and letter of credit fees. Debt service for the 3-month interim periods are annualized.

(3) Historical Maximum Annual Debt Service represents the year with the projected maximum annual interest expense, principal payments and loan guarantees. Numbers may differ from previously reported information. Bonds with variable interest rates were calculated using the 12 month trailing average interest rate on such bonds based on the appropriate published indices.

(4) Pro Forma Maximum Annual Debt Service represents the year with the projected maximum annual principal and interest payments, net of the debt service reserve funds amounts which are held by the respective bond trustees and which will be released for the payment of debt service in the respective years of final maturity. The calculation utilizes the estimated debt service associated with the Series 2025A Bonds, along with the other existing indebtedness described under FINANCIAL INFORMATION - Other Debt Service Information. As required by the Master Indenture, the calculation also includes various amounts of debt service related to indebtedness guaranteed by the Obligated Group for entities not included in the Obligated Group. Specifically, the calculation includes 20% of annual debt service for a loan to Covenant Living of Bixby, Inc. and Covenant Living of Geneva ("Bixby Loan"). The percentage of such debt service included in the Maximum Annual Debt Service calculation is dependent on whether draws were made under the respective guaranty within the immediately prior fiscal year. Interest on the variable rate debt of the Obligated Group (which includes the Series 2015B Bonds, Series 2017 Bonds, Inverness Loan, and Shannondale Loan) is based on the average 1 Month Term SOFR rate for the 12 month period ended 2/25/25, plus applicable bank credit spreads. Interest on Balloon Indebtedness, which includes the Keene Loan, assumes the actual fixed rate of 2.50% during the bank commitment period ending 2/10/27, and a Projected Rate of 6.61% thereafter through 2052, calculated in compliance with the Master Indenture.

* 3-month periods are annualized

Days Cash on Hand (in thousands)	For the Fiscal Years Ended 9/30/2024	9/30/2023	3-Month Interim Periods Ended 12/31/2024	12/31/2023
Unrestricted Cash and Investments (1)	$ 436,546	$ 397,265	$ 431,377	$ 393,127
Daily Cash Operating Expenses (2)	869	818	957	843
Number of Days Cash on Hand (3)	502	486	451	466

(1) Unrestricted Cash and Investments includes cash and Board designated investments, some of which are invested in alternative investments. See **FINANCIAL INFORMATION - Combined Investment Fund** for further discussion.

(2) Daily Cash Operating Expenses excludes amortization, depreciation, and bad debt expense.

(3) The number of Days Cash on Hand for the 3-month Periods Ended 12/31/24 and 12/31/23 is calculated using unaudited financial statements of the Obligated Group for the same periods, and is set forth above for informational purposes only. The Master Indenture requires that the total operating expense component of the Days Cash on Hand calculation utilitze the operating expense number as shown in the most recent fiscal year for which audited financial statements have been delivered under the Master Indenture.

Cash to Debt Ratio (in thousands)	For the Fiscal Years Ended 9/30/2024	9/30/2023	3-Month Interim Periods Ended 12/31/2024	12/31/2023
Unrestricted Cash and Investments	$ 436,546	$ 397,265	$ 431,377	$ 393,127
Historical Long Term Debt Outstanding (1)	$ 574,170	$ 534,880	$ 560,695	$ 520,595
Historical Cash to Debt Ratio	76%	74%	77%	76%
Pro Forma Long-Term Debt (2)	$ 640,085	$ 640,085	$ 640,085	$ 640,085
Pro Forma Cash to Debt Ratio	68%	62%	67%	61%

(1) Historical Long-term Debt represents the outstanding Long-term payments of the Corporation's debt, excluding the impact of premium, discount and guarantees.

(2) Pro Forma Long-Term Debt represents the outstanding Long-Term payments of the Corporation's debt on the closing date of the Series 2025 Bonds, with no adjustment for the impact of premium, discount and guarantees, plus the estimated par amount of the Series 2025 Bonds.

Capital Expenditures

The following table summarizes the capital expenditures and related reimbursements from bond project funds of the Obligated Group for fiscal years ended September 30, 2024, September 30, 2023.

(in thousands)	12-Month Period Ended 9/30/2024	9/30/2023
Capital Expenditures	$ 85,113	$ 60,218
Resimbursement from Bond Project Funds	$ 21,438	$ 4,963

Management's Discussion of the Obligated Group's Statements of Operations

The Obligated Group's Statements of Operations reflect management's objectives to maximize long-term financial performance of the Obligated Group and better enable it to meet its obligations to its residents. The most significant factors reflecting these objectives include: (a) expansion and repositioning of existing campuses to achieve available economies of scale, (b) continuing emphasis on sales and marketing to maintain or improve occupancy levels, (c) debt refinancing, which significantly reduces debt service, thereby enhancing the Obligated Group's financial performance, (d) maximizing return on available cash resources through centralized cash management and investment programs, (e) utilization of policies and procedures to ensure uniformity of operations across the organization, (f) strategic long-range planning, (g) centralization of functions including accounting, information services, recruiting, resident and third party billing and collections (h) centralized wage and salary program, (i) a comprehensive operating and capital planning (budgeting) process, (j) utilization of a facilities assessment program to maintain quality of facility services and programs, (k) use of actuarial data to produce financial model projections tailored to each facility's apartment mix and existing resident contract base, (l) centralized insurance program, and (m) centralized oversight and policies for health care.

The Obligated Group had income (loss) of \$55.9 million and \$41.2 million for Fiscal Years 2024 and 2023, respectively, and it had operating income (loss) of (\$16.3 million) and (\$2.2 million) for the same periods. In addition to its objectives of improved financial performance and better meeting residents' needs, management is working to achieve positive operating income. Increasing occupancy at all levels of care will improve revenue and cash flows to improve the operating performance of the Obligated Group.

<u>Three Months Ended December 31, 2024</u>

The Obligated Group recorded operating Income of \$1.7 million for the three months ended December 31, 2024 (first quarter of fiscal 2025). This income is \$1 million more than the prior year three months ended December 31, 2023 (first quarter of fiscal 2024) income of \$655,000.

Overall, total operating revenues increased \$13.7 million or 14.9% compared to the first quarter of the prior year. The increase in revenue relates to the addition of Covenant Living of Keene, a New Hampshire voluntary corporation, and Tulsa Hills Community, Inc., an Oklahoma not for profit corporation, to the Obligated Group on October 1, 2024, offset partially by the closure of Brandel Manor and Cypress Assisted Living located in Turlock, California. Net of these transactions, revenue would have increased about $5.3 million or 6.0%. The increase is due to resident rate increases of 5.0% and increases in occupancy. Total operating expenses increased $12.7 million or 13.9% compared to the first quarter of the prior year. The increase relates to the addition of Covenant Living of Keene and Tulsa Hills Community, Inc., to the Obligated Group offset partially by the closure of Brandel Manor and Cypress Assisted Living. Net of these transactions, operating expenses increased by $5.2 million or 5.9%. The increase is due to planned wage increases, increased dining costs, increased depreciation, increased interest expense, and overall other cost increases.

The Obligated Group's Net Operating Margin (NOM) is 7.7% for the first quarter ended December 31, 2024, compared to 6.3% for the first quarter ended December 31, 2023. The primary reason for the increase is the addition of Covenant Living of Keene and Tulsa Hills Community, Inc., to the Obligated Group, the closure of Brandel Manor and Cypress Assisted Living in Fiscal Year 2024, and increases in occupancy.

There were 95 residential (independent) living reoccupancies through the first quarter, compared to 69 reoccupancies for the same period last year; net re-occupancy proceeds are $15.9M for the first quarter. Occupancy remains strong, at 92.7% in residential living, 90% in assisted living and 90% in skilled nursing.

The 12-month rolling maximum annual debt service coverage ratio is 2.68x and days cash on hand is 495 at December 31 (per the calculation as set forth in the Master Indenture, which is based on prior year audited expenses, but trending at 451 with year-to-date expenses; the decline is due to adding the expenses for Covenant Living of Keene and Tulsa Hills Community, Inc., to the Obligated Group on October 1, 2024).

The Obligated Group borrowed $42.580 million from The Huntington National Bank (taxable term loan) to refinance its Direct Note Obligation, Series 2019 (Bank of America, N.A. – Term Loan Agreement) that was maturing. At the same time, Covenant Living of Keene and Tulsa Hills Community, Inc., joined the Obligated Group. See the notice dated October 2, 2024, posted on behalf of the Obligated Group to the Electronic Municipal Market Access website of the Municipal Securities Rulemaking Board ("EMMA") for further information on the transaction.

Fiscal Year Ended September 30, 2024

The Obligated Group recorded an Operating Loss of ($16.3 million) for Fiscal Year 2024. This loss is approximately $14.1 million higher than the prior Fiscal Year loss of ($2.2 million). Overall, total operating revenues increased $8.9 million or 2.5%. As mentioned previously, Brandel Manor and Cypress Assisted Living was closed in June 2024. Revenues for Brandel Manor and Cypress Assisted Living decreased by $10.6 million as a result of the closure. Net of the impact of this closure, revenues for the Obligated Group increased by $19.5 million or 5.8%. The increase in revenue net of Brandel Manor and Cypress Assisted Living is driven primarily by overall rate increases of 5-5.5% and increases in overall occupancy. Total operating expenses increased $23.0 million or 6.5%. The most significant variances are in the following areas: (1) routine nursing expense is up $1.4 million or 1.9% due to wage increases and filling open positions offset partially by decreases in the use of contract labor for nursing of about $4.7 million; (2) insurance expense increased $3.9 million or 62% due to increases in most of lines of coverage as well as settlement of some old cases; (3) depreciation expense increased $2.8 million or 5% related to the capital assets placed into service; (4) interest expense increased by $3.8 million or 21.8% due to less capitalized interest in Fiscal Year 2024 compared to Fiscal Year 2023 and the addition of the loan to complete the affiliation of Shannondale (as defined and described below); and (5) all other expenses increased $11.2 million due to increases in maintenance, utilities, and other costs.

The Obligated Group's NOM of 1.9% is less than the amount reported in the prior fiscal year of 5.4%. The decline is due in part to the impact of the closure of Brandel Manor and Cypress Assisted Living; without that, NOM would have been 3.7% for Fiscal Year 2024.

There were 398 reoccupancies in Fiscal Year 2024 compared to 405 in Fiscal Year 2023. Net reoccupancy proceeds totaled $71.7 million in Fiscal Year 2024, compared to $69.9 million in Fiscal Year 2023. Residential occupancy remains strong and increased from 92.2% at the end of Fiscal Year 2023 to 93.7% at the end of Fiscal Year 2024. Occupancy in assisted living was 89% at the end of Fiscal Year 2024, up from 87% at the end of Fiscal Year 2023. Skilled nursing occupancy has also increased from 86% at the end of Fiscal Year 2023 to 88% at the end of Fiscal Year

2024. Payor mix shifted for Fiscal Year 2024 from Fiscal Year 2023 with the Medicaid mix decreasing, and a shift to more managed care and private pay.

The maximum annual debt service coverage ratio is 2.36x for Fiscal Year 2024, compared to 2.80x for Fiscal Year 2023. The unfavorable variance is primarily driven by the impact of the Brandel Manor and Cypress Assisted Living closure and an increase in maximum annual debt service due in large part to the addition of the Obligated Group loan to acquire Covenant Living at Shannondale.

Days cash on hand of 502 at the end of Fiscal Year 2024 increased from 486 days at the end of Fiscal Year 2023. The increase is due to strong financial market performance, offset partially by increased expenses per day and cash transferred outside the Obligated Group in accordance with the Master Indenture to purchase $7.5 million of bonds outstanding, which were obligations of Three Crowns Park, which is currently not a Member of the Obligated Group.

The Corporation and Covenant Living Services, an Illinois not for profit corporation and affiliate of the Corporation, entered into an affiliation agreement with Presbyterian Homes of Tennessee, Inc., pursuant to which, Covenant Living Services became the sole member of Presbyterian Homes of Tennessee, Inc. Upon the effective date of the affiliation, Presbyterian Homes of Tennessee, Inc., changed its name to Covenant Living at Shannondale ("Shannondale"). In order to complete the affiliation, the Obligated Group borrowed $53.575 million pursuant to a taxable term loan from Bank of America, N.A., which funds were in turn contributed by the Obligated Group as a capital contribution to Covenant Living Services to subsequently contribute to Shannondale, in order for Shannondale to satisfy certain outstanding obligations of Presbyterian Homes of Tennessee, Inc., provide working capital for Shannondale, and to otherwise complete the affiliation. Covenant Living at Shannondale is not a member of the Obligated Group. Refer to the EMMA notice dated June 25, 2024, posted on behalf of the Obligated Group for further information on the transaction.

Combined Investment Fund

In September 1991, Covenant Ministries of Benevolence instituted a centralized investment program for the Members of the Obligated Group, EMC Health, and Covenant Ministries of Benevolence (the "Combined Investment Fund"). All investments in the Combined Investment Fund are managed by independent investment managers. Currently there are twelve equity managers, eleven fixed income managers, and ten alternative investment managers. An independent investment consultant is employed to formulate investment guidelines, monitor manager performance and assist in hiring managers. The consultant also advises on asset categories, general market conditions and asset allocation guidelines. Each entity that participates in the program has specific asset allocation targets based on projected uses for funds and risk tolerance. The Corporation's asset allocation within the Combined Investment Fund at December 31, 2024, was 46% in equities, 42% in fixed income, and 12% in alternatives. Approximately 76% of the Corporation's investments are available monthly. Total investments managed on behalf of the Members of the Obligated Group as of December 31, 2024, and September 30, 2024, were approximately $412 million and $410 million, respectively, and are more fully described at Note 5 to the Financial Statements contained in Appendix B. Total investments managed in the Combined Investment Fund as of December 31, 2024, and September 30, 2024, respectively, were approximately $536 million and $545 million, respectively.

DEBT MANAGEMENT AND PLAN OF FINANCE

At the present time, the Corporation has a conservative credit structuring consisting of approximately 72.2% fixed rate bonds, 20.7% variable rate bank debt, and 7.1% fixed rate bank debt. A portion of the variable rate bank debt is hedged to fixed interest rates via interest rate swap agreements. $136.2 million of the credit commitment period is subject to renewal in future years. The capital structure will change after the issuance of the Series 2025 Bonds. After these events have occurred, the Corporation is estimated to have approximately 75.6% fixed rate bonds, 18.1% variable rate bank debt, and 6.3% fixed rate bank debt.

ADDITIONAL INFORMATION

Summary of Insurance Information

Covenant International Insurance Company, Ltd ("CIIC") is a Bermuda class I insurance company that provides general liability insurance coverage to the Members of the Obligated Group. The sole shareholder of CIIC is the Corporation. CIIC underwrites the self-insured retention policies issued to the Corporation and the other Members of the Obligated Group. In mid-2025, the Corporation plans to merge CIIC into a newly created Vermont non-profit corporation known as Mission Care Communities, Inc. in order to simplify the operation and management of its captive insurance company. The sole member of Mission Care Communities, Inc. is the Corporation. The Members of the Obligated Group maintain other insurance covering such risks, and in such amounts as, in the judgment of the Obligated Group, is customary in the industry and respective geographical locations to protect their properties and operations.

Operating and Capital Plan Process

Annually, the campus Executive Director at each location is charged with preparing an operating plan (budget) for his or her respective campus. In this process, operating expenditures are planned for salaries, benefits, and non-salary areas such as insurance, supplies, food, utilities, and other items. Resident rates are then determined that generate proceeds in an amount that exceeds these expenses and provides a reasonable operating margin. A capital plan is prepared each year as part of the planning process by each campus Executive Director in coordination with the Vice President of Facilities in the central office, including a ranking by priority. The campus capital and operating plans are then reviewed by the Vice President of Financial Planning and Analysis and the Chief Operating Officer. The final campus plans are reviewed by the President and the Chief Financial Officer prior to presentation of the overall plan to the Corporation's Board of Directors for final approval.

The capital and operating plans are monitored on a regular basis through exception reporting, monthly operations review reports, plan review meetings and specific follow-up where required. A statistical reporting system monitoring key financial indicators (payroll dollars and FTE's, number of reoccupancies, receivable balances, and operating ratios, etc.) is reviewed monthly by the finance team, regional operations, and campus management teams.

Termination of Evangelical Covenant Church Retirement Plan

It has been determined by Covenant Ministries of Benevolence and the Church that the Evangelical Covenant Church Retirement Plan will be terminated, resulting in a payment by the Corporation of approximately $20.4 million sometime in calendar year 2025.

FUTURE PLANNING, STRATEGY AND PROJECTS

As part of an ongoing planning and strategy process, Members of the Obligated Group and/or their affiliates actively consider from time to time potential joint ventures, affiliations, sponsorships, combinations, acquisitions, and new facility developments in various communities and dispositions that may result in increasing or decreasing the entities, properties, services, or operations becoming affiliated with or becoming part of the Obligated Group. In addition, the Corporation and the Members of the Obligated Group and/or their affiliates actively engage in long-term physical plant and capital planning to evaluate the current campus facilities to ascertain repositioning or expansion needs of the campuses and markets. The evaluation involves in part a physical plant assessment, competitive market analysis, measurement of the operational impact, and assessment of the return on investment of any proposed projects. Future projects under consideration include Town Center spaces, health care facilities and residential living unit renovations and expansions at various campuses. Such projects may entail the incurrence of additional indebtedness by the Members of the Obligated Group. There can be no assurance as to the structure of any potential transactions or the financial or operational impact any potential transactions may have on the Obligated Group.

CORPORATION AFFILIATES – NON-OBLIGATED GROUP MEMBERS

The Corporation has various affiliated entities that are not Members of the Obligated Group.

Covenant Living Services

Covenant Living Services ("CLS") is an Illinois not for profit corporation. The sole corporate member of CLS is the Corporation. CLS in turn is the sole member of the entities listed below (the "CLS Entities"), and is responsible for, among other general management responsibilities, (i) managing board governance among the CLS Entities; (ii) managing tax exemptions for the CLS Entities; (iii) managing inter-company loans from the Corporation to the CLS Entities; (iv) providing a reporting mechanism from the CLS Entities to the Corporation's Board of Directors; (v) overseeing various expansion initiatives involving various CLS Entities; and (vi) coordinating financing activities outside of the Obligated Group. CLS and the CLS Entities are tax-exempt organizations pursuant to Section 501(c)(3) of the Code. The CLS Entities provide various services in furtherance of the strategic initiatives of the Corporation as follows:

- Covenant Living Holdings One, LLC - holds title to real estate investments, such as office buildings;
- Covenant Home Services d/b/a CovenantCare at Home - provides home health care and hospice home health care. See **CORPORATION AFFILIATES – NON-OBLIGATED GROUP MEMBERS – Covenant Living Services - CovenantCare at Home**;
- Covenant Living of Geneva – owns and operates Geneva Place located in Geneva, Illinois. See **CORPORATION AFFILIATES – NON-OBLIGATED GROUP MEMBERS – Covenant Living of Geneva**;
- Covenant Living of Bixby, Inc. – owns and operates a rental senior living community located in Bixby, Oklahoma. See **CORPORATION AFFILIATES – NON-OBLIGATED GROUP MEMBERS – Covenant Living Services - Covenant Living of Bixby, Inc.;**
- Three Crowns Park - owns and operates a senior living community located in Evanston Illinois. See **CORPORATION AFFILIATES – NON-OBLIGATED GROUP MEMBERS – Covenant Living Services – Three Crowns Park**; and
- Covenant Living at Shannondale – owns and operates two senior living communities located in Maryville, Tennessee and Knoxville, Tennessee. **See CORPORATION AFFILIATES – NON-OBLIGATED GROUP MEMBERS - Covenant Living Services – Covenant Living at Shannondale.**

The Obligated Group has provided funding to the various CLS Entities to support their startup operations. Such advances may be intended to be repaid to the Obligated Group once operations are stable and generating positive cash flows, and are subject to the restrictions included in the Master Indenture.

Covenant Living Services was also the sole member of Covenant Living of Keene and Tulsa Hills Community, Inc. In connection with the admission of each of these entities as Members of the Obligated Group in 2024, Covenant Living Services was replaced by the Corporation as the sole member of Covenant Living of Keene and Tulsa Hills Community, Inc, respectively.

Covenant Home Services

Covenant Home Services, d/b/a CovenantCare at Home, an Illinois not for profit corporation ("CovenantCare"), provides home health and hospice services in individuals' homes instead of in an institutional setting. CovenantCare operates in California and Illinois.

Covenant Living of Geneva

Covenant Living of Geneva ("Geneva"), an Illinois not for profit corporation, owns a 52-unit senior living rental community located in Geneva, Illinois. The rental community offers an array of spacious one and two bedroom apartment floor plans with common area amenities, and is managed by Covenant Living at the Holmstad. Geneva is the co-obligor with Covenant Living of Bixby, Inc., of a loan in the amount $20.95 million with The Huntington National Bank. The loan is secured by a first mortgage on the properties owned by Geneva and Bixby and related loan documents, and is guaranteed by the Corporation.

Covenant Living of Bixby, Inc.

Covenant Living of Bixby, Inc. ("Bixby"), is an Oklahoma not for profit corporation whose sole corporate member is CLS. Bixby owns and operates a senior living community in Bixby, Oklahoma consisting of 46 independent living apartments and 34 assisted living residences. This community also includes a parking garage and other common area facilities, and is based on a rental model.

Bixby is the co-obligor with Geneva of a loan in the amount of $20.95 million with The Huntington National Bank, which loan is secured by a first mortgage on the properties owned by Geneva and Bixby and related loan documents, and is guaranteed by the Corporation. See **Appendix C – SUMMARY OF PRINCIPAL DOCUMENTS** for further information regarding the Corporation's guaranty obligations.

Three Crowns Park

The Corporation and CLS entered into an Affiliation Agreement in June 2021 with Three Crowns Foundation and Three Crowns Park, whereby CLS, as of July 1, 2021, became the sole corporate member of Three Crowns Foundation, an Illinois not for profit corporation, which is the sole corporate member of Three Crowns Park, an Illinois not for profit corporation. Three Crowns Park owns and operates a senior living facility located in Evanston, Illinois, consisting of 91 independent living units, 23 assisted living units, 17 assisted living units providing memory care, and 49 beds for intermediate and skilled nursing, located on an approximately seven-acre site. Both Three Crowns Foundation and Three Crowns Park are tax-exempt organizations pursuant to Section 501(c)(3) of the Code. The Affiliation Agreement provided that, among other things, the Corporation would assume all liabilities of Three Crowns Park, which included two outstanding tax-exempt bond issuances which were, at the time of the affiliation, outstanding in the approximate amount of $35 million. Three Crowns Park and Three Crowns Foundation are not members of the Obligated Group, but it is anticipated that Three Crowns Park will become a member of the Obligated Group in the future.

Covenant Living at Shannondale

The Corporation and CLS entered into an Affiliation Agreement in March 2024 with Presbyterian Homes of Tennessee, Inc., a Tennessee nonprofit corporation. CLS became the sole corporate member of Presbyterian Homes of Tennessee, Inc., as of June of 2024, and changed the name of the corporation to Covenant Living at Shannondale, which currently owns and operates (i) a senior living community located in Knoxville, Tennessee, consisting of 183 independent living units and 45 assisted living units; and (ii) a senior living community located in Maryville, Tennessee, consisting of 154 independent living units, 39 assisted living units and 44 skilled nursing beds. As part of the terms of the affiliation, the Corporation paid outstanding bank debt owed by Presbyterian Homes of Tennessee, Inc. in the approximate amount of $52 million with the proceeds of the $53.575 million taxable term loan entered into by the Obligated Group as described in the Fiscal Year Ended September 30, 2024 section of **Management's Discussion of the Obligated Group's Statements of Operations**, above.

CLS AND THE CLS ENTITIES, COVENANT HOME SERVICES, GENEVA, BIXBY, THREE CROWNS PARK, THREE CROWNS FOUNDATION AND COVENANT LIVING AT SHANNONDALE ARE NOT MEMBERS OF THE OBLIGATED GROUP AND HAVE NO OBLIGATION, AS GUARANTORS, OBLIGORS OR OTHERWISE, TO MAKE PAYMENTS ON THE SERIES 2025 BONDS OR ANY OTHER OBLIGATIONS UNDER THE MASTER INDENTURE.

APPENDIX B

CONSOLIDATED FINANCIAL REPORT OF COVENANT LIVING COMMUNITIES AND SERVICES

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Covenant Living Communities and Services

Consolidated Financial Report
with Additional Consolidating Information
September 30, 2024

Contents

Independent Auditor's Report	1-2
Consolidated Financial Statements	
Statement of Financial Position	3-4
Statement of Operations and Changes in Net Assets without Donor Restrictions	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8-34
Additional Consolidating Information	35
Independent Auditor's Report on Additional Consolidating Information	36
Consolidating Statement of Financial Position Information	37-38
Consolidating Statement of Operations and Changes in Net Assets Without Donor Restrictions Information	39-40
Community Consolidating Statement of Financial Position Information	41-44
Community Consolidating Statement of Operations and Changes in Net Assets Without Donor Restrictions Information	45-48
Consolidating Statement of Financial Position Information - Covenant Living Services	49-52
Consolidating Statement of Operations and Changes in Net Assets Without Donor Restrictions Information - Covenant Living Services	53-56
Note to Consolidating Statement of Financial Position and Consolidating Statement of Operations and Changes in Net Assets Without Donor Restrictions Information as of and for the Year Ended September 30, 2024	57

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Independent Auditor's Report

To the Covenant Living Board
Covenant Living Communities and Services

Opinion

We have audited the consolidated financial statements of Covenant Living Communities and Services (an affiliate of The Evangelical Covenant Church (see Note 2)), which comprise the consolidated statement of financial position as of September 30, 2024 and 2023 and the related consolidated statements of operations and changes in net assets without donor restrictions, 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 financial position of Covenant Living Communities and Services as of September 30, 2024 and 2023 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of Covenant Living Communities and Services and to meet our 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 accounting principles generally accepted in the United States of America 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 Covenant Living Communities and Services' ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits 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 auditor's 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 audits 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.

To the Covenant Living Board
Covenant Living Communities and Services

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Covenant Living Communities and Services' 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 Covenant Living Communities and Services' 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

January 16, 2025

Consolidated Statement of Financial Position

September 30, 2024 and 2023
(in thousands)

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	$ 48,386	$ 67,830
Restricted cash	6,462	6,262
Assets whose use is limited, including interest in investment pool: (Notes 3, 5, 8 and 10)		
Board designated	97,060	95,011
Restricted under debt agreements	12,936	12,584
Accounts receivable - Net	28,850	23,471
Prepaid expenses and other assets	8,438	6,788
Total current assets	202,132	211,946
Property and Equipment - Net (Notes 7, 10 and 12)	885,581	777,593
Other Assets (Notes 6 and 13)	42,214	39,539
Interest in Irrevocable Trusts (Notes 3 and 16)	7,140	3,560
Goodwill - Net (Note 2)	83,392	66,477
Assets Whose Use is Limited, including Interest in Investment Pool (Notes 3, 5, 8 and 10)		
Board designated	314,671	254,470
Restricted under state and debt agreements	86,779	103,803
Endowment	9,958	8,619
Total assets whose use is limited, including interest in investment pool	411,408	366,892
Total assets	**$ 1,631,867**	**$ 1,466,007**

Consolidated Statement of Financial Position (Continued)

September 30, 2024 and 2023
(in thousands)

	2024	2023
Liabilities and Net Assets		
Current Liabilities		
Accounts payable - Trade	$ 18,630	$ 19,211
Accounts payable - Contractors (Note 12)	3,853	1,786
Accrued salaries and wages	17,764	15,603
Accrued interest	6,925	6,890
Advanced deposits	5,157	3,670
Current maturities of long-term debt (Note 10)	15,965	14,995
Deferred revenue subject to refund (Note 2)	144,208	130,774
Refundable contract liabilities (Note 2)	196,511	188,042
Other current liabilities (Notes 2, 10 and 15)	42,835	44,025
Total current liabilities	451,848	424,996
Long-term Debt - Less current maturities (Note 10)	585,102	556,271
Other Liabilities (Notes 2, 10 and 11)	108,308	71,756
Deferred Revenue from Entrance Fees (Note 2)	310,808	280,620
Total liabilities	1,456,066	1,333,643
Net Assets		
Without donor restrictions	151,587	111,317
With donor restrictions	24,214	21,047
Total net assets	175,801	132,364
Total liabilities and net assets	**$ 1,631,867**	**$ 1,466,007**

Covenant Living Communities and Services

Consolidated Statement of Operations and Changes in Net Assets without Donor Restrictions

Years Ended September 30, 2024 and 2023
(in thousands)

	2024	2023
Operating Revenue		
Routine resident services	$ 323,123	$ 304,398
Ancillary services	49,891	47,419
Amortization of deferred entrance fees	58,770	58,797
Net assets released from restrictions for operations	6,243	3,910
Other	11,093	14,214
Total operating revenue	449,120	428,738
Expenses		
Routine nursing services	101,502	96,279
Ancillary services	20,298	19,573
Resident benefits	19,875	18,581
Dietary	57,957	53,164
Laundry	2,162	2,429
Housekeeping	13,474	12,505
Maintenance	26,406	23,975
Utilities	18,029	17,117
Administrative and general	77,081	69,279
Interest (Note 10)	23,245	19,842
Property taxes	5,534	5,435
Insurance	11,533	7,364
Marketing and promotion	19,858	17,435
Depreciation	70,013	64,633
Amortization	580	455
Other	661	1,690
Total expenses (Note 19)	468,208	429,756
Operating Loss	(19,088)	(1,018)
Nonoperating Revenue (Expense)		
Gifts and bequests - Net of related expenses (Note 19)	1,281	(840)
Net assets released from restrictions - Distributions from trusts	40	-
Gain on extinguishment of debt	920	701
Other nonoperating expense - Net	(13,718)	(2,978)
Interest and dividend income	10,858	7,706
Realized gains on fixed-income and equity securities - Net	1,769	3,693
Unrealized gains on fixed-income and equity securities - Net	18,937	4,620
Alternative investment income - Including net unrealized and realized gains	38,974	24,815
Unrealized (losses) gains on derivative instruments (Note 11)	(1,078)	125
Interest income on interest rate swaps (Notes 11 and 19)	787	517
Total nonoperating revenue	58,770	38,359
Income	39,682	37,341
Net Assets Released from Restrictions for Capital Purchases	588	249
Increase in Net Assets without Donor Restrictions	**$ 40,270**	**$ 37,590**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

Years Ended September 30, 2024 and 2023
(in thousands)

	2024	2023
Net Assets without Donor Restrictions		
Income	$ 39,682	$ 37,341
Net assets released from restrictions for capital purchases	588	249
Increase in net assets without donor restrictions	40,270	37,590
Net Assets with Donor Restrictions		
Contributions	8,117	4,911
Net assets released from restrictions for capital purchases	(588)	(249)
Net assets released from restrictions for operations	(6,243)	(3,910)
Net additions - Present value of new trusts received (Note 16)	311	130
Net assets released from restrictions - Distributions from trusts - Net	(40)	-
Change in present value discount	249	124
Net gain on perpetual trusts	1,361	522
Increase in net assets with donor restrictions	3,167	1,528
Increase in Net Assets	43,437	39,118
Net Assets - Beginning of year	132,364	93,246
Net Assets - End of year	**$ 175,801**	**$ 132,364**

Consolidated Statement of Cash Flows

Years Ended September 30, 2024 and 2023
(in thousands)

	2024	2023
Cash Flows from Operating Activities		
Increase in net assets	$ 43,437	$ 39,118
Adjustments to reconcile increase in net assets to net cash, cash equivalents, and restricted cash from operating activities:		
Amortization of deferred entrance fees	(58,770)	(58,797)
Depreciation	70,013	64,633
Amortization	580	455
Credit loss expense	2,584	2,031
Amortization of goodwill	10,820	10,081
Original issue discount amortization	(712)	(730)
Gain on extinguishment of debt	(920)	(701)
Unrealized losses (gains) on derivative instruments	1,078	(125)
Loss on disposal of property and equipment	2,191	214
Net realized and unrealized gains on assets whose use is limited	(59,681)	(33,128)
Other changes in irrevocable trusts - Net	812	(1,250)
Net withdrawals from irrevocable trusts	(4,392)	571
Nonrefundable entrance fees collected	89,776	88,055
Nonrefundable entrance fees refunded	(8,391)	(7,949)
Change in future service obligation	76	(7,537)
Changes in operating assets and liabilities that provided (used) cash, cash equivalents, and restricted cash:		
Accounts receivable	99	(3,115)
Other assets	(4,945)	(3,396)
Accounts payable	(1,787)	(2,236)
Accrued and other current liabilities	5,733	3,860
Other liabilities	1,977	660
Net cash, cash equivalents, and restricted cash provided by operating activities	89,578	90,714
Cash Flows from Investing Activities		
Property and equipment expenditures	(98,391)	(70,384)
Net cash paid for the business combination - Shannondale	(50,570)	-
Net change in assets whose use is limited, including interest in investment pool	12,765	23,285
Net change in related party balances	242	(109)
Net cash, cash equivalents, and restricted cash used in investing activities	(135,954)	(47,208)
Cash Flows from Financing Activities		
Proceeds from borrowings	53,575	-
Payment of financing costs	(756)	-
Payment of debt	(15,466)	(14,992)
Refundable entrance fees collected	29,164	25,849
Refundable entrance fees refunded	(32,150)	(29,884)
Early buyback of Three Crowns Park bonds	(7,490)	(9,100)
Net payments on line of credit	-	(4,000)
Net cash, cash equivalents, and restricted cash provided by (used in) financing activities	26,877	(32,127)
Net (Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash	(19,499)	11,379
Cash, Cash Equivalents, and Restricted Cash - Beginning of year	72,190	60,811
Cash, Cash Equivalents, and Restricted Cash - End of year	**$ 52,691**	**$ 72,190**
Classification of Cash, Cash Equivalents, and Restricted Cash		
Cash and cash equivalents	$ 48,386	$ 67,830
Restricted cash (excluding entrance fees held in escrow and grant funds)	4,305	4,360
Total cash, cash equivalents, and restricted cash	**$ 52,691**	**$ 72,190**
Supplemental Cash Flow Information - Interest paid, including net interest received on derivatives	$ 24,605	$ 25,224

See notes to consolidated financial statements.

Note 1 - Mission Statement

As a ministry of The Evangelical Covenant Church, Covenant Living Communities and Services celebrates God's gift of life in Christian community. We follow the Great Commandment to love and serve God and one another, as taught by Jesus Christ. That compels us to affirm the dignity of each person and to pursue excellence and financial integrity in all that we do.

As we provide a broad range of resources, services, and programs to enhance individual and community wellness, we collaborate with residents and families to achieve the best possible results. While seeking to foster independence, we respond to each individual's evolving needs in order to provide the security that assures peace of mind.

Note 2 - Summary of Significant Accounting Policies

Basis of Consolidation

Covenant Living Communities and Services, an Illinois not-for-profit corporation, and its consolidated facilities (together, the "Communities") are responsible for operating retirement, assisted living, and skilled care facilities and home and community-based services. Covenant Living Communities and Services is affiliated with Covenant Ministries of Benevolence (CMB) and is administered by the Board of Benevolence of The Evangelical Covenant Church (the "Board of Benevolence"), and the consolidated facilities operate as wholly owned subsidiaries of Covenant Living Communities and Services.

The consolidated financial statements include the accounts of Covenant Living Communities and Services and the following entities for which it is the sole corporate member: Covenant Living of Florida, Inc.; Covenant Living of the Great Lakes; Covenant Living of Cromwell, Inc.; Covenant Living of Golden Valley; Covenant Home (Illinois) dba Covenant Living of Northbrook; Covenant Living at the Holmstad; Covenant Health Care Center, Inc. dba Axelson Assisted Living; Brandel Health and Rehab; Michealson Health Center; Harry J. Ekstam Assisted Living Residence NFP; Covenant Home of Chicago; Covenant Living of Colorado, Inc.; Covenant Living at Windsor Park; Covenant Living West dba Covenant Living at the Samarkand; Covenant Living of Turlock; Brandel Manor; Covenant Living at Mount Miguel; and Covenant Living at the Shores.

The consolidated financial statements also include the accounts of Covenant Living Services and its wholly owned subsidiaries: Covenant Holdings One, LLC; Covenant Living Holdings Three, Inc.; Covenant Living of Geneva; Covenant Home Services dba CovenantCare Home Health and Hospice; Covenant Living of Bixby, Inc; Tulsa Hills Community, Inc. dba Covenant Living at Inverness; Covenant Housing Corporation; Three Crowns Foundation; Three Crowns Park; Covenant Living of Keene; and Covenant Living at Shannondale. Covenant Living Communities and Services is the sole corporate member of Covenant Living Services. All significant interfacility transactions and balances have been eliminated in the consolidated financial statements.

Effective June 25, 2024, Covenant Living Services and Covenant Living Communities and Services entered into an affiliation agreement with Presbyterian Homes of Tennessee, Inc. (Presbyterian TN), which made Covenant Living Services the sole corporate member of Presbyterian TN and changed the name of Presbyterian TN to Covenant Living at Shannondale. As described further in Note 21, the affiliation agreement transaction was accounted for as a business combination by Covenant Living Services.

Covenant Living Communities and Services is the sole shareholder of Covenant International Insurance Company, Ltd. (CIIC).

Basis of Presentation

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as codified in the Accounting Standards Codification.

Note 2 - Summary of Significant Accounting Policies (Continued)

In the consolidated financial statements, the Communities recognize the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing consolidated financial statements. The Communities do not record transactions related to subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position and arose after the consolidated statement of financial position date but before consolidated financial statements are issued; however, such events may be required to be recognized as a disclosure. For these purposes, the Communities have evaluated events occurring subsequent to the consolidated statement of financial position date through January 17, 2025, the date the consolidated financial statements were issued. The Communities have not evaluated events occurring after January 17, 2025 in the consolidated financial statements.

Industry

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation and regulatory actions unknown and unasserted at this time. Recently, federal government activity has increased with respect to investigations and allegations concerning possible violations of regulations by health care providers, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenue from patient services. Management believes that the Communities are in substantial compliance with current laws and regulations. Revenue from the Medicare and Medicaid programs accounted for approximately 26 and 29 percent of the Communities' combined routine resident and ancillary services revenue for the years ended September 30, 2024 and 2023, respectively.

The Communities are at times subject to pending or threatened legal actions, which arise in the normal course of its activities. The Communities are insured against professional and general liability when a claim is made against the Communities. The Communities are not aware of any claims, either asserted or unasserted, that would exceed the policy limits. The cost of this insurance policy represents the Communities' cost for such claims for the year and it has been charged to operations as a current expense.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents consist principally of bank money market demand deposits with maturities of three months or less at the date of purchase.

The Communities have cash on deposit with financial institutions that at times may be in excess of federally insured limits. The Communities evaluate the financial institutions with which they deposit funds; however, it is not practical to insure all cash deposits.

Note 2 - Summary of Significant Accounting Policies (Continued)

Restricted Cash

Restricted cash consists principally of deposits received for entrance fees that are required by state law to be held in escrow accounts and grant funds restricted for specific use based on the grant agreement.

Assets Whose Use is Limited, Including Interest in Investment Pool

Assets whose use is limited are recorded at fair value. See Note 3 for more information regarding the methods used to estimate fair value. See Note 5 for details regarding the composition of assets whose use is limited.

Board-designated assets are invested in a combined investment fund that aggregates investments of all of the Board of Benevolence's institutions. While these funds are held and invested by CMB, the Communities retain the benefits of ownership of their proportional interest in the combined investment fund. This ownership interest in the combined investment fund is reported as assets whose use is limited - board designated, which is an interest in investment pool in the accompanying consolidated financial statements (see Note 5).

The Communities recognize their interest in the combined investment fund equal to the amounts contributed, less amounts withdrawn, and adjust the balance for their share of the changes in the fair values of the underlying investments in the combined investment fund. Realized gains and losses from sales of investments and unrealized gains and losses on investments are determined using the average cost method. Interest, dividends, realized gains and losses, and unrealized gains and losses are recorded as nonoperating revenue.

The Communities' investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the consolidated statement of financial position and the consolidated statement of operations and changes in net assets without donor restrictions.

Accounts Receivable

Accounts receivable from residents, insurance companies, and governmental agencies are based on the amount that reflects the consideration to which the Communities expect to be entitled in exchange for services provided. An allowance for credit losses is established on an aggregate basis by using historical and future-looking factors. Loss rate factors are based on historical loss experience and adjusted for economic conditions, forecasted losses, and other trends affecting the Communities' ability to collect outstanding amounts. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. The allowance for credit losses totaled $3,528 and $1,968 at September 30, 2024 and 2023, respectively. The opening accounts receivable balance at October 1, 2022 was $22,089.

Overpayments from third-party payors on residents' accounts receivable balances have been included in other current liabilities on the consolidated statement of financial position.

The Communities provide services without collateral to their residents, most of whom are local residents and are insured under third-party agreements. The mix of receivables from residents and third-party payors as of September 30, 2024 was 39 percent from private payors, 48 percent from Medicare, and 13 percent from Medicaid. The mix of receivables from residents and third-party payors as of September 30, 2023 was 29 percent from private payors, 48 percent from Medicare, and 23 percent from Medicaid.

(in thousands)

Note 2 - Summary of Significant Accounting Policies (Continued)

Derivative Instruments

All derivative instruments, specifically interest rate swaps, are recorded on the consolidated statement of financial position at their fair value. The Communities use interest rate swaps to reduce volatility in cash flow arising from their variable-rate borrowings. Management did not elect hedge accounting. Therefore, the change in the fair value of derivative instruments is reflected in nonoperating revenue (expense) in the accompanying consolidated statement of operations and changes in net assets without donor restrictions (see Note 11).

Benevolent Care Fund

The Communities have adopted a policy requiring amounts received from unrestricted wills and bequests through Covenant Estate Planning Services, net of assessments for Covenant Estate Planning Services' operating expenses, to be placed into the benevolent care fund (a component of board-designated assets whose use is limited). The earnings from the benevolent care fund are used to offset charity care costs (see Notes 4 and 5).

Unamortized Debt Expense

Underwriting fees and expenses related to the procurement of debt are deferred and amortized straight-line over the life of the related long-term debt. These costs are recorded as a reduction in the recorded balance of outstanding long-term debt. In years prior to October 1, 2023 and in conjunction with the issuance of long-term debt (see Note 10), the Communities incurred $7,949 of debt issuance costs. During the year ended September 30, 2024, the Communities incurred $756 of debt issuance costs. Unamortized debt expense is shown net of accumulated amortization of $2,322 and $1,868 at September 30, 2024 and 2023, respectively.

Property and Equipment

Property and equipment acquired through business combination are recorded at fair value on the date of acquisition. All other property and equipment are recorded at cost or fair value if contributed and depreciated using the straight-line method over the expected useful lives of the assets, which are as follows:

	Years
Land improvements	5-20
Buildings and improvements	10-50
Furniture and equipment	3-20

Long-lived Assets

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable.

Advance Deposits

These amounts are deposits made by prospective residents of the Communities. Upon entrance to a community, the deposit is applied toward the resident's entrance fee. If the prospect does not become a resident, the deposit, less a service charge, is refunded. Advance deposits are recorded as a current liability.

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Routine Resident and Ancillary Service Revenue

Service revenue consists of monthly rental and routine board and care service income as earned under resident contracts. Resident care service revenue is reported at the amount that reflects the consideration to which the Communities expect to be entitled in exchange for services provided. The majority of the Communities' health care services represent a bundle of services that are not capable of being distinct and, as such, are treated as a single performance obligation satisfied over time as services are rendered. The Communities have concluded that each day that a resident receives services represents a separate contract and performance obligation based on the fact that residents have unilateral rights to terminate the contract after each day with no penalty or compensation due. The Communities also provide certain ancillary services that are not included in the bundle of services and, as such, are treated as separate performance obligations satisfied over time as the services are rendered. The Communities determine the transaction price based on contractually agreed-upon amounts or rates.

The Communities recognize revenue under these resident agreements based upon the predominant component, either the lease or nonlease component, of the contracts rather than allocating the consideration and separately accounting for it. The nonlease component consists of the stand-ready obligation to provide care, daily meals, and daily health services. The Communities have concluded that the nonlease components of the contracts with respect to their senior living communities are the predominant component of the agreements; therefore, the Communities recognize revenue for these resident agreements under Accounting Standards Codification (ASC) 606.

Entrance Fees

In addition to monthly service fees, entrance fees are one-time payments made by residents of the Communities entitling them admission to and use of the Communities' facilities.

Entrance fees contracts generally contain two payment streams: the entrance fee and the monthly fees. Both the entrance fee and monthly fees are specified in the contract with the resident. The entrance fee is a fixed amount paid at the time the contract is signed and the resident takes occupancy.

Refundable entrance fees are those entrance fees that are guaranteed to be refunded, regardless of when the contract is terminated. The refundable portion of entrance fees is not included in the transaction price, as the Communities expect to refund those amounts to residents. Nonrefundable entrance fees are those entrance fees that are either nonrefundable at contract inception or are refundable on a decreasing basis for a fixed period of time, at which point the entrance fees become nonrefundable and would be considered part of the transaction price.

The nonrefundable portion of the entrance fee represents a right to the resident to access future services. This right is deemed to be the Communities' performance obligation. Nonrefundable entrance fees totaled $310,808 and $280,620 at September 30, 2024 and 2023, respectively; are recorded as deferred revenue; and are amortized into income over the actuarial life of each resident. The opening nonrefundable entrance fees balance at October 1, 2022 was $272,029.

Under the terms of most residents' agreements, a pro rata refund of a resident's entrance fee will be made in the event the resident leaves a community within the first 50 or 60 months of residency. Deferred entrance fees subject to the above refund provisions totaled $144,208 and $130,774 at September 30, 2024 and 2023, respectively.

The Communities also offer 90 percent; 75 percent; or, on a limited basis, 50 percent refundable contracts (approximately 13 percent of contract residents have chosen these three options).

Note 2 - Summary of Significant Accounting Policies (Continued)

Certain communities offer resident agreements that are life-care agreements that include a 50, 55, or 90 percent refund of the entrance fee (payable at the date of resale of the apartment) to the resident's estate. The nonrefundable portion is recognized as income ratably over the estimated remaining life expectancy of each resident, which is evaluated annually. The refundable portion is not amortized.

Included in refundable contract liabilities, other current liabilities, and other long-term liabilities on the consolidated statement of financial position are $289,324 and $253,011 of refundable entrance fees at September 30, 2024 and 2023, respectively.

Entrance fee refunds under all programs were $40,541 and $37,833 for the years ended September 30, 2024 and 2023, respectively. Although a portion of refundable contract liabilities and deferred revenue is classified as current liabilities, the likelihood of actual payment of these total liabilities within one year is remote based on the Communities' experience.

Obligation to Provide Future Services

Annually, the Communities actuarially calculate the present value of the net cost of future services and use of facilities to be provided to current residents and compare that amount to the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and use of facilities were to exceed the deferred revenue from entrance fees, a liability (obligation to provide future services) would be recorded with the corresponding charge to income. At September 30, 2024 and 2023, the present value of the net cost of future services and the use of facilities was greater than deferred revenue from nonrefundable entrance fees, and, accordingly, a future services obligation of $4,182 and $4,106 for the years ended September 30, 2024 and 2023, respectively, has been recognized in the accompanying consolidated statement of financial position within other liabilities. The obligation was discounted at 5 percent.

Charity Care

Under the terms of the residents' agreements, the Communities are not required to maintain those residents who are unable to pay their entire monthly maintenance charges; however, as a matter of policy, such residents generally have remained in the facility. Normal charges for these services are not recorded as revenue in the consolidated statement of operations and changes in net assets without donor restrictions. Funds to support these residents are derived primarily from contributions, public aid, and earnings from the benevolent care fund (see Note 4).

Contributions

Contributions are reported at fair value at the date of the contribution. Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as cost.

Government grants are accounted for as conditional contributions, being nonexchange in nature. These grants are reported within other operating revenue on the consolidated statement of operations and changes in net assets without donor restrictions and are recognized as revenue as certain conditions are met.

Donor-restricted contributions whose restrictions are met in the year in which the gift is received are reported as contributions without donor restrictions in the accompanying consolidated financial statements.

Classification of Net Assets

Net assets of the Communities are classified based on the presence or absence of donor-imposed restrictions.

Note 2 - Summary of Significant Accounting Policies (Continued)

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Communities.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Communities or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law. Total net assets with donor restrictions at September 30, 2024 and 2023 of $24,214 and $21,047, respectively, include $7,140 and $3,560, respectively, of irrevocable trusts, which are not available for use until assets are distributed from the trusts; $7,116 and $8,868, respectively, of contributions restricted for a particular purpose; and $9,958 and $8,619, respectively, of endowment net assets that have been restricted by donors to be maintained in perpetuity.

Income (Performance Indicator)

Income reports the results of operations of the entirety of the Communities. In addition to the income from resident care operations, income includes investment income, realized gains and losses on investments, unrealized gains and losses on investments, and other items. Changes in net assets without donor restrictions, which are excluded from income, consistent with industry practice, include permanent transfers of assets to and from affiliates for other than goods (net asset transfer to support benevolent care) and services and contributions of long-lived assets (including assets acquired using contributions, which, by donor restrictions, were to be used for the purpose of acquiring such assets).

Tax Status

The Communities qualify as tax-exempt organizations under Section 501(a) as organizations described in Section 501(c)(3) of the Internal Revenue Code. The Communities follow the accounting standards for contingencies in evaluating uncertain tax positions. The income tax returns are subject to review and examination by federal, state, and local authorities.

Covenant Living Holdings Three, Inc. is a for-profit wholly owned entity of Covenant Living Communities and Services. Income tax provisions are not material to the consolidated financial statements.

Functional Allocation of Expenses

The costs of providing the program and support services have been reported on a functional basis in Note 19. Costs are allocated between the various program and support services on an actual basis, where available, or based upon reasonable methods. Expenses that are allocated include depreciation and amortization, interest, and insurance, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Goodwill

The recorded amounts of goodwill from business combinations are based on management's best estimates of the fair values of assets acquired and liabilities assumed at the date of acquisition.

Note 2 - Summary of Significant Accounting Policies (Continued)

The Communities have elected to apply the private company accounting alternative for goodwill developed by the Private Company Council. Under the accounting alternative, goodwill is amortized on a straight-line basis over a 10-year period. Two reporting units, Tulsa Hills Community, Inc. dba Covenant Living at Inverness and Three Crowns Park, had goodwill at September 30, 2023 and Covenant Living at Shannondale's business combination resulted in goodwill totaling $27,735 during the year ended September 30, 2024 (see Note 21). The allocated goodwill to Covenant Living at Shannondale is reported net of accumulated amortization of $740 at September 30, 2024. The allocated goodwill to Covenant Living at Inverness at September 30, 2024 and 2023 is $66,559, reported net of accumulated amortization of $33,279 and $26,623, respectively. The allocated goodwill to Three Crowns Park at September 30, 2024 and 2023 is $34,247, reported net of accumulated amortization of $11,130 and $7,706, respectively. Amortization expense for all reporting units' goodwill for the years ended September 30, 2024 and 2023 is $10,820 and $10,081, respectively, reported within other nonoperating expense.

Additionally, goodwill is assessed for potential impairment if events occur or circumstances change that indicate the fair value of the Communities' reporting unit may be less than its carrying value. The Communities have elected to test goodwill for impairment at the reporting unit level.

New Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The ASU includes changes to the accounting and measurement of financial assets, including the Communities' accounts receivable, by requiring the Communities to recognize an allowance for all expected losses over the life of the financial asset at origination. This is different from the previous practice where an allowance is not recognized until the losses are considered probable. The new guidance became effective for the Communities' year ended September 30, 2024. The ASU was applied using a modified retrospective transition method as of October 1, 2023 and did not have a significant impact on the financial statements.

Note 3 - Fair Value Measurements

In determining fair value, the Communities use various valuation approaches. ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value measurement framework, provides a single definition of fair value, and requires expanded disclosure summarizing fair value measurements. ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing an asset or a liability.

ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable input be used when available. Observable inputs are inputs that the market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Communities. Unobservable inputs are inputs that reflect the Communities' assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available under the circumstances.

The hierarchy is measured in the following three levels based on the reliability of inputs:

Level 1

Valuations are based on quoted prices in active markets for identical assets or liabilities that the Communities have the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments.

Note 3 - Fair Value Measurements (Continued)

Level 2

Valuations are not based on quoted prices for identical assets or liabilities but rather are based on significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.). Fair values are primarily obtained from third party pricing services for comparable assets or liabilities.

Level 3

Valuations are derived from other valuation methodologies and incorporate certain assumptions and projections that are not observable in the market and significant professional judgment in determining the fair value assigned to such assets or liabilities.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Communities' assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Fair Value of Financial Instruments Carried at Fair Value

The following are categories of assets measured at fair value on a recurring basis during the years ended September 30, 2024 and 2023 using unadjusted quoted prices in active markets for identical assets (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3).

The Communities' interest in the investment pool is valued on a recurring basis and is a direct interest in the investment pool, valued using Level 3 inputs of the valuation hierarchy. Management's estimate of the value of their interest in the investment pool held and invested by Covenant Ministries of Benevolence is based on information provided by CMB, which is based on the Community's allocation of ownership in the pool and the value of the underlying investments included in the pool. For the year ended September 30, 2024, there were no deposits and total allocated pooled earnings of $63,462. For the year ended September 30, 2023, there were no deposits and total allocated pooled earnings of $10,477.

(in thousands)

Note 3 - Fair Value Measurements (Continued)

The following tables present information about the Communities's assets and liabilities measured at fair value on a recurring basis at September 30, 2024 and 2023 and the valuation techniques used by the Communities to determine those fair values:

	Assets and Liabilities Measured at Fair Value on a Recurring Basis at September 30, 2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2024
Assets				
Interest in investment pool	$ -	$ -	$ 410,132	$ 410,132
Other - Short-term investments	8,383	-	-	8,383
Covenant trust endowment - Equity investment funds (Note 16)	-	3,174	-	3,174
Restricted under state and debt agreements:				
Short-term investments	22,735	-	-	22,735
Fixed-income securities	-	76,980	-	76,980
Total restricted under state and debt agreements	22,735	76,980	-	99,715
Other investments:				
Short-term investments	144	-	-	144
Equity securities	2,046	-	-	2,046
Fixed-income securities	-	2,947	-	2,947
Assets held in perpetual trusts	-	-	550	550
Total other investments (Note 6)	2,190	2,947	550	5,687
Total	$ 33,308	$ 83,101	$ 410,682	$ 527,091
Investments held for insurance obligations:				
International equity	$ -	$ 4,731	$ -	$ 4,731
Fixed-income securities	-	18,465	-	18,465
Total (Note 6)	$ -	$ 23,196	$ -	$ 23,196
Interest in irrevocable trusts	$ -	$ -	$ 7,140	$ 7,140
Derivatives - Interest rate swaps (Note 11)	$ -	$ 199	$ -	$ 199
Liabilities - Derivatives - Interest rate swaps (Note 11)	$ -	$ 676	$ -	$ 676

(in thousands)

Note 3 - Fair Value Measurements (Continued)

	Assets and Liabilities Measured at Fair Value on a Recurring Basis at September 30, 2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2023
Assets				
Interest in investment pool	$ -	$ -	$ 346,670	$ 346,670
Other - Short-term investments	8,903	-	-	8,903
Covenant trust endowment - Equity investment funds (Note 16)	-	2,527	-	2,527
Restricted under state and debt agreements:				
Short-term investments	44,520	-	-	44,520
Fixed-income securities	-	71,867	-	71,867
Total restricted under state and debt agreements	44,520	71,867	-	116,387
Other investments:				
Short-term investments	80	-	-	80
Equity securities	1,655	-	-	1,655
Fixed-income securities	-	2,624	-	2,624
Assets held in perpetual trusts	-	-	468	468
Total other investments (Note 6)	1,735	2,624	468	4,827
Total	$ 55,158	$ 77,018	$ 347,138	$ 479,314
Investments held for insurance obligations:				
International equity	$ -	$ 4,164	$ -	$ 4,164
Fixed-income securities	-	16,454	-	16,454
Total (Note 6)	$ -	$ 20,618	$ -	$ 20,618
Interest in irrevocable trusts	$ -	$ -	$ 3,560	$ 3,560
Derivatives - Interest rate swap (Note 11)	$ -	$ 969	$ -	$ 969
Liabilities - Derivatives - Interest rate swaps (Note 11)	$ -	$ 356	$ -	$ 356

(in thousands)

Note 3 - Fair Value Measurements (Continued)

The interest in irrevocable trusts and perpetual trusts are categorized as Level 3 assets. The Communities estimate the fair value of these assets based upon the fair value of the underlying assets in the trusts, unless facts and circumstances indicate the fair value would be different from the present value of estimated future distributions. The fair value of the fixed-income securities, international equity securities, and interest rate swaps were determined primarily based on Level 2 inputs. The Level 2 inputs used in estimating the fair value of the fixed-income securities and international equity securities is based on stated interest rates and maturity dates. The Level 2 inputs used in estimating the fair value of the swap agreements includes the notional amounts, effective interest rates, and maturity dates.

See Note 5 for details regarding the composition of assets whose use is limited, including interest in investment pool.

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended September 30, 2024 and 2023 are as follows:

	Assets Measured on a Recurring Basis Using Significant Unobservable Inputs (Level 3)	
	Interest in Irrevocable Trusts	Assets Held in Perpetual Trusts
Beginning balance - October 1, 2023	$ 3,560	$ 468
Net deposits	3,100	13
Unrealized gains	480	69
Ending balance - September 30, 2024	$ 7,140	$ 550

	Assets Measured on a Recurring Basis Using Significant Unobservable Inputs (Level 3)	
	Interest in Irrevocable Trusts	Assets Held in Perpetual Trusts
Beginning balance - October 1, 2022	$ 2,881	$ 432
Net (withdrawals) deposits	(571)	11
Unrealized gains	1,250	25
Ending balance - September 30, 2023	$ 3,560	$ 468

Note 4 - Charity Care and Other Unreimbursed Care

Pursuant to their mission statement, as described in Note 1, the Communities provide free services to those residents who are unable to pay all or a portion of their charges and who meet certain eligibility criteria.

Records are maintained to identify and monitor the level of charity care provided. For the years ended September 30, 2024 and 2023, unreimbursed costs forgone for charity care were $5,009 and $4,650, respectively, and charitable gifts received to offset costs totaled $7,783 and $5,070, respectively. The Communities use a cost per resident day amount to determine unreimbursed costs.

(in thousands)

Note 4 - Charity Care and Other Unreimbursed Care (Continued)

In addition to charity care, the Communities provide care to residents under governmental programs that reimburse the Communities at rates less than their cost. The Communities provided partially reimbursed care for the years ended September 30, 2024 and 2023 as follows:

	2024	2023
Estimated cost of Medicaid services provided	$ 48,686	$ 58,779
Less government reimbursement	(29,966)	(35,739)
Unreimbursed care - Based on estimated cost	$ 18,720	$ 23,040

Note 5 - Assets Whose Use is Limited, Including Interest in Investment Pool

Assets whose use is limited, including interest in investment pool, include assets classified in the following three categories:

Board designated - Assets set aside by the board of directors (the "Board") for benevolent care, property replacement, reserve for refundable contracts, and certain current and future construction and capital projects over which the Board retains control and, at its direction, may subsequently use for other purposes.

Restricted under state and debt agreements - Assets held by bond trustees under the terms of the Master Indenture agreement, various bond trust indentures, and state laws for debt service reserves, certain construction projects, and operating expense escrow accounts.

Endowment - Assets restricted by donors in perpetuity as an endowment fund.

The uses of assets whose use is limited, including interest in investment pool, at September 30, 2024 and 2023 consisted of the following:

	2024	2023
Interest in investment pool:		
Board designated:		
Benevolent care fund	$ 110,742	$ 90,964
Capital reserve fund	42,277	18,950
Property replacement fund	115,187	103,887
Reserve for refundable contracts	105,621	101,520
Other	29,520	25,257
Total board designated	403,347	340,578
Endowment - Brandel Fund	6,784	6,092
Total interest in investment pool	410,131	346,670
Endowment - Covenant trust	3,174	2,527
Board-designated investments - Other	8,384	8,903
Restricted under state and debt agreements:		
Bond interest, sinking, and expense fund	12,936	12,584
Bond project fund	53,187	70,888
Debt service reserve fund	20,381	20,261
State-required reserves	13,211	12,654
Total restricted under state and debt agreements	99,715	116,387
Total	$ 521,404	$ 474,487

(in thousands)

Note 5 - Assets Whose Use is Limited, Including Interest in Investment Pool (Continued)

The components of assets whose use is limited, including the underlying assets within the interest in investment pool held by the Communities, at September 30, 2024 and 2023 consisted of the following:

	2024	2023
Equity securities:		
Board designated	$ 74,196	$ 53,091
Brandel endowment	1,232	935
Covenant trust endowment	3,174	2,527
Total equity securities	78,602	56,553
Fixed-income securities:		
Board designated	124,143	122,867
Restricted under state and debt agreements	76,986	71,867
Endowment	2,080	2,190
Total fixed-income securities	203,209	196,924
Alternative investments:		
Board designated:		
International equity	62,728	53,329
Hedge funds	36,087	32,915
Private equity	7,533	8,258
Mortgages	2,191	1,990
Domestic equity	95,246	67,264
Puts and calls	2,627	2,108
Endowment:		
International equity	1,055	954
Hedge funds	607	589
Private equity	127	148
Mortgages	37	36
Domestic equity	1,602	1,203
Puts and calls	44	37
Total alternative investments	209,884	168,831
Short-term investments:		
Board designated	6,980	7,659
Restricted under state and debt agreements	22,729	44,520
Total short-term investments	29,709	52,179
Total	$ 521,404	$ 474,487

(in thousands)

Note 6 - Other Assets

Other assets at September 30, 2024 and 2023 consisted of the following:

	2024	2023
Investment in real estate - Net	$ 8,851	$ 8,636
Investment held for insurance obligation by CIIC (Note 3)	23,196	20,618
Other	3,384	4,120
Due from Covenant Ministries of Benevolence (Note 13)	1,096	1,338
Other investments held by Three Crowns Foundation and Three Crowns Park (Note 3)	5,687	4,827
Total	$ 42,214	$ 39,539

Included in other assets is $23,196 and $20,618 of investments held by CIIC primarily for the purpose of funding insurance obligations as of September 30, 2024 and 2023, respectively (see Note 2).

Note 7 - Property and Equipment

Property and equipment at September 30, 2024 and 2023 consisted of the following:

	2024	2023
Land and land improvements	$ 80,778	$ 72,878
Buildings and improvements	1,158,572	1,062,558
Furniture and equipment	312,765	301,704
Construction in progress	76,372	43,498
Property and equipment - At cost	1,628,487	1,480,638
Less accumulated depreciation	742,906	703,045
Property and equipment - Net	$ 885,581	$ 777,593

Note 8 - Continuing Care Requirements

Under the provisions of various state regulations, the Communities are required to maintain escrow accounts to cover defined portions of debt service and annual operating expenses. Management believes the Communities were in compliance with all such state regulations at September 30, 2024 and 2023.

Note 9 - Line of Credit

Covenant Living Communities and Services has a secured bank line of credit with a maximum draw of $9,500 and has an interest rate of the Bloomberg Short-Term Bank Yield Index (BSBY) rate plus 1.05 percent. The line of credit is reduced by certain outstanding letters of credit, which totaled $6,479 and $3,996 at September 30, 2024 and 2023, respectively. The line has no compensating balance arrangement but requires a commitment fee equal to a rate of 0.15 percent per annum on the actual daily unused portion, payable quarterly. There were no draws on the line as of and for the years ended September 30, 2024 and 2023. The line of credit matures on June 1, 2025.

(in thousands)

Note 10 - Long-term Debt and Other Obligations

Long-term debt at September 30, 2024 and 2023 consisted of the following:

	2024	2023
Master Trust Indenture obligations of Covenant Living Communities and Services Obligated Group:		
Colorado Health Facilities Authority revenue refunding bonds, Series 2015A, due in 2036, interest at 1.0 percent - 5.0 percent	$ 70,910	$ 74,775
Colorado Health Facilities Authority revenue refunding bonds, Series 2015B, due in 2025, interest adjusted weekly, 5.02 percent and 5.10 percent at September 30, 2024 and 2023, respectively	1,265	2,535
Illinois Finance Authority revenue refunding direct placement bonds, Series 2017, due in 2029, interest rate adjusted weekly, 5.12 percent and 5.19 percent at September 30, 2024 and 2023, respectively	25,150	30,125
Colorado Health Facilities Authority revenue bonds, Series 2018A, due in 2048, interest at 5.0 percent	59,780	59,780
State of Connecticut Health and Educational Facilities Authority revenue bonds, Series 2018B, due in 2040, interest at 5.0 percent	41,160	42,470
Colorado Health Facilities Authority revenue bonds, Series 2020A, due in 2050, interest at 4.00 percent	82,250	82,250
Colorado Health Facilities Authority revenue bonds, Series 2020B, due in 2040, interest at 2.80 percent - 4.48 percent	157,500	159,140
2019 term loan, due in 2024, interest at 2.45 percent	42,580	43,805
2022 term loan, due in 2027, interest at 2.50 percent	40,000	40,000
2024 term loan, due in 2029, interest adjusted periodically, 4.96 percent at September 30, 2024	53,575	-
Master Trust Indenture obligations of Three Crowns Park:		
Three Crowns Park - Illinois Finance Authority revenue bonds Series 2013, due in 2040, interest at 5.25 percent	3,035	3,035
Three Crowns Park - Illinois Finance Authority revenue refunding bonds, Series 2017, due in 2047, interest at 3.25 percent - 5.25 percent	13,440	21,640
Total long-term debt	590,645	559,555
Less current maturities	(15,965)	(14,995)
Less unamortized debt issuance costs - Net of accumulated amortization	(6,382)	(6,081)
Plus unamortized original issue premium	16,804	17,792
Total long-term debt - Less current maturities	$ 585,102	$ 556,271

Master Trust Indenture Obligations

The Communities, excluding Covenant Living Services and its affiliates, are members of the obligated group, as defined (the "Obligated Group") under the Master Trust Indenture. As members, each community is jointly and severally liable for the repayment of the Master Trust Indenture bonds. The Master Trust Indenture obligations, totaling $574,170 at September 30, 2024, are secured by mortgages on substantially all real estate, personal property (equipment and fixtures), and accounts receivable of the Obligated Group. Members of the Obligated Group make monthly interest and principal deposits into bond interest and sinking funds controlled by the bond trustee. The Master Trust Indenture and related agreements require the maintenance of minimum debt service coverage and days cash on hand ratios, as defined; require the maintenance of minimum debt service reserve funds; and place restrictions on the incurrence of additional debt and disposal of assets. Management believes the Obligated Group was in compliance with these requirements at September 30, 2024.

Note 10 - Long-term Debt and Other Obligations (Continued)

All of the tax-exempt revenue bonds are subject to optional early redemption by the issuers prior to maturity at premiums of up to 2 percent for redemptions within stated time periods.

On October 31, 2019, Tulsa Hills Community, Inc., an entity of Covenant Living Services, acquired Inverness Village, a senior living community located in Tulsa, Oklahoma, through bankruptcy proceedings. Pursuant to the terms and conditions of an asset purchase agreement dated July 22, 2019 between Inverness Village and Tulsa Hills, the assets and liabilities were acquired for a purchase price of $41,000, funded through a $45,000 taxable term loan (the "2019 Term Loan"). The 2019 Term Loan was refunded on October 1, 2024 with a bank term loan (the "2025 Term Loan") in the amount of $42,580, which is held by Covenant Living Communities and Services. Payments on the 2025 Term Loan begin on October 1, 2025 and matures on October 1, 2031. The 2025 Term Loan has a variable interest rate of SOFR plus 1.15 percent, adjusting weekly.

On February 10, 2022, Covenant Living Services acquired Covenant Living of Keene, a senior living community located in Keene, New Hampshire, through bankruptcy proceedings. Pursuant to the terms and conditions of an asset purchase agreement dated August 17, 2021 between Hillside Village and Covenant Living Services, the assets and liabilities were acquired for a purchase price of $33,150, funded through a $40,000 taxable term loan (the "2022 Term Loan"). The 2022 Term Loan is held by Covenant Living Communities and Services. The 2022 Term Loan matures on February 10, 2027 and has a fixed interest rate of 2.50 percent per annum, with payments of interest only through February 1, 2025, at which time principal payments are due annually. All remaining unpaid principal and interest is due on the maturity date.

The weighted-average interest rate on all outstanding borrowings was approximately 4.2 percent and 4.3 percent at September 30, 2024 and 2023, respectively.

On July 1, 2021, Covenant Living Services, an entity of Covenant Living Communities and Services, entered into an affiliation agreement with Three Crowns Foundation and Three Crowns Park, a senior living community located in Evanston, Illinois, whereby Covenant Living Services became the sole corporate member of Three Crowns Foundation. Three Crowns Park continues to own and operate the community after the effective date of the affiliation agreement. Three Crowns Foundation remains the sole corporate member of Three Crowns Park, and Three Crowns Park remains the only member of the Three Crowns Park Obligated Group created under the Master Trust Indenture.

On April 25, 2013, Three Crowns Park issued $3,035 in revenue bonds through the Illinois Finance Authority (Series 2013). The bonds are secured by substantially all assets of TCP. The bonds are subject to mandatory sinking fund redemption of $1,400 due in February 2039, and the final balance is due at maturity in February 2040.

On July 25, 2017, Three Crowns Park issued $34,210 in refunding revenue bonds through the Illinois Finance Authority (Series 2017). The bonds are secured by substantially all assets of Three Crowns Park. The bonds are subject to mandatory sinking fund redemptions in varying installments prior to the final maturity dates ranging from 2018 to 2047. The bonds were sold at a premium of $1,106, which is being amortized as a reduction of interest expense over the life of the associated bond term using the effective interest method. As part of the affiliation, the fair market value of the Three Crowns Park bonds was based on the market price as of July 1, 2021. The estimated fair value of the bonds exceeded the value at acquisition, resulting in a fair value adjustment of $450, which is being amortized over the remaining bond term.

Under the terms of the bond agreement, Three Crowns Park is required to maintain certain financial covenants. At September 30, 2024, Three Crowns Park was in compliance with these financial covenants, as defined.

(in thousands)

Note 10 - Long-term Debt and Other Obligations (Continued)

On December 29, 2022, Three Crowns Park purchased $9,100 of the par amount of the previously issued and outstanding tax-exempt bonds designated as Illinois Finance Authority revenue refunding bonds, Series 2017. As a result of the bond buyback, Three Crowns Park recognized $701 as a gain on the debt extinguishment, which includes write-off of unamortized premium and fair value adjustment of $342 for the year ended September 30, 2023.

On November 17, 2023, Three Crowns Park executed a bond buyback purchase for $7,490 of the par amount of the previously issued and outstanding tax-exempt bonds designated as Illinois Finance Authority revenue refunding bonds, Series 2017. After the bond buyback, $14,150 of the Series 2017 bonds remain outstanding. As a result of the bond buyback, Three Crowns Park recognized $920 as a gain on the debt extinguishment, which includes write-off of unamortized premium and fair value adjustment of $276 for the year ended September 30, 2024.

On July 25, 2024, Covenant Living Services entered into an affiliation agreement whereby Covenant Living Services became the sole corporate member of Covenant Living at Shannondale (see Note 21). Pursuant to the terms of the affiliation agreement, the assets and liabilities were acquired for a purchase price of $52,792, funded through a $53,750 term loan (the "2024 Term Loan"). Covenant Living at Shannondale is not a member of the Obligated Group described above.

Total Long-term Debt

Contractual maturities of long-term debt, adjusted for terms of the 2025 Term Loan, which refunded the 2019 Term Loan and excluding original issue premium, for years subsequent to September 30, 2024 are as follows:

Years Ending September 30	Amount
2025	$ 15,965
2026	17,227
2027	54,716
2028	17,363
2029	67,448
Thereafter	417,926
Total	$ 590,645

The tax-exempt revenue bond indentures require certain funds to be held in accounts controlled by the bond trustees. The funds are primarily invested in fixed-income securities and cash and short-term investments. The total trustee-held funds, which are included in assets whose use is limited, including interest in investment pool as restricted under state and debt agreements at September 30, 2024 and 2023 are as follows:

	2024	2023
Fund:		
Bond interest, sinking, and expense fund	$ 12,936	$ 12,584
Debt service reserve fund	20,381	20,261
Bond project fund	53,187	70,888
Subtotal	86,504	103,733
Less amounts classified as current	(12,936)	(12,584)
Trustee-held funds - Noncurrent	$ 73,568	$ 91,149

(in thousands)

Note 10 - Long-term Debt and Other Obligations (Continued)

Other Obligations

Covenant Living of Geneva (Geneva) and Covenant Living of Bixby (Bixby) had a loan with the Huntington National Bank (Huntington) in the amount of $21,100 with an interest rate of the one-month Secured Overnight Financing Rate (SOFR) plus 175 basis points (the "Huntington Loan"). Monthly principal and interest payments were due beginning on March 1, 2020, with a final payment of all outstanding principal and accrued interest due on January 31, 2025. A swap was also entered into in connection with the Huntington Loan in order to fix net interest expense at a rate of 3.28 percent (see Note 11). Covenant Living Communities and Services fully guaranteed the loan and the swap. At September 30, 2024 and 2023, the balance was $19,069 and $19,540, respectively, and is recorded within other current liabilities and other liabilities within the accompanying consolidated statement of financial position.

On December 10, 2024, Geneva and Bixby entered into an Amended and Restated Term Note with a principal amount of $20,950 that amends the original Huntington Loan, extending the maturity date to December 10, 2031 and amending the interest rate to SOFR plus 115 basis points. A swap was also entered into in connection with the Amended and Restated Term Note, and Covenant Living Communities and Services fully guaranteed the loan and the swap.

Current maturities of other long-term debt obligations, adjusted for the Amended and Restated Term Note, for years subsequent to September 30, 2024 are as follows:

Years Ending September 30	Geneva and Bixby
2025	$ 410
2026	430
2027	450
2028	470
2029	495
Thereafter	16,814
Total	$ 19,069

(in thousands)

Note 11 - Derivative Instruments

The Communities entered into interest rate swap agreements to manage their debt structure and lessen interest rate risk. At September 30, 2024, the fair values aggregate to an asset of $199 and a liability of $676 and are recorded in other assets and other liabilities. At September 30, 2023, the fair values aggregate to an asset of $969 and a liability of $356 and are recorded in other assets and other liabilities. The objective of the swap agreements is to minimize the risks associated with financing activities by reducing the impact of changes in the interest rates on variable-rate debt. The swap agreements are contracts to exchange variable-rate payments for fixed-rate payments over the terms of the swap agreements without the exchange of the underlying notional amount. The notional amount of the swap agreements is used to measure the interest to be paid or received and does not represent the amount of exposure to credit loss. During the years ended September 30, 2024 and 2023, the Communities had the following interest rate swaps in effect:

Counterparty	Maturity Date	Rate Paid	Rate Received	Notional Amount	Market Value at September 30, 2024	Market Value at September 30, 2023
Wells Fargo Bank, N.A.	12/1/2034	3.59%	67% of 1M SOFR	$ 2,750	$ (15)	$ (353)
Wells Fargo Bank, N.A.	12/1/2025	3.49%	67% of 1M SOFR	10,105	(661)	(3)
The Huntington National Bank	1/31/2025	1.53%	100% of 1M SOFR	19,069	199	969

The Wells Fargo Bank, N.A. and the Huntington National Bank International Swaps and Dealers Association, Inc. (ISDA) contain an additional termination event. If the long-term unsecured, unenhanced senior debt rating falls below certain thresholds, it triggers an additional termination event. The Communities have three remedies available in lieu of termination, including collateral posting. No collateral was required to be posted at September 30, 2024 or 2023.

The net amount received from Wells Fargo Bank, N.A. and Huntington National Bank under the interest rate swap agreements during the year ended September 30, 2024 totaled $787. The income is recorded as interest income on interest rate swaps. The net amount paid to Wells Fargo Bank, N.A. and Huntington National Bank under the interest rate swap agreements during the year ended September 30, 2023 totaled $(517). The expense is recorded as interest expense on interest rate swaps.

The change in the fair market value of the swaps of a (loss) gain of $(1,078) and $125 is recorded as a component of nonoperating revenue (expense) in the consolidated statement of operations and changes in net assets without donor restrictions for the years ended September 30, 2024 and 2023, respectively.

Note 12 - Construction in Progress

The construction in progress balance of $76,372 and $43,498 at September 30, 2024 and 2023, respectively, relates to various projects across the Communities. All of the projects are for the purpose of improving or expanding resident facilities and are in accordance with Covenant Living Communities and Services' not-for-profit tax status. Sufficient funds to complete all projects are available from bond project funds and board-designated reserves. The Communities entered into construction commitments with a total contract price of $61,976, with a balance to finish of $43,177, which includes retainage at September 30, 2024.

Note 13 - Related Party Transactions

Included in assets whose use is limited, including interest in investment pool, classified as noncurrent at September 30, 2024 and 2023 is $1,300 and $1,268, respectively, of National Covenant Properties certificates of deposit. During the years ended September 30, 2024 and 2023, interest income earned on the National Covenant Properties certificates of deposit totaled $38 and $36, respectively.

(in thousands)

Note 13 - Related Party Transactions (Continued)

On July 31, 2014, CMB sold its ownership in Emanuel Medical Center (EMC) to a third-party provider. On August 1, 2014, ownership of Brandel Manor-Cypress, a 145-bed skilled nursing facility, and Cypress, a 29-bed assisted living facility, transferred to CMB. While ownership of the facilities belongs to CMB, Covenant Living Communities and Services signed a lease agreement to lease the operations and management for both facilities. The initial lease term was 10 years with two optional 5-year extension periods and a $300 annual base rent. The lease expired in July 2024 and was not renewed. Operations of Brandel Manor-Cypress and Cypress ceased prior to expiration of the lease.

Included in other assets at September 30, 2024 and 2023 is $1,096 and $1,338, respectively, of amounts due from Covenant Ministries of Benevolence.

Included in administrative and general expense are management fees paid to Covenant Ministries of Benevolence of $484 and $565 for the years ended September 30, 2024 and 2023, respectively.

Certain costs, which relate to trust contributions are incurred by the Communities in connection with Covenant Estate Planning and Services of The Evangelical Covenant Church, which assists certain residents and nonresidents in managing assets, establishing trusts, and other related activities. There were no amounts paid for Covenant Estate Planning Services during the years ended September 30, 2024 and 2023.

Note 14 - Pension Plan

Certain full-time employees participate in The Evangelical Covenant Church Retirement Plan (the "Plan"). This multiemployer plan, administered by the Board of Benevolence, is noncontributory and provides defined benefits based on years of service and remuneration near retirement. Effective December 31, 2012, the Plan was frozen. Pension benefits will no longer accrue to employees for years of service subsequent to December 31, 2012. Beginning on January 1, 2013, the Communities began to match contributions to a defined contribution plan, based on eligibility, made by employees up to 3 percent of each employee's salary. The Communities recorded expense of $2,246 and $2,561 for the match for the years ended September 30, 2024 and 2023, respectively.

Pension expense, representing the Communities' required contribution to the Plan, was $1,000 and $500 for the years ended September 30, 2024 and 2023, respectively. The contributions made by the Communities represented more than 5 percent of the total contributions made to the Plan. To the extent the Plan is underfunded, future contributions to the Plan may increase.

The Evangelical Covenant Church Retirement Plan is not an Employee Retirement Income Security Act of 1974 plan and is not required to file Form 5500. The Plan's fiscal year is from January 1 to December 31.

Information regarding significant multiemployer pension benefit plans in which the Communities participate and total contributions made to all multiemployer plans is shown in the following table:

Pension Fund	FEIN	Total Contributions to the Plan for the Year Ended December 31, 2023	Total Contributions to the Plan for the Year Ended December 31, 2022
The Evangelical Covenant Church Retirement Plan	36-2167730	$ 511	$ 1,459

As of December 31, 2023, the fair value of the assets of the Plan was $268,302, and the actuarial present value of accumulated plan benefits was $264,872. As of December 31, 2022, the fair value of the assets was $254,781, and the actuarial present value of the accumulated plan benefits was $270,179.

Note 14 - Pension Plan (Continued)

On December 6, 2024, the Board of Benevolence voted to terminate the Plan, which will require a termination settlement payment of approximately $20,400 that the Communities will pay and expense during the year ended September 30, 2025.

Note 15 - Employee Medical Benefit Plan

The Communities sponsor a medical benefit plan available to full-time and eligible part-time employees and their dependents. The plan includes a $250 deductible per plan participant. The medical benefit expense is based on actual medical, dental, and prescription claims paid; administration fees; and the provision for unpaid and unreported claims at year end. At September 30, 2024 and 2023, the liability recorded for unpaid and unreported claims was $3,446 and $3,414, respectively, and is reported in other current liabilities. For the years ended September 30, 2024 and 2023, the medical benefit expense totaled $14,621 and $15,201, respectively.

Note 16 - Beneficial Interest in Gift Instruments

A source of funds to the Communities is in the form of bequests from The Evangelical Covenant Church members, residents of the Communities, and other parties. The Office of Covenant Estate Planning Services (CEPS) of The Evangelical Covenant Church maintains information as to the estimated values of certain of the Communities' share of trusts and other estate planning mechanisms used by donors. Estimates of value as to the underlying assets of the trusts or other arrangements rely on quoted market prices in the case of stocks and other equity and traded debt securities, appraisal values (where available) for real property, and other reasonable estimates made by the trustees for specific assets. The Communities have recorded their interest in irrevocable trusts as of September 30, 2024 and 2023 at fair value.

Revocable trusts and bequests may be revoked by the donor at any time and, therefore, have not been recorded in the accompanying consolidated financial statements. Proceeds from revocable trusts and bequests will be recorded when received. The ultimate realization of such trusts and bequests may be affected by investment income and appreciation or depreciation, morbidity, mortality, principal reductions, and other factors. Accordingly, the ultimate amounts that will be realized and their timing are not presently determinable.

Amounts related to irrevocable trusts for which the Communities are the named beneficiary but that allow the beneficiary to be changed to a different entity related to The Evangelical Covenant Church at the discretion of the grantor are not considered irrevocable for accounting purposes and, accordingly, are not included in interest in irrevocable trusts in the consolidated statement of financial position.

The Communities have recorded their interest in three endowment accounts funded by distributions from irrevocable trusts. The endowment accounts are managed by CEPS and are to be held in perpetuity. Income on the endowment funds is paid to the Communities quarterly and increases net assets with donor restrictions until the funds are spent for the designated purpose. The value of the endowment accounts at September 30, 2024 and 2023 totaled $3,174 and $2,527, respectively, and is recorded in assets whose use is limited and net assets with donor restrictions in the consolidated statement of financial position.

Note 17 - Revenue Recognition

A summary of the payment arrangements with major third-party payors is as follows:

Medicare - Services rendered to Medicare program beneficiaries are paid at prospectively determined rates based upon clinical assessments completed by each facility.

Note 17 - Revenue Recognition (Continued)

Medicaid - Services rendered to Medicaid program beneficiaries are paid at per diem rates prospectively determined by the respective states and are adjusted periodically for changes in resident acuity.

Insurance - Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined daily rates and discounts from established charges.

The payment methodology and amounts earned related to these programs are based on cost and clinical assessments that are subject to review and approval by Medicare and Medicaid. Any adjustment that is a result of this final review and approval will be recorded in the period in which the adjustment is made. In the opinion of management, adequate provision has been made for any adjustments that may result from such third-party review.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Management believes it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoings. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation. Noncompliance with such laws and regulations may result in significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Variable consideration may also exist in the form of settlements with third-party payors as a result of retroactive adjustments due to audits, reviews, or investigations. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Communities' historical settlement activity. The Communities have not applied a constraint to the transaction price for settlement estimates, as the Communities have determined that it is probable that a significant reversal in the amount of the cumulative revenue recognized would occur in the future.

The Communities make an initial and ongoing evaluation of a resident's creditworthiness or obtain third-party verification of payment coverage and, as such, consider the credit risks they assume and any billed amounts not expected to be collected from residents or third parties for services rendered to represent credit loss expense.

For contracts that have performance obligations with a duration of less than one year, the Communities have elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, are not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Communities have elected the practical expedient allowed under FASB ASC 606-10-32-18 and do not adjust the promised amount of consideration from residents and third-party payors for the effects of a significant financing component due to the Communities' expectation that the period between the time the resident services are provided to a resident and the time that the resident or a third-party payor pays for that service will be one year or less. The Communities do, in certain instances, enter into payment arrangements with residents that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

(in thousands)

Note 17 - Revenue Recognition (Continued)

The composition of routine resident and ancillary services by primary payor and by level of care for the years ended September 30, 2024 and 2023 is as follows:

	2024	2023
Payors:		
Private/Contract/Other	$ 276,413	$ 250,863
Medicare	65,682	63,533
Medicaid	30,919	37,421
Total	$ 373,014	$ 351,817
Level of care:		
Residential living	$ 156,122	$ 142,235
Assisted living	65,280	59,877
Skilled nursing	132,618	132,615
Home health	18,994	17,090
Total	$ 373,014	$ 351,817

Note 18 - Grant Revenue

Employee Retention Credit

The Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 introduced the Employee Retention Credit (ERC) as pandemic relief for eligible organizations. The ERC is a refundable credit against certain employment taxes and qualifies as a government grant. Under generally accepted accounting principles, government grants are recognized as revenue in the period in which an organization substantially overcomes all measurable barriers to be entitled to the funding. Management has determined that the measurable barriers that must be overcome for entitlement to the ERC funding are qualifying for the credit based on meeting the threshold for gross receipts decline in 2021 compared to 2019. Three Crowns Park determined these conditions were met and recognized $2,482 of ERC revenue within other operating revenue in the accompanying consolidated statement of operations and changes in net assets without donor restrictions for the year ended September 30, 2023.

Three Crowns Park's ERC claim is subject to review by the Internal Revenue Service (IRS) within the applicable statute of limitations. If a portion or all of the ERC is determined to be ineligible upon IRS review, Three Crowns Park would be required to return the ineligible portion on demand and could potentially be subject to penalties and interest on unpaid employment taxes.

(in thousands)

Note 19 - Functional Expenses

The Communities provide various services to their residents. Expenses related to providing these services for the years ended September 30, 2024 and 2023 are as follows:

	2024	2023
Program services:		
Salaries and benefits	$ 201,944	$ 180,938
Purchased services	38,802	41,961
Equipment and supplies	32,232	30,757
Depreciation and amortization	61,868	58,261
Interest	20,291	17,761
Insurance	10,067	6,592
Other	32,950	31,897
Total program services	398,154	368,167
Support services:		
Salaries and benefits	28,116	24,668
Purchased services	12,219	8,394
Equipment and supplies	1,960	1,993
Depreciation and amortization	8,725	6,827
Interest	2,954	2,081
Insurance	1,466	772
Other	14,433	16,590
Total support services	69,873	61,325
Fundraising:		
Salaries and benefits	2,387	2,276
Purchased services	58	23
Equipment and supplies	33	42
Other	1,348	1,353
Total fundraising	3,826	3,694
Total	$ 471,853	$ 433,186

The expenses above include $3,645 and $3,430 of gifts and bequests expenses, which are netted on the accompanying consolidated statement of operations and changes in net assets without donor restrictions within gifts and bequests - net of related expenses for the years ended September 30, 2024 and 2023, respectively.

Note 20 - Liquidity

The Communities' financial assets available within one year of September 30, 2024 and 2023 for general expenditure are as follows:

	2024	2023
Cash and cash equivalents	$ 48,386	$ 67,830
Accounts receivable - Net	28,850	23,471
Total	$ 77,236	$ 91,301

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated statement of financial position date.

Note 20 - Liquidity (Continued)

The Communities have a policy to structure their financial assets to be available as their general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Communities also have certain board-designated assets limited as to use, which, as described in Note 5, have been designated by the board of directors for future capital improvement and may, at its discretion, be made available for general expenditures within the next year. Additionally, the Communities maintain a $9,500 line of credit, as disclosed in Note 9, which could be drawn upon if necessary.

The Communities also realize there could be unanticipated liquidity needs.

Note 21 - Business Combinations

Shannondale

Effective June 25, 2024, Covenant Living Services and Covenant Living Communities and Services entered into an affiliation agreement with Presbyterian Homes of Tennessee, Inc., which made Covenant Living Services the sole corporate member of Presbyterian TN and changed the name of Presbyterian TN to Covenant Living at Shannondale. The affiliation agreement provides the addition of two communities to Covenant Living Services, one in Knoxville, Tennessee and one in Maryville, Tennessee (the "Shannondale Communities"). In aggregate, the Shannondale Communities consist of 337 independent living units, 84 assisted living units, and 44 skilled nursing beds on 94 acres of land. The primary reason for the acquisition was to expand services into Tennessee and to ultimately provide for greater efficiency and growth potential for the Shannondale Communities.

The total fair value of the assets at the date of the acquisition was $88,747, of which $81,800 was allocated to the property and equipment. The aggregate fair value of the assets acquired and liabilities assumed exceeded the fair value of the consideration transferred. As a result of the transaction, Covenant Living Services recognized goodwill of $27,735.

The amount of Covenant Living at Shannondale's revenue and decrease in net assets without donor restrictions included in the accompanying consolidated statement of operations and changes in net assets without donor restrictions for the year ended September 30, 2024 totaled $4,650 and $4,311, respectively.

On the acquisition date, Covenant Living Services used $52,792 of the proceeds from the 2024 Term Loan disclosed in Note 10 as cash consideration transferred to Presbyterian TN to pay in full the outstanding debt obligation of Presbyterian TN.

(in thousands)

Note 21 - Business Combinations (Continued)

The following table summarizes the acquisition-date fair values of the assets acquired and liabilities assumed:

Assets:	
Property and equipment	$ 81,800
Accounts receivable, prepaids, and other assets	4,725
Cash	2,222
Total assets	88,747
Liabilities assumed:	
Refundable resident deposits and refundable and nonrefundable entrance fees	(55,079)
Accounts payable and accrued liabilities	(8,611)
Total liabilities assumed	(63,690)
Total identifiable net assets	25,057
Goodwill	$ 27,735

Acquisition-related costs, which include legal, accounting, and valuation fees, were $4,150 and expensed in the accompanying consolidated statement of operations and changes in net assets without donor restrictions.

Additional Consolidating Information

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Independent Auditor's Report on Additional Consolidating Information

To the Covenant Living Board
Covenant Living Communities and Services

We have audited the consolidated financial statements of Covenant Living Communities and Services as of and for the year ended September 30, 2024 and have issued our report thereon dated January 16, 2025, which contained an unmodified opinion on the consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The additional consolidating information is presented for the purpose 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.

Plante & Moran, PLLC

January 16, 2025

Consolidating Statement of Financial Position Information

September 30, 2024
(In thousands)

Assets	Consolidated	Eliminations	Covenant Housing Corporation	Covenant Living Services	Obligated Group	Eliminations	Covenant Living Communities and Services	All Communities
Current Assets								
Cash and cash equivalents	$ 48,386	$ -	$ -	$ 11,494	$ 36,892	$ -	$ 36,354	$ 538
Restricted cash	6,462	-	-	583	5,879	-	4,237	1,642
Assets whose use is limited, including beneficial interest in investment pool:								
Board designated	97,060	-	-	-	97,060	-	5,600	91,460
Restricted under debt agreements	12,936	-	-	782	12,154	-	71	12,083
Accounts receivable - Net	28,850	1	-	10,142	18,707	-	574	18,133
Prepaid expenses and other assets	8,438	-	-	372	8,066	-	6,971	1,095
Total current assets	202,132	1	-	23,373	178,758	-	53,807	124,951
Property and Equipment - Net	885,581	-	-	260,769	624,812	-	17,563	607,249
Other Assets	42,214	(171,020)	-	6,484	206,750	-	199,014	7,736
Interest in Irrevocable Trusts	7,140	-	-	-	7,140	-	11	7,129
Goodwill - Net	83,392	-	-	83,392	-	-	-	-
Assets Whose Use is Limited, Including Beneficial Interest in Investment Pool								
Board designated	314,671	-	515	1,442	312,714	-	107,196	205,518
Restricted under state and debt agreements	86,779	-	-	4,582	82,197	-	3	82,194
Endowment	9,958	-	-	266	9,692	-	6,786	2,906
Total assets whose use is limited, including beneficial interest in investment pool	411,408	-	515	6,290	404,603	-	113,985	290,618
Total Assets	$ 1,631,867	$ (171,019)	$ 515	$ 380,308	$ 1,422,063	$ -	$ 384,380	$ 1,037,683

Consolidating Statement of Financial Position Information (Continued)

September 30, 2024
(In thousands)

Liabilities and Net Assets (Deficits)	Consolidated	Eliminations	Covenant Housing Corporation	Covenant Living Services	Obligated Group	Eliminations	Covenant Living Communities and Services	All Communities
Current Liabilities								
Accounts payable - Trade	$ 18,630	$ -	$ -	$ 416	$ 18,214	$ (1)	$ 14,603	$ 3,612
Accounts payable - Contractors	3,853	-	-	-	3,853	-	-	3,853
Accrued salaries and wages	17,764	-	-	(24)	17,788	-	17,788	-
Accrued interest	6,925	-	-	233	6,692	-	489	6,203
Advanced deposits	5,157	-	-	2,493	2,664	-	-	2,664
Current maturities of long-term debt	15,965	-	-	740	15,225	-	1,783	13,442
Deferred revenue subject to refund	144,208	-	-	23,307	120,901	-	-	120,901
Refundable contract liabilities	196,511	-	-	71,395	125,116	-	-	125,116
Other current liabilities	42,835	-	-	15,319	27,516	-	17,200	10,316
Total current liabilities	451,848	-	-	113,879	337,969	(1)	51,863	286,107
Long-term Debt - Less current maturities	585,102	-	-	16,075	569,027	-	136,464	432,563
Payable to (from) Covenant Instritutions								
Covenant Living Communities and Services - Notes and advances	-	(171,020)	1	171,055	(36)	3	70,797	(70,836)
Other Benevolent institutions- Notes and advances	-	-	-	-	-	-	-	-
Total payable to (from) Covenant institutions	-	(171,020)	1	171,055	(36)	3	70,797	(70,836)
Other Liabilities	108,308	-	-	80,867	27,441	(12)	6,372	21,081
Deferred Revenue from Entrance Fees	310,808	-	-	50,004	260,804	-	-	260,804
Total liabilities	1,456,066	(171,020)	1	431,880	1,195,205	(10)	265,496	929,719
Net Assets (Deficits)								
Without donor restrictions	151,587	1	514	(53,655)	204,727	10	110,425	94,292
With donor restrictions	24,214	-	-	2,083	22,131	-	8,459	13,672
Total net assets (deficits)	175,801	1	514	(51,572)	226,858	10	118,884	107,964
Total liabilities and net assets	$ 1,631,867	$ (171,019)	$ 515	$ 380,308	$ 1,422,063	$ -	$ 384,380	$ 1,037,683

Consolidating Statement of Operations and Changes in Net Assets Without Donor Restrictions Information

Year Ended September 30, 2024
(In thousands)

	Consolidated	Eliminations	Covenant Housing Corporation	Covenant Living Services	Obligated Group	Eliminations	Covenant Living Communities and Services	All Communities
Operating Revenue								
Routine resident services	$ 323,123	$ -	$ -	$ 55,317	$ 267,806	$ -	$ -	$ 267,806
Ancillary services	49,891	-	-	21,861	28,030	-	-	28,030
Amortization of deferred entrance fees	58,770	-	-	7,460	51,310	-	-	51,310
Net assets released from restrictions for operations	6,243	-	-	791	5,452	-	399	5,053
Other	11,093	(3,578)	-	5,497	9,174	-	2,271	6,903
Total operating revenue	449,120	(3,578)	-	90,926	361,772	-	2,670	359,102
Expenses								
Routine nursing services	101,502	-	-	23,457	78,045	-	1	78,044
Ancillary services	20,298	-	-	3,443	16,855	-	-	16,855
Resident benefits	19,875	-	-	3,373	16,502	-	-	16,502
Dietary	57,957	-	-	10,686	47,271	-	-	47,271
Laundry	2,162	-	-	125	2,037	-	-	2,037
Housekeeping	13,474	-	-	2,219	11,255	-	-	11,255
Maintenance	26,406	-	-	5,324	21,082	-	271	20,811
Utilities	18,029	-	-	3,099	14,930	-	108	14,822
Administrative and general	77,081	(1,880)	-	17,937	61,024	(7)	1,817	59,214
Interest	23,245	(3,932)	-	6,210	20,967	(7,973)	4,666	24,274
Property taxes	5,534	-	-	1,513	4,021	-	237	3,784
Insurance	11,533	-	-	1,501	10,032	-	1,780	8,252
Marketing and promotion	19,858	(1,698)	-	5,620	15,936	-	1,087	14,849
Depreciation	70,013	-	-	12,647	57,366	-	1,210	56,156
Amortization	580	-	-	161	419	-	237	182
Other	661	-	-	290	371	10	(1,126)	1,487
Total expenses	468,208	(7,510)	-	97,605	378,113	(7,970)	10,288	375,795
Operating (Loss) Income	$ (19,088)	$ 3,932	$ -	$ (6,679)	$ (16,341)	$ 7,970	$ (7,618)	$ (16,693)

Consolidating Statement of Operations and Changes in Net Assets Without Donor Restrictions Information (Continued)

Year Ended September 30, 2024
(In thousands)

	Consolidated	Eliminations	Covenant Housing Corporation	Covenant Living Services	Obligated Group	Eliminations	Covenant Living Communities and Services	All Communities
Operating Income (Loss)	$ (19,088)	$ 3,932	$ -	$ (6,679)	$ (16,341)	$ 7,970	$ (7,618)	$ (16,693)
Nonoperating Revenue (Expense)								
Gifts and bequests — net of related expenses	1,281	-	-	(198)	1,479	-	(1,502)	2,981
Net assets released from restriction — Distributions from trusts	40	-	-	-	40	-	-	40
Gain on extinguishment of debt	920			920	-		-	-
Other nonoperating (expenses) revenue	(13,718)	-	-	(11,538)	(2,180)	-	(211)	(1,969)
Interest and dividend income	10,858	(3,932)	9	194	14,587	(7,973)	3,980	18,580
Realized gains (losses) on fixed income and equity securities — Net	1,769	-	5	(18)	1,782	-	(2,586)	4,368
Unrealized gains (losses) on fixed income and equity securities — Net	18,937	-	66	996	17,875	-	2,452	15,423
Alternative investment income (loss) - Including net realized gains	38,974	-	-	-	38,974	-	38,974	-
Unrealized gains (losses) on derivative instruments	(1,078)	-	-	(744)	(334)	(15)	(319)	-
Interest expense on interest rate swaps	787	-	-	771	16		16	-
Total nonoperating revenue (expense)	58,770	(3,932)	80	(9,617)	72,239	(7,988)	40,804	39,423
Income (Loss)	39,682	-	80	(16,296)	55,898	(18)	33,186	22,730
Net Assets Released from Restrictions for Capital Purchases	588	-	-	15	573	-	-	573
Net Asset Transfer from (to) Related Organization	-	-	-	300	(300)	-	(18,131)	17,831
Increase (Decrease) in Net Assets Without Donor Restrictions	$ 40,270	$ -	$ 80	$ (15,981)	$ 56,171	$ (18)	$ 15,055	$ 41,134

Community Consolidating Statement of Financial Position Information

September 30, 2024
(In thousands)

	Total All Communities	Covenant Living of Colorado	Covenant Home of Chicago	Covenant Living of Florida	Covenant Living of Golden Valley	Covenant Living of the Great Lakes	Covenant Living of Cromwell	Brandel Manor-Cypress
Assets								
Current Assets								
Cash and cash equivalents	$ 538	$ 11	$ 104	$ 196	$ 4	$ 6	$ 146	$ 3
Restricted cash	1,642	514	16	5	188	565	289	-
Assets whose use is limited, including beneficial interest in investment pool:								
Board designated	91,460	14,659	-	3,700	5,519	6,365	3,650	-
Restricted under debt agreements	12,083	507	-	606	687	1,107	1,855	-
Accounts receivable - Net	18,133	1,417	171	1,226	2,392	774	1,124	32
Prepaid expenses and other assets	1,095	10	24	23	131	121	451	-
Total current assets	124,951	17,118	315	5,756	8,921	8,938	7,515	35
Property and Equipment - Net	607,249	43,017	4,448	42,052	27,599	37,578	73,689	-
Other Assets	7,736	466	-	-	63	200	1,336	-
Interest in Irrevocable Trusts	7,129	147	186	436	877	62	677	-
Goodwill - Net								
Assets Whose Use is Limited, Including Beneficial Interest in Investment Pool								
Board designated	205,518	2,416	4,734	9,930	6,461	1,252	9,915	-
Restricted under state and debt agreements	82,194	3,077	-	8,042	93	1,374	4,614	-
Endowment	2,906	-	-	-	-	-	-	-
Total assets whose use is limited, including beneficial interest in investment pool	290,618	5,493	4,734	17,972	6,554	2,626	14,529	-
Total Assets	$ 1,037,683	$ 66,241	$ 9,683	$ 66,216	$ 44,014	$ 49,404	$ 97,746	$ 35

Community Consolidating Statement of Financial Position Information (Continued)

September 30, 2024
(In thousands)

Liabilities and Net Assets (Deficits)	Total All Communities	Covenant Living of Colorado	Covenant Home of Chicago	Covenant Living of Florida	Covenant Living of Golden Valley	Covenant Living of the Great Lakes	Covenant Living of Cromwell	Brandel Manor-Cypress
Current Liabilities								
Accounts payable - Trade	$ 3,612	$ 180	$ 7	$ 181	$ 221	$ 132	$ 309	$ 149
Accounts payable - Contractors	3,853	-	-	13	-	-	-	-
Accrued salaries and wages	-	-	-	-	-	-	-	-
Accrued interest	6,203	248	-	229	434	494	686	-
Advanced deposits	2,664	166	-	17	93	456	112	-
Current maturities of long-term debt	13,442	2,890	-	691	295	1,570	1,375	-
Deferred revenue subject to refund	120,901	12,380	-	7,390	6,747	10,811	10,282	-
Refundable contract liabilities	125,116	21,019	-	4,668	6,861	8,680	4,667	-
Other current liabilities	10,316	1,306	353	730	971	93	449	159
Total current liabilities	286,107	38,189	360	13,919	15,622	22,236	17,880	308
Long-term Debt - Less current maturities	432,563	22,947	-	15,855	31,102	35,406	42,347	-
Payable to (from) Covenant Institutions								
Covenant Living Communities and Services - Notes and advances	(70,836)	2,148	6,414	48,617	39,012	26,910	30,088	(1)
Other Benevolent institutions- Notes and advances	-	-	-	-	-	-	-	-
Total payable to (from) Covenant institutions	(70,836)	2,148	6,414	48,617	39,012	26,910	30,088	(1)
Other Liabilities	21,081	-	-	-	4	-	-	-
Deferred Revenue from Entrance Fees	260,804	18,076	-	11,047	8,604	11,422	16,793	-
Total liabilities	929,719	81,360	6,774	89,438	94,344	95,974	107,108	307
Net Assets (Deficits)								
Without donor restrictions	94,292	(15,346)	2,756	(23,629)	(50,567)	(47,337)	(9,523)	(272)
With donor restrictions	13,672	227	153	407	237	767	161	-
Total net assets (deficits)	107,964	(15,119)	2,909	(23,222)	(50,330)	(46,570)	(9,362)	(272)
Total liabilities and net assets	$ 1,037,683	$ 66,241	$ 9,683	$ 66,216	$ 44,014	$ 49,404	$ 97,746	$ 35

Community Consolidating Statement of Financial Position Information (Continued)

September 30, 2024
(In thousands)

Assets	Covenant Living at the Holmstad	Covenant Living at Mount Miguel	Covenant Living of Northbrook	Covenant Living at the Samarkand	Covenant Living at the Shores	Covenant Living of Turlock	Covenant Living at Windsor Park
Current Assets							
Cash and cash equivalents	$ 7	$ 29	$ 7	$ 6	$ 5	$ 9	$ 5
Restricted cash	32	-	26	2	1	-	4
Assets whose use is limited, including beneficial interest in investment pool:							
Board designated	9,216	5,907	14,743	9,147	16,409	2,145	-
Restricted under debt agreements	2,264	456	2,063	72	434	1,083	949
Accounts receivable - Net	1,835	1,581	1,915	1,137	748	1,379	2,402
Prepaid expenses and other assets	7	43	6	55	149	65	10
Total current assets	13,361	8,016	18,760	10,419	17,746	4,681	3,370
Property and Equipment - Net	47,228	38,628	94,364	50,669	38,754	29,799	79,424
Other Assets	416	1,321	2,440	757	-	228	509
Interest in Irrevocable Trusts	189	1,302	35	2,422	167	552	77
Goodwill - Net							
Assets Whose Use is Limited, Including Beneficial Interest in Investment Pool							
Board designated	17,272	12,517	54,903	44,533	6,113	11,647	23,825
Restricted under state and debt agreements	3,843	403	56,021	224	-	2,713	1,790
Endowment	827	50	-	-	-	-	2,029
Total assets whose use is limited, including beneficial interest in investment pool	21,942	12,970	110,924	44,757	6,113	14,360	27,644
Total Assets	$ 83,136	$ 62,237	$ 226,523	$ 109,024	$ 62,780	$ 49,620	$ 111,024

Community Consolidating Statement of Financial Position Information (Continued)

September 30, 2024
(In thousands)

Liabilities and Net Assets (Deficits)	Covenant Living at the Holmstad	Covenant Living at Mount Miguel	Covenant Living of Northbrook	Covenant Living at the Samarkand	Covenant Living at the Shores	Covenant Living of Turlock	Covenant Living at Windsor Park
Current Liabilities							
Accounts payable - Trade	$ 477	$ 375	$ 524	$ 323	$ 204	$ 221	$ 309
Accounts payable - Contractors	-	-	3,840	-	-	-	-
Accrued salaries and wages	-	-	-	-	-	-	-
Accrued interest	901	286	1,508	67	257	324	769
Advanced deposits	216	80	667	421	342	27	67
Current maturities of long-term debt	1,799	466	815	351	410	1,102	1,678
Deferred revenue subject to refund	14,992	8,671	15,192	14,531	12,967	6,938	-
Refundable contract liabilities	12,286	8,431	20,792	11,509	23,101	3,102	-
Other current liabilities	1,195	435	971	530	560	455	2,109
Total current liabilities	31,866	18,744	44,309	27,732	37,841	12,169	4,932
Long-term Debt - Less current maturities	59,758	19,827	109,047	4,173	18,012	19,925	54,164
Payable to (from) Covenant Instritutions							
Covenant Living Communities and Services - Notes and advances	(14,416)	(45,503)	(46,508)	(66,904)	(37,041)	(6,240)	(7,412)
Other Benevolent institutions- Notes and advances	-	-	-	-	-	-	-
Total payable to (from) Covenant institutions	(14,416)	(45,503)	(46,508)	(66,904)	(37,041)	(6,240)	(7,412)
Other Liabilities	-	-	-	-	-	-	21,077
Deferred Revenue from Entrance Fees	21,773	20,934	32,003	28,274	23,379	12,236	56,263
Total liabilities	98,981	14,002	138,851	(6,725)	42,191	38,090	129,024
Net Assets (Deficits)							
Without donor restrictions	(17,119)	48,045	86,972	110,489	20,312	11,119	(21,608)
With donor restrictions	1,274	190	700	5,260	277	411	3,608
Total net assets (deficits)	(15,845)	48,235	87,672	115,749	20,589	11,530	(18,000)
Total liabilities and net assets	$ 83,136	$ 62,237	$ 226,523	$ 109,024	$ 62,780	$ 49,620	$ 111,024

Community Consolidating Statement of Operations and Changes in Net Assets Without Donor Restrictions Information

Year Ended September 30, 2024
(In thousands)

	Total All Communities	Covenant Living of Colorado	Covenant Home of Chicago	Covenant Living of Florida	Covenant Living of Golden Valley	Covenant Living of the Great Lakes	Covenant Living of Cromwell	Brandel Manor-Cypress
Operating Revenue								
Routine resident services	$ 267,806	$ 18,583	$ 2,893	$ 18,121	$ 20,628	$ 13,499	$ 21,473	$ 5,034
Ancillary services	28,030	1,274	23	2,696	2,425	1,477	1,496	373
Amortization of deferred entrance fees	51,310	4,086	-	2,545	2,505	3,264	3,538	-
Net assets released from restrictions for operations	5,053	298	2	319	309	179	399	1
Other	6,903	306	14	281	612	772	1,392	1
Total operating revenue	359,102	24,547	2,932	23,962	26,479	19,191	28,298	5,409
Expenses								
Routine nursing services	78,044	5,041	876	4,516	7,330	3,792	5,056	4,479
Ancillary services	16,855	913	20	1,588	1,573	790	934	354
Resident benefits	16,502	1,138	252	1,285	1,240	919	1,364	482
Dietary	47,271	3,183	647	3,482	3,744	2,872	4,072	1,070
Laundry	2,037	130	15	82	196	36	126	188
Housekeeping	11,255	485	85	806	927	435	1,020	353
Maintenance	20,811	1,273	251	1,669	1,465	805	1,952	428
Utilities	14,822	857	146	1,017	1,143	707	1,668	148
Administrative and general	59,214	3,819	648	4,190	4,385	3,806	4,676	2,628
Interest	24,274	1,392	238	2,450	2,811	2,641	3,067	300
Property taxes	3,784	-	-	295	401	433	1,662	-
Insurance	8,252	426	67	554	511	559	650	411
Marketing and promotion	14,849	1,185	61	1,418	1,075	1,093	1,105	198
Depreciation	56,156	4,347	303	4,118	3,280	3,177	5,346	174
Amortization	182	24	-	17	6	19	20	-
Other	1,487	71	9	77	123	121	121	49
Total expenses	375,795	24,284	3,618	27,564	30,210	22,205	32,839	11,262
Operating (Loss) Income	$ (16,693)	$ 263	$ (686)	$ (3,602)	$ (3,731)	$ (3,014)	$ (4,541)	$ (5,853)

Community Consolidating Statement of Operations and Changes in Net Assets Without Donor Restrictions Information (Continued)

Year Ended September 30, 2024
(In thousands)

	Total All Communities	Covenant Living of Colorado	Covenant Home of Chicago	Covenant Living of Florida	Covenant Living of Golden Valley	Covenant Living of the Great Lakes	Covenant Living of Cromwell	Brandel Manor-Cypress
Operating (Loss) Income	$ (16,693)	$ 263	$ (686)	$ (3,602)	$ (3,731)	$ (3,014)	$ (4,541)	$ (5,853)
Nonoperating Revenue (Expense)								
Gifts and bequests — Net of related expenses	2,981	(24)	(48)	(121)	602	(74)	483	-
Other nonoperating expense	(1,969)	7	(17)	(2)	(82)	(1)	(49)	(1,731)
Interest and dividend income	18,580	413	109	787	300	259	481	-
Realized gains on fixed income and equity securities — Net	4,368	189	63	224	181	92	198	-
Unrealized gains on fixed income and equity securities — Net	15,423	2,229	-	676	737	893	668	-
Total nonoperating revenue (expense)	39,423	2,854	107	1,564	1,738	1,169	1,781	(1,731)
Income (Loss)	22,730	3,117	(579)	(2,038)	(1,993)	(1,845)	(2,760)	(7,584)
Net Assets Released from Restrictions for Capital Purchases	573	-	-	-	32	-	-	211
Net asset transfer from (to) related organization	17,831	-	-	-	-	-	-	15,597
Increase (Decrease) in Net Assets without Donor Restrictions	$ 41,134	$ 3,117	$ (579)	$ (2,038)	$ (1,961)	$ (1,845)	$ (2,760)	$ 8,224

Community Consolidating Statement of Operations and Changes in Net Assets Without Donor Restrictions Information (Continued)

Year Ended September 30, 2024
(In thousands)

	Covenant Living at the Holmstad	Covenant Living at Mount Miguel	Covenant Living of Northbrook	Covenant Living at the Samarkand	Covenant Living at the Shores	Covenant Living of Turlock	Covenant Living at Windsor Park
Operating Revenue							
Routine resident services	$ 27,746	$ 22,275	$ 25,722	$ 26,960	$ 18,617	$ 17,327	$ 28,928
Ancillary services	2,746	2,401	2,274	3,233	2,049	1,216	4,347
Amortization of deferred entrance fees	5,265	3,812	6,483	5,755	4,220	2,660	7,177
Net assets released from restrictions for operations	389	470	574	684	474	292	663
Other	330	260	527	489	1,329	160	430
Total operating revenue	36,476	29,218	35,580	37,121	26,689	21,655	41,545
Expenses							
Routine nursing services	7,616	7,415	7,236	7,028	5,769	4,549	7,341
Ancillary services	1,576	1,579	1,079	1,963	1,164	813	2,509
Resident benefits	1,774	1,257	1,376	1,562	1,252	986	1,615
Dietary	4,267	3,811	4,528	4,259	3,280	3,397	4,659
Laundry	155	168	191	249	131	182	188
Housekeeping	1,268	1,008	948	1,285	820	860	955
Maintenance	1,998	1,785	1,785	2,188	1,624	1,354	2,234
Utilities	1,263	1,832	1,294	1,688	998	834	1,227
Administrative and general	5,664	5,081	5,101	5,112	4,579	3,919	5,606
Interest	2,655	899	3,107	252	816	929	2,717
Property taxes	261	-	-	-	434	15	283
Insurance	672	714	756	807	800	526	799
Marketing and promotion	1,455	1,156	1,275	1,107	962	1,061	1,698
Depreciation	4,507	4,098	6,666	5,661	3,936	3,046	7,497
Amortization	32	7	14	4	7	18	14
Other	146	116	209	123	93	84	145
Total expenses	35,309	30,926	35,565	33,288	26,665	22,573	39,487
Operating (Loss) Income	$ 1,167	$ (1,708)	$ 15	$ 3,833	$ 24	$ (918)	$ 2,058

Community Consolidating Statement of Operations and Changes in Net Assets Without Donor Restrictions Information (Continued)

Year Ended September 30, 2024
(In thousands)

	Covenant Living at the Holmstad	Covenant Living at Mount Miguel	Covenant Living of Northbrook	Covenant Living at the Samarkand	Covenant Living at the Shores	Covenant Living of Turlock	Covenant Living at Windsor Park
Operating (Loss) Income	$ 1,167	$ (1,708)	$ 15	$ 3,833	$ 24	$ (918)	$ 2,058
Nonoperating Revenue (Expense)							
Gifts and bequests — Net of related expenses	(137)	933	(122)	1,747	(135)	(56)	(67)
Other nonoperating expense - Net	10	(28)	(77)	(17)	(4)	31	(9)
Interest and dividend income	1,256	2,226	5,785	3,778	1,825	597	764
Realized gains on fixed-income and equity securities — Net	378	289	1,164	752	292	226	320
Unrealized gains (losses) on fixed-income and equity securities — Net	1,369	870	2,148	1,185	2,255	384	2,009
Total nonoperating revenue (expense)	2,876	4,290	8,898	7,445	4,233	1,182	3,017
Income (Loss)	4,043	2,582	8,913	11,278	4,257	264	5,075
Net Assets Released from Restrictions for Capital Purchases	15	-	-	315	-	-	-
Net asset transfer from (to) related organization	-	-	-	-	-	2,234	-
Increase (Decrease) in Net Assets without Donor Restrictions	$ 4,058	$ 2,582	$ 8,913	$ 11,593	$ 4,257	$ 2,498	$ 5,075

Consolidating Statement of Financial Position - Covenant Living Services

September 30, 2024
(In thousands)

	Consolidated Covenant Living Services	Eliminations	Total Covenant Living Services	Covenant Holdings One, LLC	Covenant Living of Geneva	Covenant Living Bixby
Assets						
Current Assets						
Cash and cash equivalents	$ 11,494	$ -	$ 11,494	$ 1,113	$ 100	$ 536
Restricted cash	583	-	583	-	-	70
Assets whose use is limited, including beneficial interest in investment pool:						
Board designated	-	-	-	-	-	-
Restricted under debt agreements	782	-	782	-	-	-
Accounts receivable - Net	10,142	(28)	10,170	-	(4)	(9)
Prepaid expenses and other assets	372	-	372	-	2	16
Total current assets	23,373	(28)	23,401	1,113	98	613
Property and Equipment - Net	260,769	-	260,769	2,877	5,630	12,519
Other Assets	6,484	(1,815)	8,299	(103)	(990)	(3,853)
Goodwill - Net	83,392	-	83,392	-	-	-
Assets Whose Use is Limited, Including Beneficial Interest in Investment Pool						
Board designated	1,442	-	1,442	-	-	-
Restricted under state and debt agreements	4,582	-	4,582	-	-	-
Endowment	266	-	266	-	-	-
Total assets whose use is limited, including beneficial interest in investment pool	6,290	-	6,290	-	-	-
Total Assets	$ 380,308	$ (1,843)	$ 382,151	$ 3,887	$ 4,738	$ 9,279

Consolidating Statement of Financial Position - Covenant Living Services (Continued)

September 30, 2024
(In thousands)

Liabilities and Net Assets (Deficits)	Consolidated Covenant Living Services	Eliminations	Total Covenant Living Services	Covenant Holdings One, LLC	Covenant Living of Geneva	Covenant Living Bixby
Current Liabilities:						
Accounts payable - Trade	$ 416	$ (28)	$ 444	$ -	$ 9	$ 13
Accrued salaries and wages	(24)	-	(24)	-	-	-
Accrued interest	233	-	233	25	24	81
Advance deposits	2,493	-	2,493	-	-	-
Current maturities of long-term debt	740	-	740	-	-	-
Deferred revenue subject to refund	23,307	-	23,307	-	-	-
Refundable contract liabilities	71,395	-	71,395	-	-	-
Other current liabilities	15,319	-	15,319	51	133	297
Total current liabilities	113,879	(28)	113,907	76	166	391
Long-term Debt - Less current maturities	16,075	-	16,075	-	(3)	(9)
Payable to (from) Covenant Institutions						
Covenant Living Communities and Services - Notes and advances	171,055	(1,815)	172,870	3,878	1,470	(4,706)
Other Benevolent institutions- Notes and advances	-	-	-	-	-	-
Total payable to (from) Covenant institutions	171,055	(1,815)	172,870	3,878	1,470	(4,706)
Other Liabilities	80,867	-	80,867	-	4,354	14,596
Deferred Revenue from Entrance Fees	50,004	-	50,004	-	-	-
Total liabilities	431,880	(1,843)	433,723	3,954	5,987	10,272
Net Assets (Deficits)						
Without donor restrictions	(53,655)	-	(53,655)	(67)	(1,249)	(1,006)
With donor restrictions	2,083	-	2,083	-	-	13
Total net assets (deficits)	(51,572)	-	(51,572)	(67)	(1,249)	(993)
TOTAL	$ 380,308	$ (1,843)	$ 382,151	$ 3,887	$ 4,738	$ 9,279

Consolidating Statement of Financial Position - Covenant Living Services (Continued)

September 30, 2024
(In thousands)

Assets	Covenant Living of Inverness	Three Crowns Foundation	Three Crowns Park	Covenant Living of Keene	Shannondale of Knoxville	Shannondale of Maryville	Covenant Care	Covenant Living Services
Current Assets								
Cash and cash equivalents	$ 4	$ -	$ 5,997	$ 220	$ 2,937	$ 341	$ 91	$ 155
Restricted cash	11	-	1	-	-	-	501	-
Assets whose use is limited, including beneficial interest in investment pool:								
Board designated	-	-	-	-	-	-	-	-
Restricted under debt agreements	-	-	782	-	-	-	-	-
Accounts receivable - Net	2,193	-	31	226	2,920	944	3,457	412
Prepaid expenses and other assets	29	-	37	6	192	49	31	10
Total current assets	2,237	-	6,848	452	6,049	1,334	4,080	577
Property and Equipment - Net	46,303	-	47,677	64,986	45,398	35,252	127	-
Other Assets	-	488	7,034	-	-	-	2,683	3,040
Goodwill - Net	33,279	-	23,117	-	9,074	17,922	-	-
Assets Whose Use is Limited, Including Beneficial Interest in Investment Pool								
Board designated	-	-	-	1,442	-	-	-	-
Restricted under state and debt agreements	-	-	1,582	3,000	-	-	-	-
Endowment	-	-	-	-	266	-	-	-
Total assets whose use is limited, including beneficial interest in investment pool	-	-	1,582	4,442	266	-	-	-
Total Assets	$ 81,819	$ 488	$ 86,258	$ 69,880	$ 60,787	$ 54,508	$ 6,890	$ 3,617

Consolidating Statement of Financial Position - Covenant Living Services (Continued)

September 30, 2024
(In thousands)

Liabilities and Net Assets (Deficits)	Covenant Living of Inverness	Three Crowns Foundation	Three Crowns Park	Covenant Living of Keene	Shannondale of Knoxville	Shannondale of Maryville	Covenant Care	Covenant Living Services
Current Liabilities:								
Accounts payable - Trade	$ 179	$ -	$ 45	$ 69	$ 1	$ 50	$ 72	$ 6
Accrued salaries and wages	-	-	-	-	5	(29)	-	-
Accrued interest	-	-	103	-	-	-	-	-
Advance deposits	16	-	116	275	1,443	643	-	-
Current maturities of long-term debt	-	-	740	-	-	-	-	-
Deferred revenue subject to refund	13,805	-	2,625	6,877	-	-	-	-
Refundable contract liabilities	13,285	-	30,340	27,770	-	-	-	-
Other current liabilities	7,187	-	2,290	939	2,444	519	1,249	210
Total current liabilities	34,472	-	36,259	35,930	3,893	1,183	1,321	216
Long-term Debt - Less current maturities	-	-	16,087	-	-	-	-	-
Payable to (from) Covenant Institutions								
Covenant Living Communities and Services - Notes and advances	58,677	1,535	16,718	27,201	28,170	29,607	9,273	1,047
Other Benevolent institutions- Notes and advances	-	-	-	-	-	-	-	-
Total payable to (from) Covenant institutions	58,677	1,535	16,718	27,201	28,170	29,607	9,273	1,047
Other Liabilities	18,580	-	7	-	24,681	18,649	-	-
Deferred Revenue from Entrance Fees	7,784	-	11,784	13,098	10,073	7,265	-	-
Total liabilities	119,513	1,535	80,855	76,229	66,817	56,704	10,594	1,263
Net Assets (Deficits)								
Without donor restrictions	(38,214)	(1,323)	4,850	(6,592)	(6,296)	(2,196)	(3,916)	2,354
With donor restrictions	520	276	553	243	266	-	212	-
Total net assets (deficits)	(37,694)	(1,047)	5,403	(6,349)	(6,030)	(2,196)	(3,704)	2,354
TOTAL	$ 81,819	$ 488	$ 86,258	$ 69,880	$ 60,787	$ 54,508	$ 6,890	$ 3,617

Consolidating Statement of Operations and Changes in Net Assets Without Donor Restrictions Information - Covenant Living Services

Year Ended September 30, 2024
(In thousands)

	Consolidated Covenant Living Services	Eliminations	Total Covenant Living Services	Covenant Holdings One, LLC	Covenant Living of Geneva	Covenant Living Bixby
Operating Revenue						
Routine resident services	$ 55,317	$ -	$ 55,317	$ -	$ 1,588	$ 3,870
Ancillary services	21,861	-	21,861	-	-	19
Amortization of deferred entrance fees	7,460	-	7,460	-	-	-
Net assets released from restrictions for operations	791	-	791	-	-	4
Other	5,497	-	5,497	639	12	120
Total operating revenue	90,926	-	90,926	639	1,600	4,013
Expenses						
Routine nursing services	23,457	-	23,457	-	-	547
Ancillary services	3,443	-	3,443	-	-	18
Resident benefits	3,373	-	3,373	-	20	93
Dietary	10,686	-	10,686	-	24	623
Laundry	125	-	125	-	-	-
Housekeeping	2,219	-	2,219	-	62	82
Maintenance	5,324	-	5,324	222	104	259
Utilities	3,099	-	3,099	-	99	153
Administrative and general	17,937	-	17,937	41	209	610
Interest	6,210	-	6,210	-	346	1,162
Property taxes	1,513	-	1,513	110	141	170
Insurance	1,501	-	1,501	15	41	88
Marketing and promotion	5,620	-	5,620	-	5	84
Depreciation	12,647	-	12,647	123	265	501
Amortization	161	-	161	17	8	27
Other	290	-	290	-	-	11
Total expenses	97,605	-	97,605	528	1,324	4,428
Operating Income (Loss)	$ (6,679)	$ -	$ (6,679)	$ 111	$ 276	$ (415)

Consolidating Statement of Operations and Changes in Net Assets Without Donor Restrictions Information - Covenant Living Services (Continued)

Year Ended September 30, 2024
(In thousands)

	Consolidated Covenant Living Services	Eliminations	Total Covenant Living Services	Covenant Holdings One, LLC	Covenant Living of Geneva	Covenant Living Bixby
Operating Income (Loss)	$ (6,679)	$ -	$ (6,679)	$ 111	$ 276	$ (415)
Nonoperating (Expense) Revenue						
Gifts and bequests — Net of related expenses	(198)	-	(198)	-	1	-
Net assets released from restriction — Distributions from trusts	-	-		-	-	-
Loss on extinguishment of debt	920	-	920	-	-	-
Other nonoperating expense - Net	(11,538)	-	(11,538)	-	-	(2)
Interest and dividend income	194	-	194	-	(1)	-
Realized gains (losses) on fixed income and equity securities — Net	(18)	-	(18)	-	-	-
Unrealized losses on fixed-income and equity securities — Net	996	-	996	-	-	-
Unrealized gains on derivative instruments	(744)	-	(744)	-	(171)	(573)
Interest expense on interest rate swaps	771		771	-	177	594
Total nonoperating (expense) revenue	(9,617)	-	(9,617)	-	6	19
(Loss) Income	(16,296)	-	(16,296)	111	282	(396)
Transfers	-	-		-	-	-
Net Assets Released from Restrictions for Capital Purchases	15	-		-	-	-
Net Asset Transfer from (to) Related Organization	300	-	300	-	-	-
(Decrease) Increase in Net Assets Without Donor Restrictions	$ (15,981)	$ -	$ (15,996)	$ 111	$ 282	$ (396)

Consolidating Statement of Operations and Changes in Net Assets Without Donor Restrictions Information - Covenant Living Services (Continued)

Year Ended September 30, 2024
(In thousands)

	Covenant Living of Inverness	Three Crowns Foundation	Three Crowns Park	Covenant Living of Keene	Shannondale of Knoxville	Shannondale of Maryville	Covenant Care	Covenant Living Services
Operating Revenue								
Routine resident services	$ 18,468	$ -	$ 13,126	$ 14,408	$ 1,344	$ 2,513	$ -	$ -
Ancillary services	1,802	-	101	653	1	293	18,992	-
Amortization of deferred entrance fees	2,672	-	2,259	2,096	251	182	-	-
Net assets released from restrictions for operations	255	6	184	81	-	-	261	-
Other	289	-	119	132	61	5	9	4,111
Total operating revenue	23,486	6	15,789	17,370	1,657	2,993	19,262	4,111
Expenses								
Routine nursing services	3,691	-	4,254	3,817	425	1,210	9,513	-
Ancillary services	981	-	68	529	4	150	1,693	-
Resident benefits	950	-	800	653	66	134	657	-
Dietary	3,372	-	2,766	2,629	545	727	-	-
Laundry	24	-	61	39	-	1	-	-
Housekeeping	717	-	684	505	54	115	-	-
Maintenance	1,832	-	1,389	989	206	323	-	-
Utilities	1,094	-	594	809	174	148	28	-
Administrative and general	3,543	1	2,538	3,114	662	660	5,536	1,023
Interest	2,160	-	1,397	1,145	-	-	-	-
Property taxes	221	-	60	668	50	91	2	-
Insurance	420	-	305	312	48	100	147	25
Marketing and promotion	1,640	-	561	756	166	189	464	1,755
Depreciation	3,435	-	2,689	3,642	1,110	840	42	-
Amortization	-	-	-	-	-	-	109	-
Other	78	-	71	61	2	5	62	-
Total expenses	24,158	1	18,237	19,668	3,512	4,693	18,253	2,803
Operating Income (Loss)	$ (672)	$ 5	$ (2,448)	$ (2,298)	$ (1,855)	$ (1,700)	$ 1,009	$ 1,308

Consolidating Statement of Operations and Changes in Net Assets Without Donor Restrictions Information - Covenant Living Services (Continued)

Year Ended September 30, 2024
(In thousands)

	Covenant Living of Inverness	Three Crowns Foundation	Three Crowns Park	Covenant Living of Keene	Shannondale of Knoxville	Shannondale of Maryville	Covenant Care	Covenant Living Services
Operating Income (Loss)	$ (672)	$ 5	$ (2,448)	$ (2,298)	$ (1,855)	$ (1,700)	$ 1,009	$ 1,308
Nonoperating (Expense) Revenue								
Gifts and bequests — Net of related expenses	(131)	(6)	(57)	(7)	-	-	2	-
Net assets released from restriction — Distributions from trusts	-						-	-
Loss on extinguishment of debt	-		920				-	-
Other nonoperating expense - Net	(6,636)	-	679	3	(4,437)	(495)	-	(650)
Interest and dividend income	(24)	12	195	23	(5)	(2)	-	(4)
Realized gains (losses) on fixed income and equity securities — Net	-	5	(47)	24	-	-	-	-
Unrealized losses on fixed-income and equity securities — Net	-	56	723	217	-	-	-	-
Total nonoperating (expense) revenue	(6,791)	67	2,413	260	(4,442)	(497)	2	(654)
(Loss) Income	(7,463)	72	(35)	(2,038)	(6,297)	(2,197)	1,011	654
Net Asset Transfer from (to) Related Organization	-	6	294	-	-	-	-	-
(Decrease) Increase in Net Assets Without Donor Restrictions	$ (7,448)	$ 78	$ 259	$ (2,038)	$ (6,297)	$ (2,197)	$ 1,011	$ 654

Note to Consolidating Statement of Financial Position and Consolidating Statement of Operations and Changes in Net Assets Without Donor Restrictions Information

As of and For the Year Ended September 30, 2024

1. Basis of Reporting

In accordance with financial statement presentation under the bond agreements, the consolidating statement of financial position and consolidating statement of operations and changes in net assets without donor restrictions information as of and for the year ended September 30, 2024 for the Obligated Group exclude the effects of consolidating entities controlled by members of the Obligated Group but which themselves are not members of the Obligated Group. Those entities which are not members of the Obligated Group are Covenant Housing Corporation and those entities included in Covenant Living Services. The balances for Covenant Living Communities and the Obligated Group do not include interests in controlled entities.

APPENDIX C

SUMMARY OF PRINCIPAL DOCUMENTS

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TABLE OF CONTENTS

PAGE

SUMMARY OF PRINCIPAL DOCUMENTS C-1

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE C-1

Definitions of Certain Terms C-1
General C-19
Authorization of Obligations C-19
Payment of Principal and Interest C-19
Pledge of Gross Revenues; Pledge of Mortgages C-20
Covenants as to Maintenance of Properties, Etc. C-21
Insurance Required C-22
Limitations on Encumbrances C-23
Limitations on Additional Indebtedness C-23
Limitations on Guaranties C-26
Rates and Charges; Debt Coverage C-26
Sale, Lease or Other Disposition of Property C-28
Liquidity Covenant C-29
Consolidation, Merger, Sale or Conveyance C-30
Financial Statements C-32
Approval of Consultants C-33
Membership in the Obligated Group C-35
Withdrawal from the Obligated Group C-36
Insurance and Condemnation Proceeds C-37
Additions to Excluded Property C-37
Investment of Funds C-38
Defaults and Remedies C-38
Removal and Resignation of the Master Trustee C-45
Supplements and Amendments to the Master Indenture C-46
Satisfaction and Discharge of the Master Indenture C-48

SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE AND THE LOAN AGREEMENT C-49

Definitions of Certain Terms C-49

SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE C-57

Funds C-57
Investment of Funds C-61
Arbitrage; Compliance with the Tax Exemption Agreement C-61
Supplemental Bond Indenture C-62
Events of Default; Acceleration C-64
Direction of Proceedings by Bondholders C-66
Waivers of Events of Default C-66

Application of Moneys C-67
Defeasance C-69
Resignation or Removal of the Bond Trustee C-71

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT C-71

Representations C-71
Assignment and Pledge of Authority's Rights under the Loan Agreement C-72
Payments under the Loan Agreement C-72
Indemnification of the Authority and the Bond Trustee C-73
Maintenance of Corporate Existence; Series 2025A Bonds to Remain Tax-exempt C-73
Certain Covenants Relating to the Use and Operation of the Corporation's and the Users' Property C-74
Supplements and Amendments to the Loan Agreement C-74
Additional Provisions Relating to Supplements and Amendments to the Loan Agreement C-75
Defaults and Remedies C-76

SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGES C-78

General C-78
Representation and Warranties C-78
After-Acquired Property C-78
Maintenance of Lien C-79
Inspection of Mortgaged Property and Records C-79
Event of Default Defined C-79
Remedies C-79
Possession by the Master Trustee C-80
Foreclosure C-80
Receiver C-80
Supplements and Amendments to the Mortgages C-80
Conditions for Release C-80
Conflicts with Master Indenture C-82

SUMMARY OF PRINCIPAL DOCUMENTS

Brief descriptions of the Master Indenture, the Bond Indenture, the Loan Agreement and the Mortgages are included hereafter in this Appendix C of the Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Master Indenture, the Bond Indenture, the Loan Agreement and the Mortgages, are qualified in their entirety by reference to each such document, copies of which are available for review at the office of the Bond Trustee.

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE

DEFINITIONS OF CERTAIN TERMS

The following are definitions of certain terms used in the Master Indenture and the Mortgages. Reference is hereby made to the entire documents for the definitions of all terms used in such documents. The following definitions are equally applicable to both the singular and plural forms of any of the terms defined herein.

"Additional Indebtedness" means any Indebtedness incurred subsequent to the effective date of the Restated Master Indenture.

"Affiliate" means a corporation, partnership, joint venture, association, limited liability company, business trust or similar entity (a) which controls, is controlled by or is under common control with, directly or indirectly, a Member; or (b) a majority of the members of the Directing Body of which are members of the Directing Body of a Member. For the purposes of this definition, control means with respect to: (a) a corporation having stock, the ownership, directly or indirectly, of more than 50% of the securities (as defined in Section 2(1) of the Securities Act of 1933, as amended) of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the directors of such corporation; (b) a not for profit corporation not having stock, having the power to elect or appoint, directly or indirectly, a majority of the members of the Directing Body of such corporation; or (c) any other entity, the power to direct the management of such entity through the ownership of at least a majority of its voting securities or the right to designate or elect at least a majority of the members of its Directing Body, by contract or otherwise. For the purposes of this definition, "Directing Body" means with respect to: (a) a corporation having stock, such corporation's board of directors and the owners, directly or indirectly, of more than 50% of the securities (as defined in Section 2(1) of the Securities Act of 1933, as amended) of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporation's directors (both of which groups shall be considered a Directing Body); (b) a not for profit corporation not having stock, such corporation's members if the members have complete discretion to elect the corporation's directors, or the corporation's directors if the corporation's members do not have such discretion; and (c) any other entity, its governing board or body. For the purposes of this definition, all references to directors and members shall be deemed to include all entities performing the function of directors or members however denominated.

"Annual Debt Service" means for each Fiscal Year the aggregate amount (without duplication) of principal and interest payments required to be paid in that Fiscal Year (either by maturity or by mandatory redemption) on Long-Term Indebtedness, less any amounts on irrevocable deposit in escrow to be applied during that Fiscal Year to pay principal or interest on Long-Term Indebtedness; *provided* that (i) any annual fees payable in respect of a credit facility issued to secure any series of Related Bonds, if any (other than annual fees to be paid from proceeds of a bond issue escrowed for such purpose) shall be included in the determination of Annual Debt Service; (ii) to the extent an Interest Rate Agreement has been entered into in connection with any particular Indebtedness, the actual debt service paid after the effect of payments made to or received from the provider of the Interest Rate Agreement shall be included in the determination of Annual Debt Service; (iii) optional prepayments or optional redemptions, though paid in such Fiscal Year, shall not be included in Annual Debt Service; and (iv) for purposes of calculating the Debt Service Coverage Ratio, any Guaranties shall be included only to the extent there was an actual payment on the Guaranty in such Fiscal Year, and for purposes of calculating Maximum Annual Debt Service, the amount determined pursuant to paragraph (a) under the definition of "Maximum Annual Debt Service" summarized below shall be included.

"Authorized Representative" means with respect to each Member, the chairperson of its Governing Body or its chief executive officer, chief financial officer, a senior vice president or any other person designated an authorized representative of such Member by a Certificate of such Member signed by the chairperson of its Governing Body or its chief executive officer, chief financial officer or a senior vice president and filed with the Master Trustee.

"Balloon Indebtedness" means Long-Term Indebtedness of a Member, 25% or more of the principal of which becomes due (either by maturity or mandatory redemption) during any period of 12 consecutive months, which portion of the principal is not required by the documents governing such Indebtedness to be amortized by redemption prior to such date.

"Book Value" means, when used in connection with Property of any Member, the value of such property, net of accumulated depreciation, as it is carried on the books of such person and in conformity with generally accepted accounting principles, and when used in connection with Property of the Obligated Group, means the aggregate of the values so determined with respect to such Property of each Member determined in such a way that no portion of such value of Property of any Member is included more than once.

"Business Day" means a day of the year which is not (a) a Saturday, Sunday or legal holiday on which banking institutions located in the city of the Corporate Trust Office are authorized by law to close or (b) a day on which the New York Stock Exchange is closed.

"Cash and Liquid Investments" means all unrestricted cash and liquid investment balances, including without limitation such amounts constituting board designated funds, whether classified as current or noncurrent assets, held by the Obligated Group for any of its corporate purposes, but excluding amounts available under lines of credit, amounts held by the Master Trustee, all as set forth in the most recent financial statements delivered under the Master Indenture.

"Certificate," "Statement," "Request," "Consent" or "Order" of any Member or of the Master Trustee means, respectively, a written certificate, statement, request, consent or order signed in the name of such Member by its respective Authorized Representative or in the name of the Master Trustee by its Responsible Officer. Any such instrument and supporting opinions or certificates, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or certificate and the two or more so combined shall be read and construed as a single instrument.

"Code" means the Internal Revenue Code of 1986 and the regulations issued thereunder, or any successor to the Internal Revenue Code of 1986.

"Completion Indebtedness" means any Long-Term Indebtedness incurred by any Member for the purpose of financing, without changing the scope thereof, (A) the completion of facilities for which Long-Term Indebtedness or Balloon Indebtedness has previously been incurred in accordance with the provisions of the Restated Master Indenture, or (B) the improvement, replacement or substitutions for, or additions to, facilities of any Member for which Long-Term Indebtedness or Balloon Indebtedness has been incurred, necessitated by faulty design, damage to or destruction of such facilities, or required by enactment of legislation or the promulgation of any ruling affecting the operation of the Member by a government agency.

"Construction Consultant" means the architects, engineers, development consultant, supervising contractors or other qualified consultant selected by the Obligated Group or any Member in connection with the acquisition, installation, improvement or construction of a project or a portion thereof for which Long-Term Indebtedness has previously been incurred in accordance with the provisions of the Master Indenture, delivered to the Master Trustee in connection with the issuance of Completion Indebtedness.

"Corporate Trust Office" means the office of the Master Trustee at which its designated corporate trust business is conducted, which, at the date of the Master Indenture, is located at Mail Stop: PD-OR-P6TD, 555 SW Oak Street, Portland, Oregon 97204.

"Corporation" means Covenant Living Communities and Services (f/k/a Covenant Retirement Communities, Inc.), a not for profit corporation duly organized and existing under the laws of the State of Illinois, or any corporation which is the surviving, resulting or transferee corporation in any merger, consolidation or transfer of assets permitted under the Master Indenture.

"Current Value" means the aggregate sum of the Book Value of personal property plus the Fair Market Value of the real property.

"Days Cash on Hand" means the amount determined by dividing (1) the Cash and Liquid Investments of the Obligated Group as of a particular date by (2) the quotient derived by dividing (a) the Obligated Group's total operating expenses (less depreciation and amortization and other non-cash items, including, without limitation, losses on refinancing of debt, non-cash termination value of any hedging derivative, interest rate exchange or similar contract, other

extraordinary or non-recurring losses or gains, and any one-time charges in connection with development projects that have been abandoned by the Obligated Group) for the most recent preceding Fiscal Year for which audited financial statements have been delivered under the Master Indenture by (b) the number of days in such Fiscal Year.

"Debt Service Coverage Ratio" means, for any period of time, the ratio determined by dividing Income Available for Debt Service by Annual Debt Service.

"EMMA" means the Electronic Municipal Market Access system as described in the Securities Exchange Act of 1934, as amended by Release No. 59062, and maintained by the Municipal Securities Rulemaking Board for purposes of Rule 15c2-12, or any similar system that is acceptable to the Securities and Exchange Commission.

"Escrow Obligations" means: (1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America; (2) obligations, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following: Banks for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Bank, Federal Land Banks, Government National Mortgages Association, Farmer's Home Administration, Small Business Administration, Federal Home Loan Mortgages Corporation or Federal Housing Administration, (3) certificates which evidence ownership of the right to the payment of the principal of and interest on obligations described in clauses (1) and (2), *provided* that such obligations are held in the custody of a bank or trust company in a special account separate from the general assets of such custodian, and (4) obligations the interest on which is excluded from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, and the timely payment of the principal of and interest on which is fully provided for by the deposit in trust or escrow of cash or obligations described in clauses (1), (2) or (3).

"Event of Default" means any of the events specified in the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Defaults and Remedies – Events of Default" below.

"Excluded Property" means any assets of "employee pension benefit plans" as defined in the Employee Retirement Income Security Act of 1974, as amended, or a similar pension benefit plan regulated and approved under a church benefit program maintained by or for the benefit of the Obligated Group, any moneys and securities held as an entrance fee or security deposit, or in a resident trust fund, for any resident of any Facility of a Member, the ownership interest the Obligated Group has in Covenant International Insurance Company, Ltd., any real estate parcels the Corporation may hold temporarily as a convenience to its Affiliates, and the real estate described (either by property address or legal description) in Exhibit B to the Master Indenture, as amended as provided in the Master Indenture from time to time, and all improvements, fixtures, tangible personal property and equipment located thereon and used in connection

therewith. Except where explicitly set forth in the Master Indenture, Property does not include Excluded Property.

"Extendable Indebtedness" means indebtedness which is repayable or subject to purchase at the option of the holder thereof prior to its stated maturity, but only to the extent of money available for the repayment or purchase therefore and not more frequently than once every year.

"Fair Market Value" means the fair market value of such Property as determined by either (1) an appraisal of the portion of such Property which is real property made within three years of the date of determination by a member of the American Institute of Real Estate Appraisers and by an appraisal of the portion of such Property which is not real property made within three years of the date of determination by any expert, *provided* that any such appraisal shall be performed by a person or firm which (a) is in fact independent, (b) does not have any direct financial interest or any material indirect financial interest in any Member and (c) is not connected with any Member as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions, or (2) if the Property is being sold through a competitive process with at least two bids made on an arm's-length basis from potential purchasers who are unrelated, the amount of one of the bids, at the choice of the Obligated Group Representative (or Mortgagor, for purposes of the Mortgages), or (3) a bona fide offer for the purchase of such Property made on an arm's length basis within six months of the date of determination as established by an Officer's Certificate.

"Fiscal Year" means that period adopted by the Obligated Group Representative as its annual accounting period. Currently, the Fiscal Year is the period from October 1 of a year to September 30 of the next year.

"Fitch" means Fitch Ratings Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Obligated Group Representative.

"Governing Body" means, when used with respect to any Member, its board of directors, board of trustees, or other board or group of individuals in which all of the powers of such Member are vested except for those powers reserved to the corporate membership thereof by the articles of incorporation or bylaws of such Member.

"Government Issuer" means any municipal corporation, political subdivision, state, territory or possession within the United States, or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof, which obligations would constitute Related Bonds under the Master Indenture.

"Government Obligations" means securities which consist of (a) United States Government Obligations, or (b) evidences of a direct ownership in future interest or principal

payments on United States Government Obligations, which obligations are held in a custody account by a custodian pursuant to the terms of a custody agreement.

"Gross Revenues" means all receipts, revenues, income and other money received by or on behalf of any Member of the Obligated Group from any source whatsoever, including, but not limited to, (a) revenues derived from the operation and possession of each Member's facilities, including accounts receivable, (b) gifts, bequests, grants, donations and contributions, exclusive of any gifts, bequests, grants, donations or contributions to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of Required Payments or for the payment of operating expenses, and (c) revenues derived from (1) condemnation proceeds, (2) inventory and other tangible and intangible property, (3) private and governmental health care reimbursement programs and agreements, (4) insurance proceeds, (5) contract rights and other rights now or after the execution of the Master Indenture owned by each Member, and (6) realized investment earnings.

"Guaranty" means all loan commitments and all obligations of any Member guaranteeing in any manner whatever, whether directly or indirectly, any obligation of any other Person which would, if such other Person were a Member, constitute Indebtedness.

"Holder" means the registered owner of any Obligation in registered form or the bearer of any Obligation in coupon form which is not registered or is registered to bearer.

"Income Available for Debt Service" means, with respect to the Obligated Group, as to any period of time, the excess of revenues over expenses (or, in the case of for-profit Members, net income after taxes) of the Obligated Group for such period, to which shall be added depreciation, amortization and interest, all as determined in accordance with generally accepted accounting principles, *provided* that no such determination shall include any gain or loss resulting from (i) the extinguishment of Indebtedness, (ii) any disposition of capital assets not made in the ordinary course of business or any revenue of an Affiliate which is not a Member, (iii) any one-time charge in connection with a development project that has been abandoned by the Obligated Group, (iv) any gain or loss resulting from changes in the valuation of Indebtedness, investment securities or any Interest Rate Agreement, and any non-cash termination value of any Interest Rate Agreement, (v) the application of changes in accounting principles, (vi) any other extraordinary or non-recurring losses or gains, (vii) initial entrance fees, or (viii) any other non-cash revenue or expense items. For purposes of this definition, revenues shall include (1) resident service revenues, (2) other operating revenues, (3) non-operating revenues or contributions (other than restricted contributions, income derived from the sale or other disposition of assets not in the ordinary course of business or any gain from the extinguishment of debt or other extraordinary item or earnings which constitute funded interest), and (4) entrance fees received minus (a) entrance fees amortized during such Fiscal Year and (b) entrance fees refunded to residents.

"Indebtedness" means, for any Person, (a) all Guaranties by such Person, (b) all liabilities (exclusive of reserves such as those established for deferred taxes or litigation) recorded or required to be recorded as such on the audited financial statements of such Person in accordance with generally accepted accounting principles, and (c) all obligations for the payment

of money incurred or assumed by such Person (i) due and payable in all events or (ii) if incurred or assumed primarily to assure the repayment of money borrowed or credit extended, due and payable upon the occurrence of a condition precedent or upon the performance of work, possession of Property as lessee, rendering of services by others or otherwise; *provided* that Indebtedness shall not include Indebtedness of one Member to another Member, any Guaranty by any Member of Indebtedness of any other Member, the joint and several liability of any Member on Indebtedness issued by another Member, Interest Rate Agreements or any obligation to repay moneys deposited by patients or others with a Member as security for or as prepayment of the cost of patient care or any rights of residents of life care, elderly housing or similar facilities to entrance fees (whether amortized into income or not), endowment or similar funds deposited by or on behalf of such residents including but not limited to any deferred obligations for the refund or repayment of entrance fees, any rent, development, marketing, operating or other fees that have been deferred from the year in which they were originally due as a result of deferral or subordination.

"Independent Consultant" means a firm (but not an individual) which (1) is in fact independent of and has no relationship with the Corporation or a Member other than as provided within the scope of a consulting engagement including, but not limited to, subparagraphs (2) and (3) below, (2) does not have any direct financial interest or any material indirect financial interest in any Member or any Affiliate and (3) is not connected with any Member or any Affiliate as an officer, employee, promoter, trustee, partner, director or person performing similar functions, and designated by the Obligated Group Representative, qualified to pass upon questions relating to the financial affairs of facilities of the type or types operated by the Obligated Group and having a favorable reputation for skill and experience in the financial affairs of such facilities.

"Insurance Consultant" means a person or firm (which may be an insurance broker or agent of a Member) who is not, and no member, director, officer or employee of which is, an officer or employee of any Member or any Affiliate, designated by the Obligated Group Representative and qualified to survey risks and to recommend insurance coverage for health-related facilities and services and organizations engaged in such operations.

"Interest Rate Agreement" means an interest rate exchange, hedge or similar agreement, expressly identified in an Officer's Certificate of the Corporation delivered to the Master Trustee as being entered into in order to hedge the interest payable on all or a portion of any Indebtedness, which agreement may include, without limitation, an interest rate swap, a forward or futures contract or an option (*e.g.,* a call, put, cap, floor or collar) and which agreement does not constitute an obligation to repay money borrowed, credit extended or the equivalent thereof. An Interest Rate Agreement shall not constitute Indebtedness under the Master Indenture.

"Interim Indebtedness" means Long-Term Indebtedness with a final maturity 60 months or less from the date of incurrence, certified in an Officer's Certificate filed with the Master Trustee to have been incurred in anticipation of refinancing with the proceeds of other Long-Term Indebtedness other than Interim Indebtedness prior to the final maturity thereof.

"Lien" means any Mortgages or pledge of, or security interest in, or lien or encumbrance on, any Property, excluding Liens applicable to Property in which any Member has only a leasehold interest unless the Lien is with respect to such leasehold interest.

"Long-Term Debt Service Coverage Ratio" means, for any period of time, the ratio determined by dividing Income Available for Debt Service by Maximum Annual Debt Service.

"Long-Term Indebtedness" means Indebtedness having an original maturity greater than one year or renewable at the option of a Member for a period greater than one year from the date of original incurrence or issuance thereof unless, by the terms of such Indebtedness, no Indebtedness is permitted to be outstanding thereunder for a period of at least 30 consecutive days during each calendar year.

"Machinery and Equipment" means, all of the machinery, equipment, furniture, spare parts, inventory and other personal property, including all present and future attachments and accessories thereto and replacements thereof, all as defined in Article 9 the Uniform Commercial Code, as amended, owned by a Mortgagor and located on the Mortgaged Land or used or useful in connection with the Mortgaged Land wherever such machinery, equipment, furniture, spare parts, inventory and other personal property is located.

"Master Indenture" means the Previous Master Indenture, as amended and restated by the Restated Master Indenture, and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof.

"Master Trustee" means The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under and by virtue of the laws of the United States of America and, subject to the limitations contained in the Master Indenture, any other corporation or association which may be co-trustee with the Master Trustee and any successor or successors to said trustee or co-trustee in the trusts created under the Master Indenture.

"Maximum Annual Debt Service" means the greatest amount of Annual Debt Service becoming due and payable in any Fiscal Year including the Fiscal Year in which the calculation is made or any subsequent Fiscal Year; *provided, however,* that for the purposes of computing Maximum Annual Debt Service:

(a) There shall be included in the Long-Term Indebtedness of any Member, 20% of the annual principal and interest requirements of the amount of the debt of any Person guaranteed under a Guaranty by such Member. If any Member has been required by reason of its Guaranty to make a payment in respect of another Person's Indebtedness within the immediately preceding Fiscal Year, all of the annual principal and interest requirements guaranteed under the Guaranty shall be included in Long-Term Indebtedness of the Obligated Group.

(b) For any Long-Term Indebtedness for which a binding commitment, letter of credit or other credit arrangement providing for the extension of such Indebtedness beyond its original maturity date exists, the computation of Maximum Annual Debt

Service shall, at the option of the Obligated Group Representative, be made on the assumption that such Long-Term Indebtedness will be amortized in accordance with such credit arrangement.

(c) For any Long-Term Indebtedness which includes a put feature exercisable by the holder of the Indebtedness (directly or indirectly), if the Obligated Group Representative delivers to the Master Trustee an Officer's Certificate to the effect that the Member incurring such Long-Term Indebtedness intends to refinance the principal amount of such Indebtedness on or prior to the next succeeding put date, the computation of Maximum Annual Debt Service shall, at the option of the Obligated Group Representative, assume that such Long-Term Indebtedness is to be amortized over a period specified by the Obligated Group Representative up to 30 years in duration, beginning on the date of issuance of such Long-Term Indebtedness, assuming level debt service and a rate of interest equal to the Projected Rate; *provided, however,* that if the Projected Rate cannot be determined the rate shall be assumed to be a fixed rate of interest equal to the most recently published Bond Buyer 30-year Revenue Bond Index or a similar index.

(d) For any Balloon Indebtedness and Interim Indebtedness, the computation of Maximum Annual Debt Service shall, at the option of the Obligated Group Representative, assume that such Long-Term Indebtedness is to be amortized over a period specified by the Obligated Group Representative up to 30 years in duration, beginning on the date of maturity of such Indebtedness or such earlier date as may be specified by the Obligated Group Representative, assuming level debt service and a rate of interest equal to the Projected Rate; *provided, however,* that if the Projected Rate cannot be determined the rate shall be assumed to be a fixed rate of interest equal to the most recently published Bond Buyer 30-year Revenue Bond Index or a similar index.

(e) For any Extendable Indebtedness, the computation of Maximum Annual Debt Service shall, at the option of the Obligated Group Representative, assume that such Extendable Indebtedness is to be amortized over the period until its stated maturity, assuming level debt service and a fixed rate of interest equal to the current rate of interest on such Extendable Indebtedness.

(f) If interest on Long-Term Indebtedness is payable pursuant to a variable interest rate formula (including Balloon Indebtedness, Interim Indebtedness and Extendable Indebtedness if the Obligated Group Representative does not choose to use another paragraph above), the interest rate on such Long-Term Indebtedness for periods when the actual interest rate cannot yet be determined shall be assumed to be a fixed rate of interest equal to the average of the actual interest rates on such Indebtedness over the preceding 12 months, or if the Indebtedness has not been outstanding for 12 months, the average of all the actual interest rates on such Indebtedness, plus the cost of any credit enhancement fees and remarketing fees, if any.

(g) Anything contained in the Master Indenture to the contrary notwithstanding, any portion of any Indebtedness of any Member for which an Interest

Rate Agreement has been obtained by such Member shall be deemed to bear interest for the period of time that such Interest Rate Agreement is in effect at a net rate which takes into account the interest payments made by such Member on such Indebtedness and the payments made or received by such Member on such Interest Rate Agreement; *provided* that the long-term credit rating of the provider of such Interest Rate Agreement (or any guarantor thereof) is in one of the three highest rating categories of any Rating Agency (without regard to any refinements of gradation of rating category by numerical modifier or otherwise) or is at least as high as that of the Obligated Group.

"Member" or *"Member of the Obligated Group"* means any Person who is designated as a Member of the Obligated Group pursuant to the terms and conditions of the Master Indenture.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Obligated Group Representative.

"Mortgaged Land" means the real property, including the improvements and fixtures thereon, together with all rents, income, issues and profits therefrom of a Mortgagor which are subject to the Lien and security interest of the Mortgages.

"Mortgaged Property" means the Mortgaged Land, Machinery and Equipment and any other property which is subject to the Lien and security interest of the Mortgages.

"Mortgage" or *"Mortgages"* means the Mortgages or Deeds of Trust (as required by state law), as amended and supplemented which modify and continue the Previous Master Indenture Mortgages, as applicable, and as the same may be further supplemented and amended from time to time, under which the Member of the Obligated Group owning such Property has granted a lien and security interest on its facilities to the Master Trustee or, in the case of a Deed of Trust, to Fidelity Title Insurance Company or Chicago Title Insurance Company, as trustee, to be held for the benefit of the Master Trustee.

"Obligated Group" means all Members.

"Obligated Group Representative" means the Corporation or such other Member as may have been designated pursuant to written notice to the Master Trustee executed by all of the Members.

"Obligation" means any obligation of the Obligated Group issued under the Master Indenture, as a joint and several obligation of each Member, which may be in any form set forth in a Related Supplement, including, but not limited to, bonds, obligations, debentures, reimbursement agreements, loan agreements or leases. Reference to a "Series of Obligations" or to "Obligations of a Series" means Obligations or series of Obligations issued pursuant to a single Related Supplement.

"Officer's Certificate" means a certificate signed by the Authorized Representative of the Obligated Group Representative.

"Opinion of Bond Counsel" means an opinion of nationally recognized municipal bond counsel, which opinion may be based upon a ruling or rulings of the Internal Revenue Service, and which counsel and opinion, including the scope, form, substance and other aspects thereof.

"Opinion of Independent Counsel" means an opinion in writing signed by an attorney or firm of attorneys, duly admitted to practice law before the highest court of any state and, without limitation, may include independent legal counsel for the Obligated Group Representative.

"Outstanding," when used with reference to Indebtedness, means, as of any date of determination, all Indebtedness theretofore issued or incurred and not paid and discharged other than (a) Obligations theretofore cancelled by the Master Trustee or delivered to the Master Trustee for cancellation, (b) Obligations in lieu of which other Obligations have been authenticated and delivered or have been paid pursuant to the provisions of a Related Supplement regarding mutilated, destroyed, lost or stolen Obligations unless proof satisfactory to the Master Trustee has been received that any such Obligation is held by a bona fide purchaser, (c) any Obligation held by any Member, and (d) Indebtedness deemed paid and no longer outstanding pursuant to the terms thereof; *provided, however,* that if two or more obligations which constitute Indebtedness represent the same underlying obligation (as when an Obligation secures an issue of Related Bonds and another Obligation secures repayment obligations to a bank under a letter of credit which secures such Related Bonds) for purposes of the various financial covenants contained in the Master Indenture, but only for such purposes, only one of such Obligations shall be deemed Outstanding. Interest Rate Agreements shall not be deemed Outstanding as they are not deemed Indebtedness.

"Permitted Encumbrances" shall have the meaning and include:

(a) Liens securing any Member's Obligations;

(b) Liens arising by reason of good faith deposits by any Member in the ordinary course of business (for other than borrowed money), in connection with tenders, leases of real estate, bids or contracts (other than contracts for the payment of money) deposits by any Member to secure public or statutory obligations or deposits to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(c) Liens arising by reason of deposits with, or the giving of any form of security to, any governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable any Member to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with worker's compensation, unemployment insurance, pension or profit-sharing plans or other similar social security plans, or to share in the privileges or benefits required for companies participating in such arrangements;

(d) Any judgment Lien against any Member so long as such judgment is being contested in good faith and execution thereon is stayed;

(e) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law affecting any Property, to:

> (1) terminate such right, power, franchise, grant, license, or permit, *provided,* that the exercise of such right would not materially impair the use of such Property or materially and adversely affect the value thereof, or
>
> (2) purchase, condemn, appropriate or recapture, or designate a purchaser of, the Property or any portion thereof;

(f) Liens on any of the Property for taxes, assessments, levies, fees, water and sewer rents, and other governmental and similar charges and any Liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property, which are not due and payable or which are not delinquent or which, or the amount or validity of which, are being contested and execution thereon is stayed or, with respect to Liens of mechanics, materialmen, laborers, suppliers or vendors, have been due for less than 90 days, unless such liens have been bonded over;

(g) Easements, rights-of-way, servitudes, restrictions, oil, gas, or other mineral reservations and other minor defects, encumbrances, and irregularities in the title to any of the Property which do not materially impair the use of such Property or materially and adversely affect the value thereof;

(h) Rights reserved to or vested in any municipality or public authority to control or regulate any of the Property or to use such Property in any manner, which rights do not materially impair the use of such Property or materially and adversely affect the value thereof, to the extent that it affects title to any Property;

(i) Landlord's Liens;

(j) Liens on moneys deposited with any Member as security for or as prepayment for the cost of patient care;

(k) Liens on Property received by any Member through gifts, grants or bequests, such Liens being due to restrictions on such gifts, grants or bequests or the income thereon;

(l) Liens on Property due to rights of third-party payors for recoupment of amounts paid to any Member;

(m) Purchase money security interests and security interests existing on any of the Property prior to the time of its acquisition through purchase, merger, consolidation or otherwise, or placed upon Property to secure a portion of the purchase price thereof, or lessee's interest in leases required to be capitalized in accordance with generally accepted accounting principles;

(n) Any Lien described in Exhibit A to the Master Indenture which is existing on the date of execution of the Master Indenture provided that no such Lien (or the amount of Indebtedness secured thereby) may be increased, extended, renewed or modified to apply to any Property of any Member not subject to such Lien on such date, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Encumbrance under the Master Indenture;

(o) Liens on funds or securities posted in a collateral account held by a counterparty to an Interest Rate Agreement, or by a third party custodian therefore;

(p) Any Lien on accounts receivable, *provided* that the aggregate of the Indebtedness secured by such Lien, and by all other Liens of accounts receivables permitted by this clause (p), does not exceed 35% of the gross accounts receivable as shown in the financial records of the Obligated Group on a combined basis; *provided, however,* that the Lien of accounts receivables included in the pledge of Gross Revenues granted in the Granting Clauses of the Restated Master Indenture has no amount restriction;

(q) Any lease and leaseback, sale and saleback or similar arrangements entered into by a Member with a Related Bond Issuer to the extent required in connection with the issuance of Related Bonds;

(r) Any Liens or encumbrances or leases permitted as described in by the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Sale, Lease or Other Disposition of Property" below;

(s) Any Lien with respect to Property acquired after the date of execution of the Restated Master Indenture which either secures the purchase price of such Property or is a Lien to which such Property is subject at the time of its acquisition, including without limitation, financing leases and installment purchases of personal property and fixtures entered into in the ordinary course of business, with respect to which leases and installment purchases uniform commercial code financing statements have been filed;

(t) Liens arising under law or by contract with respect to deposits made under lifecare contracts or similar arrangements customarily entered into with residents in the ordinary course;

(u) Liens on Excluded Property;

(v) Any Lien if after giving effect to such Lien and all other Liens classified as Permitted Encumbrances under this subsection (v), the dollar amount of such Lien, or if such Lien cannot be valued, the Book Value or the Current Value of the Property of the Obligated Group which is subject to such Liens, is not at any time more than 5% of the value of all of the Property of the Obligated Group (calculated on the same basis as the value of the encumbered Property).

"Person" means any natural person, firm, joint venture, association, partnership, business trust, corporation, limited liability company, public body, agency or political subdivision thereof or any other similar entity.

"Previous Master Indenture" means that Master Trust Indenture dated as of August 1, 1986, between the Corporation and certain of its affiliates, and all amendments and supplements thereto through December, 2011.

"Previous Master Indenture Mortgages" means that certain First Supplemental Master Trust Indenture, Mortgages and Security Agreement dated as of August 1, 1986, between the Corporation and certain of its affiliates, and all amendments and supplements thereto through December, 2011.

"Primary Obligor" means that Member or those Members primarily obligated to make Required Payments with respect to any particular Obligation as set forth in a Related Supplement.

"Projected Rate" means the projected yield at par of an obligation as set forth in the report of an Independent Consultant. Such report shall state that in determining the Projected Rate such Independent Consultant reviewed the yield evaluations at par of no fewer than three obligations selected by such Independent Consultant, the interest on which is entitled to the exemption from federal income tax afforded by Section 103(a) of the Code or any successor thereto (or, if it is not expected that it will be reasonably possible to issue such tax-exempt obligations, then obligations the interest on which is subject to federal income taxation) which obligations such Independent Consultant states in its report are reasonable comparators for utilizing in developing such Projected Rate and which obligations: (i) were outstanding on a date selected by the Independent Consultant which date so selected occurred during the 90-day period preceding the date of the calculation utilizing the Projected Rate in question, (ii) to the extent practicable, are obligations of Persons engaged in operations similar to those of the Obligated Group and having a credit rating similar to that of the Obligated Group, (iii) are not entitled to the benefits of any credit enhancement, including without limitation any letter or line of credit or insurance policy, and (iv) to the extent practicable, have a remaining term and amortization schedule substantially the same as the obligation with respect to which such Projected Rate is being developed.

"Property" means any and all rights, titles and interests in and to any and all assets of the Obligated Group, whether real or personal, tangible or intangible and wherever situated, as shown on the most recent audited financial statements for the Obligated Group for the most

recent Fiscal Year for which they are available. Property shall not include the land, leasehold interests, buildings, fixtures or equipment constituting Excluded Property.

"Qualified Investments" means, if and to the extent the same are at the time legal for investment of funds held under the Master Indenture, dollar denominated investments in any of the following:

(a) Government Obligations;

(b) debt obligations which are (i) issued by any state or political subdivision thereof or any agency or instrumentality of such state or political subdivision, and (ii) at the time of purchase, rated in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by any Rating Agency;

(c) any bond, debenture, note, participation certificate or other similar obligation issued by a government sponsored agency (such as the Federal National Mortgages Association, the Federal Home Loan Bank System, the Federal Home Loan Mortgages Corporation or the Federal Farm Credit Bank) which is either (i) at the time of purchase, rated in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by any Rating Agency, or (ii) backed by the full faith and credit of the United States of America;

(d) U.S. denominated deposit account, certificates of deposit and banker's acceptances of any bank, trust company, or savings and loan association, including the Master Trustee or its affiliates, which have a rating on their short-term certificates of deposit on the date of purchase in one of the two highest short-term rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by any Rating Agency, and which mature not more than 360 days after the date of purchase;

(e) commercial paper which is rated at the time of purchase in one of the two highest short-term rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by any Rating Agency, and which matures not more than 270 days after the date of purchase;

(f) bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by a corporation which are, at the time of purchase, rated by any Rating Agency in any of the three highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise);

(g) investment agreements with banks that at the time the agreement is executed are at the time of purchase rated in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by any Rating Agency or investment agreements with non-bank financial institutions, *provided* that (1) all of the unsecured, direct long-term debt of either the non-bank financial institution or the related guarantor of such non-bank financial institution is rated by any Rating Agency at the time the agreement is executed in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) for obligations of that nature; or (2) if the non-bank financial institution and any related guarantor have no outstanding long-term debt that is rated, all of the short-term debt of either the non-bank financial institution or the related guarantor of the non-bank financial institution is at the time of purchase rated by any Rating Agency in one of the two highest rating categories (without regard to any refinement or gradation of the rating category by numerical modifier or otherwise) assigned to short-term indebtedness by any Rating Agency. If such non-bank financial institution and any guarantor do not have any short-term or long-term debt, but do have a rating in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise), then investment agreements with the non-bank financial institution will be permitted;

(h) repurchase agreements with respect to and secured by Government Obligations or by obligations described in clauses (b) and (c) above, which agreements may be entered into with a bank (including the Master Trustee or its affiliates), a trust company, financial services firm or a broker dealer which is a member of the Securities Investors Protection Corporation, *provided* that (i) the Master Trustee or a custodial agent of the Master Trustee has possession of the collateral and that the collateral is, to the knowledge of the Master Trustee, free and clear of third-party claims, (ii) a master repurchase agreement or specific written repurchase agreement governs the transaction, (iii) the collateral securities are valued no less frequently than monthly, (iv) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%, and (v) such obligations must be held in the custody of the Master Trustee;

(i) investments in a money market fund, including funds of the Master Trustee or its affiliates, rated (at the time of purchase) in the highest rating category for this type of investment by any Rating Agency; and

(j) shares in any investment company, money market mutual fund, fixed income mutual fund, Exchange Traded Fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, and whose investments consist solely of Qualified Investments as defined in paragraphs (a) through (i) above, including money market mutual funds from which the Master Trustee or its affiliates derive a fee for investment advisory or other services to the fund.

The Master Trustee shall be entitled to assume that any investment which at the time of purchase is a Qualified Investment remains a Qualified Investment thereafter, absent receipt of written notice or information to the contrary.

For the purposes of this definition, obligations issued or held in the name of the Master Trustee in book-entry form on the books of the Department of Treasury of the United States shall be deemed to be deposited with the Master Trustee.

"Rating Agency" means Fitch, Moody's or S&P, and their respective successors and assigns.

"Related Bond Indenture" means any indenture, trust agreement, bond resolution or other comparable instrument pursuant to which a series of Related Bonds are issued or executed and delivered.

"Related Bond Issuer" means the Government Issuer of any issue of Related Bonds.

"Related Bond Trustee" means the trustee and its successors in the trusts created under any Related Bond Indenture, and if there is no such trustee, means the Related Bond Issuer.

"Related Bonds" means any revenue bonds, certificates of participation or other obligations issued or executed and delivered by any Government Issuer, pursuant to a single Related Bond Indenture, the proceeds of which are loaned or otherwise made available to the Corporation or a Member in consideration of the execution, authentication and delivery of an Obligation or Obligations to or for the order of such Government Issuer.

"Related Loan Document" means any document or documents (including without limitation any loan agreement, lease, sublease or installment sales contract) pursuant to which any proceeds of any Related Bonds are advanced to any Member (or any Property financed or refinanced with such proceeds is loaned, leased, subleased or sold to a Member).

"Related Supplement" means an indenture supplemental to, and authorized and executed pursuant to the terms of, the Master Indenture.

"Required Information Recipients" means the Master Trustee, each Related Bond Trustee, each Related Bond Issuer, EMMA or any other nationally recognized municipal securities information repositories identified by the Securities and Exchange Commission, and all owners of $500,000 or more in aggregate principal amount of Related Bonds who request such reports in writing (which written request shall include a certification as to such ownership).

"Required Payment" means any payment whether at maturity, by acceleration, upon proceeding for redemption or otherwise, required to be made by any Member under the Master Indenture, any Related Supplement, or any Obligation, including, but not limited to, the payment of principal, interest and premium and lease payments.

"Responsible Officer" means, with respect to the Master Trustee, the chairman and vice chairman of the board of directors, the chairman of the executive committee of the board of directors, the vice chairman of the executive committee of the board of directors, the chairman of the trust committee, the president, any vice president, any assistant vice president, the cashier, any assistant cashier, the secretary, any assistant secretary, the treasurer, any assistant treasurer,

any trust officer, any assistant trust officer or any other officer of the Master Trustee customarily performing functions similar to those performed by the persons above-designated or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject. With respect to the Corporation, "Responsible Officer" means the president, chief executive officer, chief financial officer or any executive vice president of the Corporation.

"Restated Master Indenture" means the Amended and Restated Master Trust Indenture dated as of September 1, 2012, by and among the Corporation, as Obligated Group Representative, and the Master Trustee, as previously supplemented and amended and as further supplemented by the Supplemental Master Indenture No. 14, and as it may from time to time be further amended or as supplemented in accordance with the terms thereof.

"Rule 15c2-12" means Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended.

"S&P" means S&P Global Ratings, a division of S&P Global Inc., its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Obligated Group Representative.

"Series 2025A Bonds" means the Colorado Health Facilities Authority Revenue Bonds, Series 2025A (Covenant Living Communities and Services).

"Series 2025A Obligation" means the Direct Note Obligation, Series 2025A (Colorado Health Facilities Authority), delivered by the Corporation pursuant to Supplemental Master Indenture No. 14.

"Short-Term Indebtedness" means all Indebtedness having an original maturity less than or equal to one year and not renewable at the option of a Member for a term greater than one year.

"Stable Occupancy" means the first full Fiscal Year following the year in which the total percentage occupancy of all units and beds in an expansion capital project is equal to or greater than 93%, calculated as of the last day of a fiscal quarter.

"Standard & Poor's" or *"S&P"* means Standard & Poor's Ratings Services, a division of The McGraw Hill Companies Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Standard & Poor's" or "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Obligated Group Representative.

"Subordinated Indebtedness" means Indebtedness incurred by a Member which by its terms is specifically subordinated with respect to any security therefor and with respect to right

of payment to all Outstanding Obligations and to all other obligations of a Member not containing such subordination provisions.

"Supplemental Master Indenture No. 14" means the Supplemental Master Trust Indenture Number 14, pursuant to which the Corporation is expected to issue the Series 2025A Obligation to secure the Series 2025A Bonds.

"Tax-Exempt Organization" means a Person organized under the laws of the United States of America or any State thereof which is an organization described in Section 501(c)(3) and exempt from federal income taxation under Section 501(a) of the Internal Revenue Code of 1986 or corresponding provisions of federal income tax laws from time to time in effect.

"Total Operating Revenues" means the sum of total unrestricted operating revenues, contributions, dividends and interest income as shown on the consolidated financial statements of the Obligated Group, determined in accordance with generally accepted accounting principles.

GENERAL

The Master Indenture, as supplemented, authorizes the Corporation, as Obligated Group Representative, and each Member to issue Obligations which are full and unlimited obligations of the respective Obligated Group. The Obligations are joint and several obligations of the current and future Members of the Obligated Group.

Set forth below is a summary of certain provisions of the Master Indenture primarily relating to restrictions imposed on the Obligated Group with respect to debt service coverage requirements, the incurrence of Additional Indebtedness and certain other matters. The summary is not comprehensive and reference is made to the Master Indenture for a complete recital of its terms.

AUTHORIZATION OF OBLIGATIONS

Each Member authorizes to be issued from time to time Obligations or series of Obligations, without limitation as to amount, except as provided in the Master Indenture or as may be limited by law, and subject to the terms, conditions and limitations established under the Master Indenture and in any Related Supplement.

PAYMENT OF PRINCIPAL AND INTEREST

Each Member jointly and severally covenants and agrees to pay or cause to be paid promptly all Required Payments at the place, on the dates and in the manner provided in the Master Indenture, in any Related Supplement and in the Obligations whether at maturity, upon proceedings for redemption, by acceleration or otherwise, and each Member agrees to faithfully observe and perform all of the conditions, covenants and requirements of the Master Indenture, any Related Supplement and any Obligation, and the time of such payment and performance is of the essence concerning the obligations under the Master Indenture.

PLEDGE OF GROSS REVENUES; PLEDGE OF MORTGAGES

Each Member covenants and pledges, and to the extent permitted by law, grants a security interest to the Master Trustee in, all of the Gross Revenues of the Obligated Group to secure the payment of Required Payments and the performance by the Members of their other obligations under the Master Indenture; *provided, however,* that each Member may create, assume or suffer to exist Permitted Encumbrances.

Gross Revenues may be used and withdrawn by any Member at any time for any lawful purpose, except as provided in the Master Indenture. If any Member is delinquent for more than one Business Day in the payment of any Required Payment with respect to any Obligation issued pursuant to a Related Supplement, the Master Trustee shall notify the Obligated Group Representative of such delinquency, and, unless such Required Payment is paid, or provision for payment is duly made in a manner satisfactory to the Master Trustee in its sole discretion, within five days after receipt of such notice, the Obligated Group Representative or the appropriate Member shall transfer the Gross Revenues to the name and credit of the Master Trustee. The Master Trustee shall continue to hold the Gross Revenues until all Required Payments in default and all other Events of Default actually known to a Responsible Officer of the Master Trustee shall have been made good or cured to the satisfaction of the Master Trustee in its sole discretion or provision deemed by the Master Trustee in its sole discretion to be adequate shall have been made therefor, whereupon the Gross Revenues (except for the Gross Revenues required to make such payments or cure such defaults) shall be returned to the name and credit of the appropriate Members. During any period that the Gross Revenues are held in the name and to the credit of the Master Trustee, the Master Trustee shall use such funds from time to time to make Required Payments as such payments become due (whether by maturity, redemption, acceleration or otherwise), and, if such amounts shall not be sufficient to pay in full all such payments due on any date, then to the payment of debt service on Obligations ratably, without any discrimination or preference, and to such other payments in the order which the Master Trustee, in its discretion, shall determine to be in the best interests of the Holders, without discrimination or preference. During any period that the Gross Revenues are held in the name and to the credit of the Master Trustee, the Members shall not be entitled to use or withdraw any of the Gross Revenues of the Obligated Group unless and to the extent that the Master Trustee at its sole discretion so directs for the payment of current or past due operating expenses of the Members; *provided, however,* that the Members shall be entitled to use or withdraw any receipts which do not constitute Gross Revenues of the Obligated Group. Each Member agrees to execute and deliver all instruments as may be required to implement the provisions of the Master Indenture summarized under this caption. Each Member further agrees that a failure to comply with the terms of the Master Indenture summarized under this caption shall cause irreparable harm to the Holders and shall entitle the Master Trustee, with or without notice, to take immediate action to compel the specific performance of the obligations of the Members as described under this caption.

The Obligated Group pledged certain of its Property under the Previous Master Indenture Mortgages. In connection with the amendment and restatement of the Restated Master Indenture, the Obligated Group amended and restated those Liens to take the form of the separate Mortgages. The provisions permitting release of Property from the Lien of the Mortgages are found in the forms of the Mortgages. While the Lien continues, the provisions governing the

Lien of the Mortgages is now entirely in the new Mortgages, rather than in the Previous Master Indenture Mortgages.

COVENANTS AS TO MAINTENANCE OF PROPERTIES, ETC.

Each Member, respectively, covenants and agrees:

(a) That it will operate and maintain its Property in accordance with all valid and applicable governmental laws, ordinances, approvals and regulations including, without limitation, such zoning, sanitary, pollution and safety ordinances and laws and such rules and regulations thereunder as may be binding upon it; *provided, however,* that no Member shall be required to comply with any law, ordinance, approval or regulation as long as it shall in good faith contest the validity thereof. Each Member, respectively, further covenants and agrees that it will maintain and operate its real Property and all engines, boilers, pumps, machinery, apparatus, fixtures, fittings and equipment of any kind in or that shall be placed in any building or structure now or thereafter at any time constituting part of its Property in good repair, working order and condition, and that it will from time to time make or cause to be made all needful and proper replacements, repairs, renewals and improvements so that the operations of such Member will not be materially impaired.

(b) That it will pay and discharge all applicable taxes, assessments, governmental charges of any kind whatsoever, water rates, meter charges and other utility charges which may be or have been assessed or which may have become Liens upon the Property and will make such payments or cause such payments to be made, respectively, in due time to prevent any delinquency thereon or any forfeiture or sale of the Property or any part thereof, and, upon request, will furnish to the Master Trustee receipts for all such payments, or other evidences satisfactory to the Master Trustee; *provided, however,* that no Member shall be required to pay any tax, assessment, rate or charge as provided in the Master Indenture as long as it shall in good faith contest the validity thereof, *provided* that such Member shall have set aside reserves with respect thereto that, in the opinion of the Governing Body of the Obligated Group Representative, are adequate.

(c) That it will pay or otherwise satisfy and discharge all of its Obligations and Indebtedness and all demands and claims against it as and when the same become due and payable, other than any thereof (exclusive of the Obligations issued and Outstanding under the Master Indenture) whose validity, amount or collectability is being contested in good faith.

(d) That it will at all times comply with all terms, covenants and provisions of any Lien at such time existing upon its Property or any part thereof or securing any of its Indebtedness, noncompliance with which would have a material adverse effect on the operations of the Obligated Group or its Property.

(e) That it will use its best efforts (as long as it is in its best interest and will not materially adversely affect the interests of the holders) to procure and maintain all permits, licenses and other governmental approvals necessary for the operation of its Property and to maintain its qualification for participation in and payment under private insurance programs having broad application and federal, state and local governmental programs providing for payment or reimbursement for services rendered.

(f) That it will take no action or suffer any action to be taken by others which would result in the interest on any Related Bonds issued as tax-exempt bonds becoming subject to federal income taxation.

INSURANCE REQUIRED

Each Member covenants and agrees that it will keep its Property and all of its operations adequately insured at all times and carry and maintain such insurance in amounts which are commercially feasible, customarily carried, subject to customary deductibles, and against such risks as are customarily insured against by other corporations in connection with the ownership and operation of facilities of similar character and size. For the purpose of this provision, the term Property shall be deemed to include Excluded Property.

The Obligated Group Representative shall employ an Insurance Consultant at least every two years to review the insurance requirements of the Members, unless the Obligated Group is self-insured, in which case an Insurance Consultant must be retained annually to review insurance requirements of the Members. If the Insurance Consultant makes recommendations for the increase of any Member's insurance coverage, the Obligated Group Representative shall increase or cause to be increased such coverage in accordance with such recommendations, subject to a good faith determination of the Governing Body of the Obligated Group Representative that such recommendations, in whole or in part, are in the best interests of the Obligated Group. In lieu of maintaining insurance coverage that the Governing Body of the Obligated Group Representative deems necessary, the Members shall have the right to adopt alternative risk management programs that the Governing Body of the Obligated Group Representative determines to be reasonable and that shall not have a material adverse impact on reimbursement from third party payors; including, without limitation, the right to self-insure in whole or in part individually or in connection with other institutions, to participate in programs of captive insurance companies, to participate with other health care institutions in mutual or other cooperative insurance or other risk management programs, to participate in state or federal insurance programs, to take advantage of state or federal laws now or after the execution of the Master Indenture in existence limiting medical and malpractice liability, or to establish or participate in other alternative risk management programs; all as may be approved, in writing, as reasonable and appropriate risk management by the Insurance Consultant and reviewed each year thereafter.

The Obligated Group Representative shall cause to be delivered to the Master Trustee on the date the Restated Master Indenture is executed and at least annually thereafter, no later than within 150 days following the date audited financial statements are required to be furnished pursuant to the provisions of the Master Indenture summarized in subparagraph (3) in the second paragraph under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Financial Statements" an Officer's Certificate stating that the Obligated Group is in compliance with the provisions of the Master Indenture summarized under this caption. The Master Trustee may conclusively rely on such Certificate. The Master Trustee shall not be responsible for the sufficiency of any insurance required in the Master Indenture or for the obtaining of such insurance and in all events shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by any Member.

LIMITATIONS ON ENCUMBRANCES

Each Member, respectively, covenants and agrees that it will not create, assume or suffer to exist any Lien upon the Property other than Permitted Encumbrances. Each Member, respectively, further covenants and agrees that if such a Lien other than a Permitted Encumbrance is created or assumed by any Member, it will make or cause to be made effective a provision whereby all Obligations will be secured prior to any such Indebtedness or other obligation secured by such Lien. Nothing in the Master Indenture is intended to create an equitable or legal lien or interest on or in the Property, though the Mortgages pledge certain property to the Master Trustee for the benefit of the holders of the Obligations.

LIMITATIONS ON ADDITIONAL INDEBTEDNESS

Each Member, respectively, agrees that it will not incur any Additional Indebtedness except as follows:

(a) Long-Term Indebtedness, *provided* that:

(1) the aggregate principal amount of such Long-Term Indebtedness and all other Outstanding Long-Term Indebtedness incurred pursuant to the provisions of the Master Indenture summarized in this clause (1) does not exceed 10% of the Total Operating Revenues of the Obligated Group for the most recent Fiscal Year for which audited financial statements are available immediately preceding the issuance of such Long-Term Indebtedness (provided that to the extent Long-Term Indebtedness initially incurred pursuant to this clause subsequently complies with any other incurrence requirement, such Long-Term Indebtedness shall, at the option of the Obligated Group Representative, thereafter not be deemed to be incurred pursuant to this clause); or

(2) the Master Trustee receives an Officer's Certificate certifying the Long-Term Debt Service Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness and the Long-Term Indebtedness proposed to be incurred, for the most recent complete Fiscal Year for which audited financial statements are available, which Long-Term Debt Service Coverage Ratio is not less than 1.20:1; or

(3) the Master Trustee receives:

(A) an Officer's Certificate, certifying that, taking into account all Outstanding Long-Term Indebtedness but not the Long-Term Indebtedness proposed to be incurred, for the most recent Fiscal Year for which audited financial statements are available, the Long-Term Debt Service Coverage Ratio is not less than 1.20:1; and

(B) either (i) an Officer's Certificate, accompanied by the written report of an Independent Consultant, stating the forecasted Long-Term Debt Service Coverage Ratio, taking into account the Long-Term Indebtedness proposed to be incurred, for (x) in the case of Long-Term Indebtedness to finance capital improvements, the first Fiscal Year of Stable Occupancy, or (y) in the case of Long-Term Indebtedness issued for other purposes than are described in (x), the Fiscal Year succeeding the date on which the proposed Long-Term Indebtedness is to be incurred, is not less than 1.25:1, as shown by forecasted statements of revenues and expenses for such Fiscal Year, accompanied by a statement of the relevant assumptions upon which such forecasted statements are based; or (ii) an Officer's Certificate stating the forecasted Long-Term Debt Service Coverage Ratio, taking into account the Long-Term Indebtedness proposed to be incurred, for (x) in the case of Long-Term Indebtedness to finance capital improvements, the first two Fiscal Years of Stable Occupancy, or (y) in the case of Long-Term Indebtedness issued for other purposes than are described in (x), the two Fiscal Years succeeding the date on which the proposed Long-Term Indebtedness is to be incurred, is not less than 1.50:1, as shown by forecasted statements of revenues and expenses for such Fiscal Years, accompanied by a statement of the relevant assumptions upon which such forecasted statements are based; or

(4) the Master Trustee receives an Officer's Certificate, accompanied by the written report of an Independent Consultant, stating the forecasted Long-Term Debt Service Coverage Ratio, taking into account the Long-Term Indebtedness proposed to be incurred, for (A) in the case of Long-Term Indebtedness to finance capital improvements, the first Fiscal Year of Stable Occupancy or (B) in the case of Long-Term Indebtedness issued for other purposes than are described in (A), the Fiscal Year succeeding the date on which the proposed Long-Term Indebtedness is to be incurred, is not less than 1.50:1, as shown by forecasted statements of revenues and expenses for such Fiscal Year, accompanied by a statement of the relevant assumptions upon which such forecasted statements are based.

(b) Completion Indebtedness if there is delivered to the Master Trustee (i) an Officer's Certificate stating that at the time the original Long-Term Indebtedness or Balloon Indebtedness for the facilities to be completed was incurred the Member had reason to believe that the proceeds of such Indebtedness together with other moneys then expected to be available would provide sufficient moneys for the completion of such facilities; (ii) a Construction Consultant's certificate setting forth the amount estimated to be needed to complete the facilities; and (iii) an Officer's Certificate stating that the proceeds of such Completion Indebtedness to be applied to the completion of the facilities, together with other moneys available therefor, will be in an amount not less than the amount set forth in the certificate referred to in clause (ii) above.

(c) Long-Term Indebtedness incurred for the purpose of refunding, refinancing or replacing any Outstanding Long-Term Indebtedness so as to render it no longer Outstanding if the Master Trustee receives an Officer's Certificate to the effect that Maximum Annual Debt Service, taking into account the Long-Term Indebtedness proposed to be incurred, will not be increased by more than 15% as a result of such refunding, refinancing or replacement.

(d) Short-Term Indebtedness provided that:

(1) such Short-Term Indebtedness is incurred in compliance with the provisions described in subparagraph (a) above, treating such Short-Term Indebtedness for such purposes only as if it were Long-Term Indebtedness; or

(2) (i) the total amount of such Short-Term Indebtedness does not exceed 15% of Total Operating Revenues of the Obligated Group for the most recent Fiscal Year for which audited financial statements are available; and (ii) in every Fiscal Year, there shall be at least a 30-day period when the balance of such Short-Term Indebtedness is reduced to an amount which shall not exceed 5% of Total Operating Revenues of the Obligated Group for the most recent Fiscal Year for which audited financial statements of the Obligated Group are available.

(e) Subordinated Indebtedness without limitation.

(f) Balloon Indebtedness or Interim Indebtedness provided that the conditions described in subparagraph (a) above are satisfied with respect to the incurrence of such Balloon Indebtedness or Interim Indebtedness utilizing the assumptions specified in clause (c) of the definition of "Maximum Annual Debt Service" summarized above under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Definitions of Certain Terms."

(g) Extendable Indebtedness provided that the conditions described in subparagraph (a) above are satisfied with respect to the incurrence of such Extendable Indebtedness utilizing the assumptions specified in clause (d) of the definition of "Maximum Annual Debt Service" summarized above under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Definitions of Certain Terms."

(h) Reimbursement and other obligations arising under reimbursement agreements relating to letters of credit or similar credit facilities used to secure Indebtedness otherwise permitted under this caption.

(i) Indebtedness which is non-recourse to any Member of the Obligated Group.

LIMITATIONS ON GUARANTIES

Each Member covenants and agrees that it will not enter into, or become liable with respect to, any Guaranty except:

(a) Guaranties of Indebtedness of another Member;

(b) Guaranties of Obligations; or

(c) Any other Guaranty provided that the conditions described in the provisions of the Master Indenture summarized in subparagraph (a) under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Limitations on Additional Indebtedness" above are satisfied with respect to the issuance of such Guaranty utilizing the assumptions specified in clause (a) of the definition of "Maximum Annual Debt Service" summarized above under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Definitions of Certain Terms."

RATES AND CHARGES; DEBT COVERAGE

Each Member covenants and agrees to fix, charge and collect rates, fees and charges for the use of its facilities and for the services furnished so that the Debt Service Coverage Ratio of the Obligated Group as a whole meets the standards of the Master Indenture summarized under this caption.

(a) Within 150 days after the end of each Fiscal Year (commencing with the first full Fiscal Year following the execution of the Restated Master Indenture) the Obligated Group Representative shall compute Income Available for Debt Service and Annual Debt Service and promptly furnish to the Required Information Recipients a Certificate setting forth the results of such computation.

(b) If the Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.20:1, the Master Trustee shall require the Obligated Group, at the Obligated Group's expense, to retain an Independent Consultant within 30-days following the calculation described in the immediately preceding paragraph to make recommendations with respect to the rates, fees and charges of the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase such Debt Service Coverage Ratio to at least 1.20:1 for the following Fiscal Year.

For purposes of calculations of the Master Indenture described under this caption, an unrestricted contribution from any Affiliate of any Member of the Obligated Group may, at the sole discretion of the Obligated Group Representative, be treated as Income Available for Debt Service being earned during the period of such calculation so long as the unrestricted contribution is made prior to the date the applicable Certificate is required to be delivered with respect to such calculation. If the unrestricted contribution is counted in a period prior to the date of such transfer in accordance with the previous sentence, it shall not be included in the calculation for the period in which such contribution was actually made.

(c) A copy of the Independent Consultant's report and recommendations, if any, shall be filed with each of the Required Information Recipients within 90 days of retaining the Independent Consultant. Each Member shall follow each recommendation of the Independent Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the Governing Body of such Member) and permitted by law. The provisions of the Master Indenture summarized under this caption shall not be construed to prohibit any Member from serving indigent patients to the extent required for such Member to continue its qualification as a Tax-Exempt Organization or from serving any other class or classes of patients without charge or at reduced rates so long as such service does not prevent the Obligated Group from satisfying the other requirements described under this caption.

(d) Notwithstanding any other provisions of the Master Indenture, an Event of Default arising from the Debt Service Coverage Ratio shall only occur under the Master Indenture if one or more of the following conditions applies:

(1) the Obligated Group (i) fails to achieve a Debt Service Coverage Ratio of at least 1.20:1, and (ii) fails to take all necessary action to comply with the procedures described under this caption for preparing a report, adopting a plan, and following all recommendations contained in such report or plan to the extent feasible (as determined by the Governing Body of the Obligated Group Representative) and permitted by law; or

(2) the Obligated Group fails to achieve a Debt Service Coverage Ratio of at least 1.00:1 for any Fiscal Year and the Days' Cash on Hand of the Obligated Group as of the last day of such Fiscal Year is less than 120; or

(3) the Obligated Group fails to achieve a Debt Service Coverage Ratio of at least 1.00:1 for two consecutive Fiscal Years.

SALE, LEASE OR OTHER DISPOSITION OF PROPERTY

Each Member agrees that it will not transfer any Property except as permitted in the provisions of the Master Indenture summarized under this caption.

(a) Each Member may sell, lease or otherwise dispose (including without limitation any involuntary disposition) of Property (either real or personal, including cash and investments) to another Member, except that none of the Property or any other Property financed with the proceeds of any Related Bonds issued as tax-exempt bonds shall be transferred by the Corporation to any other Member unless the Related Bond Trustee and the Related Bond Issuer have received an Opinion of Bond Counsel to the effect that such transfer shall not adversely affect the validity of the Related Bonds or any exemption from federal income taxation to which such Related Bonds would otherwise be entitled.

(b) The Property sold, leased or otherwise disposed of does not, for any consecutive 12-month period, exceed 3% of the total Book Value or the Current Value of all Property of the Obligated Group and the Long-Term Debt Service Coverage Ratio was not less than 1.20:1 for the last Fiscal Year, and as of the end of the last fiscal quarter, the Obligated Group had not less than 125 Days' Cash on Hand after giving effect to the transaction. If the Long-Term Debt Service Coverage Ratio is not less than 1.20:1, the foregoing percentage of the total Book Value or Current Value may be increased as follows under the following conditions:

(1) to 5%, if Days Cash on Hand would not be less than 200 after the effect of such sale, lease or disposition of assets; or

(2) to 7.5%, if Days Cash on Hand would not be less than 300 after the effect of such sale, lease or disposition of assets; or

(3) to 10%, if Days Cash on Hand would not be less than 400 after the effect of such sale, lease or disposition of assets.

(c) A Member may transfer Property, including cash or cash equivalents, to a Person other than a Member or an Affiliate without limitation if:

(1) the transfer is (i) in return for other Property of equal or greater value and usefulness or (ii) in the ordinary course of business upon fair and reasonable terms; or

(2) prior to such sale, lease or other disposition there is delivered to the Master Trustee an Officer's Certificate of a Member stating that, in the judgment of the signer, such Property has, or within the next succeeding 24 calendar months is reasonably expected to, become inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary and the sale, lease or

other disposition thereof will not impair the structural soundness, efficiency or economic value of the remaining Property; or

(3) such Property consists solely of assets which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payment on the Obligations.

(d) If the amount of such Property sold, leased or otherwise disposed of does not, for any consecutive 12-month period, exceed 1% of the total Book Value or Current Value of all Property of the Obligated Group.

If any Property to be disposed in accordance with the provisions of the Master Indenture summarized under this caption is subject to a Lien, including any Mortgages, the Master Trustee shall, upon the request of the Obligated Group Representative, release such Property from the Lien, including a Mortgages, pursuant to the terms of any documentation creating such Lien.

Nothing in the Master Indenture shall prohibit any Member from making secured or unsecured loans provided that (1) any such loan is evidenced in writing, (2) the Obligated Group Representative reasonably expects such loan to be repaid and (3) such loan bears interest at a reasonable rate of interest as determined in good faith by the Obligated Group Representative.

LIQUIDITY COVENANT

The Obligated Group covenants that it will calculate the Days Cash on Hand of the Obligated Group as of March 31 and September 30 of each Fiscal Year (each such date being a *"Testing Date"*). The Obligated Group shall include such calculations in the Officer's Certificate delivered pursuant to the provisions of the Master Indenture summarized in subparagraph (1) in the second paragraph under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Financial Statements".

Each Obligated Group Member is required to conduct its business so that on each Testing Date the Obligated Group shall have not less than 120 Days Cash on Hand.

If the amount of Days Cash on Hand as of any Testing Date is less than 120, the Obligated Group Representative shall, within 30-days after receipt of the Officer's Certificate disclosing such deficiency, deliver an Officer's Certificate approved by a resolution of the Governing Body of the Obligated Group Representative to the Master Trustee setting forth in reasonable detail the reasons for such deficiency and adopting a specific plan setting forth steps to be taken designed to achieve the required level of Days Cash on Hand for future periods.

If the Obligated Group has not achieved 120 Days Cash on Hand by the next Testing Date following delivery of the Officer's Certificate required in the preceding paragraph, the Obligated Group Representative shall, within 30-days after receipt of the Officer's Certificate disclosing such deficiency, retain an Independent Consultant to make recommendations with respect to the rates, fees and charges of the Obligated Group and the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase the Days Cash on Hand to the required level for future periods. A copy of the Independent Consultant's report and recommendations, if any, shall be filed with each of the Required Information Recipients within 90 days of the date such Independent Consultant is retained. Each Member of the Obligated Group shall follow each recommendation of the Independent Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Member) and permitted by law.

Notwithstanding any other provision of the Master Indenture, failure of the Obligated Group to achieve the required liquidity covenant for any Fiscal Year shall not constitute an event of default under the Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for preparing a report and adopting a plan and follows each recommendation contained in such report to the extent feasible (as determined by the Governing Body of the Obligated Group Representative) and permitted by law.

CONSOLIDATION, MERGER, SALE OR CONVEYANCE

Each Member agrees that it will not merge into, or consolidate with, one or more corporations which are not Members, or allow one or more of such corporations to merge into it, or sell or convey all or substantially all of the Obligated Group's Property to any Person who is not a Member, unless:

(i) Any successor corporation to such Member (including without limitation any purchaser of all or substantially all the Property of such Member) is a Person (other than a natural person) organized and existing under the laws of the United States of America or a state thereof and shall execute and deliver to the Master Trustee an appropriate instrument containing the agreement of such successor to assume, jointly and severally, the due and punctual payment of the principal of, premium, if any, and interest on all Obligations according to their tenor and the due and punctual performance and observance of all the covenants and conditions of the Master Indenture to be kept and performed by such Member;

(ii) Immediately after such merger or consolidation, or such sale or conveyance, no Member would be in default in the performance or observance of any covenant or condition of any Related Loan Document or the Master Indenture;

(iii) Assuming that any Indebtedness of any successor or acquiring corporation is Indebtedness of such Member and that the revenues and expenses of the Member for such most recent Fiscal Year include the revenues and expenses of such other corporation (A) immediately after such merger or consolidation, sale or conveyance, the Long-Term Debt Service Coverage Ratio of the Obligated Group for the most recent Fiscal Year for which financial statements that have been reported upon by independent certified public accountants are available, if calculated on a pro forma basis including the effect of such merger or consolidation, sale or conveyance, would have been not less than 1.20:1, or that such pro forma Long-Term Debt Service Coverage Ratio of the Obligated Group is not less than the Long-Term Debt Service Coverage Ratio of the Obligated Group was for such Fiscal Year prior to such merger or consolidation, sale or conveyance and

(B) immediately after such merger or consolidation, sale or conveyance, the Days Cash on Hand of the Obligated Group as set forth on the most recent quarterly financial statements delivered to the Master Trustee pursuant to the provisions of the Master Indenture would be not less than 120 or that such calculation of Days Cash on Hand of the Obligated Group is greater than such calculation would be immediately prior to such merger or consolidation, sale or conveyance;

(iv) If all amounts due or to become due on all Related Bonds have not been fully paid to the holders thereof or fully provided for, there shall be delivered to the Master Trustee and the Related Bond Issuer an Opinion of Bond Counsel to the effect that under then-existing law the consummation of such merger, consolidation, sale or conveyance would not adversely affect the validity of such Related Bonds or the exemption otherwise available from federal or state income taxation of interest payable on such Related Bonds; and

(v) If any Related Bonds were rated by a Rating Agency prior to such merger, consolidation, sale or conveyance, written evidence that, after such merger, consolidation, sale or conveyance, all Related Bonds will have a rating of at least "BBB-" (or an equivalent rating) from at least one Rating Agency.

In case of any such consolidation, merger, sale or conveyance and upon any such assumption by the successor corporation, such successor corporation shall succeed to and be substituted for its predecessor, with the same effect as if it had been named in the Master Indenture as such Member. Each successor, assignee, surviving, resulting or transferee corporation of a Member must agree to become, and satisfy the conditions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Membership in the Obligated Group" below to becoming, a Member of the Obligated Group prior to any such succession, assignment or other change in such Member's corporate status. Any successor corporation to such Member thereupon may cause to be signed and may issue in its own name Obligations under the Master Indenture and the predecessor corporation shall be released from its obligations under the Master Indenture and under any Obligations, if such predecessor corporation shall have conveyed all Property owned by it (or all such Property shall be deemed conveyed by operation of law) to such successor corporation. All Obligations so issued by such successor corporation under the Master Indenture shall in all respects have the same legal rank and benefit under the Master Indenture as Obligations theretofore or thereafter issued in accordance with the terms of the Master Indenture as though all of such Obligations had been issued under the Master Indenture by such prior Member without any such consolidation, merger, sale or conveyance having occurred.

In case of any such consolidation, merger, sale or conveyance such changes in phraseology and form (but not in substance) may be made in Obligations thereafter to be issued as may be appropriate.

The Master Trustee may rely upon an Opinion of Independent Counsel as conclusive evidence that any such consolidation, merger, sale or conveyance, and any such assumption, complies with the provisions of the Master Indenture summarized under this caption and that it is proper for the Master Trustee under the provisions of the Master Indenture to join in the execution of any instrument required to be executed and delivered by the provisions of the Master Indenture summarized under this caption.

FINANCIAL STATEMENTS

The Members covenant in the Master Indenture that they will keep or cause to be kept proper books of records and accounts in which full, true and correct entries will be made of all dealings or transactions of or in relation to the business and affairs of the Obligated Group in accordance with generally accepted principles of accounting consistently applied except as may be disclosed in the notes to the audited financial statements referred to in subparagraph (b) below. To the extent that generally accepted accounting principles would require consolidation of certain financial information of entities which are not Members of the Obligated Group with financial information of one or more Members, consolidated financial statements prepared in accordance with generally accepted accounting principles which include information with respect to entities which are not Members of the Obligated Group may be delivered in satisfaction of the requirements of the Master Indenture summarized under this caption so long as: (i) supplemental information in sufficient detail to separately identify the information with respect to the Members of the Obligated Group is delivered to the Master Trustee with the audited financial statements; (ii) such supplemental information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements delivered to the Master Trustee and, in the opinion of the accountant, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole; and (iii) such supplemental information is used for the purposes of the Master Indenture or for any agreement, document or certificate executed and delivered in connection with or pursuant to the Master Indenture.

The Obligated Group Representative will furnish or cause to be furnished to the Required Information Recipients the following:

(a) Quarterly unaudited financial statements of the Obligated Group no more than 45 days after the completion of first three fiscal quarters or 60 days after the completion of the fourth fiscal quarter, including a consolidated or consolidating statement of revenues and expenses and statement of cash flows of the Obligated Group for the year-to-date period, and a consolidated or consolidating balance sheet as of the end of each such fiscal quarter;

(b) Quarterly information regarding occupancy levels of all of the facilities operated by the Obligated Group by level of care as of the end of each such quarter no more than 45 days after the completion of first three fiscal quarters or 60 days after the completion of the fourth fiscal quarter;

(c) Within 150 days after the end of each Fiscal Year, an annual audited financial report of the Corporation and its affiliates prepared by a firm of certified public accountants, including a balance sheet as of the end of such Fiscal Year and a statement of revenues and expenses of the Obligated Group for such Fiscal Year in supplemental schedules, and a statement that such accountants have no knowledge of any default under the Master Indenture with respect to accounting and financial matters, or if such accountants shall have obtained knowledge of any such default or defaults, they shall disclose in such statement the default or defaults and the nature thereof; and

(d) On or before the date of delivery of the financial reports referred to in subsections (1) (other than after the fourth fiscal quarter) and (3) above, an Officer's Certificate of the Obligated Group Representative (i) stating that the Obligated Group is in compliance with all of the terms, provisions and conditions of the Master Indenture or if not, specify all such defaults and the nature thereof, (ii) calculating and certifying the Debt Service Coverage Ratio for the then-applicable period, and (iii) calculating and certifying the Days Cash on Hand for the then-applicable period.

The Obligated Group Representative shall furnish or cause to be furnished to the Master Trustee or any Related Bond Trustee, such additional information as the Master Trustee or any Related Bond Trustee may reasonably request concerning any Member in order to enable the Master Trustee or such Related Bond Trustee to determine whether the covenants, terms and provisions of the Master Indenture have been complied with by the Members and for that purpose all pertinent books, documents and vouchers relating to the business, affairs and Property (other than patient, donor and personnel records) of the Members shall, to the extent permitted by law, at all times during regular business hours be open to the inspection of such accountant or other agent (who may make copies of all or any part thereof) as shall from time to time be designated by the Master Trustee or such Related Bond Trustee.

The Members also agree that, within 10 days after its receipt thereof, the Obligated Group Representative will file with each Required Information Recipient a copy of each Independent Consultant's report or counsel's opinion required to be prepared under the terms of the Master Indenture.

The Obligated Group Representative shall give prompt written notice of a change of accountants by the Obligated Group to the Master Trustee and each Related Bond Trustee. The notice shall state (i) the effective date of such change; (ii) whether there were any unresolved disagreements with the former accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which the accountants claimed would have caused them to refer to the disagreement in a report on the disputed matter, if it was not resolved to their satisfaction; and (iii) such additional information relating thereto as such Related Bond Trustee or the Master Trustee may reasonably request.

APPROVAL OF CONSULTANTS

If at any time the Members of the Obligated Group are required to engage an Independent Consultant pursuant to the provisions of the Master Indenture summarized in subparagraph (b) under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Rates and Charges; Debt Coverage" above, such Independent Consultant shall be engaged in the manner set forth below in the provisions summarized under this caption (other than any determination of the Projected Rate pursuant to the Master Indenture, to which the provisions summarized under this caption do not apply).

Upon selecting an Independent Consultant as required by the provisions of the Master Indenture summarized in subparagraph (b) under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Rates and Charges; Debt Coverage" above, the Obligated Group Representative will notify the Master Trustee of such selection. The Master Trustee shall, as soon as practicable but in no case longer than five Business Days after receipt of notice, notify the holders of all Obligations outstanding of such selection. Such notice shall (i) include the name of the Independent Consultant and a brief description of the Independent Consultant, (ii) state the reason that the Independent Consultant is being engaged including a description of the covenant(s) of the Master Indenture that require the Independent Consultant to be engaged, and (iii) state that the holder of the Obligation will be deemed to have consented to the selection of the Independent Consultant named in such notice unless such Obligation holder submits an objection to the selected Independent Consultant in writing (in a manner acceptable to the Master Trustee) to the Master Trustee within 15 days of the date that the notice is sent to the Obligation holders. No later than two Business Days after the end of the 15-day objection period, the Master Trustee shall notify the Obligated Group of the number of objections. If two-thirds (66.6%) or more in aggregate principal amount of the holders of the outstanding Obligations have been deemed to have consented to the selection of the Independent Consultant, the Obligated Group Representative may engage the Independent Consultant within five days of receiving notice of that consent. If more than one-third (33.3%) in aggregate principal amount of the owners of the Obligations outstanding have objected to the Independent Consultant selected, the Obligated Group Representative shall select another Independent Consultant within 14 days after receiving notice of such objection which may be engaged upon compliance with the procedures of the provisions summarized under this caption.

All Independent Consultant reports required under the Master Indenture shall be prepared in accordance with then-effective industry-appropriate standards.

When the Master Trustee notifies the holders of Obligations of such selection, the Master Trustee shall also request any Related Bond Trustee send a notice containing the information required by the second paragraph under this caption to the owners of all of the Related Bonds outstanding. Such Related Bond Trustee shall, as the owner of an Obligation securing such Related Bonds, consent or object to the selection of the Independent Consultant in accordance with the response of the owners of such Related Bonds. If two-thirds (66.6%) or more in aggregate principal amount of the Related Bonds have been deemed to have consented to the selection of the Independent Consultant, the Bond Trustee shall approve the Independent Consultant within five days of receiving notice of that consent. If more than one-third (33.3%) in aggregate principal amount of the owners of the Related Bonds have objected to the Independent Consultant selected, the Bond Trustee shall reject the Independent Consultant within 14 days after receiving notice of such objection.

The 15-day notice period described in the second paragraph under this caption above may be extended by the Master Trustee in order to permit each Related Bond Trustee to give the owners of the Related Bonds 15 days to respond to the notice given by the Related Bond Trustee. By acceptance of an Obligation securing any Related Bonds, the Related Bond Trustee agrees to comply with the provisions of the Master Indenture summarized under this caption.

MEMBERSHIP IN THE OBLIGATED GROUP

Additional Members may be added to the Obligated Group from time to time, *provided* that prior to such addition, the Master Trustee receives:

(a) a copy of a resolution of the proposed new Member which authorizes the execution and delivery of the Master Indenture or a Related Supplement and compliance with the terms of the Master Indenture;

(b) a Related Supplement pursuant to which the proposed new Member (1) agrees to become a Member; (2) agrees to be bound by the terms and restrictions imposed by the Master Indenture and Indebtedness represented by the Obligations; (3) irrevocably appoints the Obligated Group Representative as its agent and attorney-in-fact and grants to the Obligated Group Representative full power to execute Related Supplements authorizing the issuance of Obligations or Series of Obligations; and (4) amends Exhibit C to the Restated Master Indenture to include the new Member;

(c) an Opinion of Independent Counsel to the proposed new Member, which opinion states that the proposed new Member has taken all necessary action to become a Member, and upon execution of a Related Supplement, such proposed new Member will be bound by the terms of the Master Indenture;

(d) a description of any existing Long-Term Indebtedness of the proposed new Member and any Indebtedness which the proposed new Member plans to incur simultaneously with the execution of the Related Supplement;

(e) an Officer's Certificate (i) showing that the Obligated Group could issue at least one dollar of Long-Term Indebtedness under the provisions of the Master Indenture described in subparagraph (a) under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Limitations on Additional Indebtedness" above immediately following the addition of such Member to the Obligated Group, or (ii) demonstrating that an event of default under the Master Indenture will be cured if the new Member becomes a Member of the Obligated Group; or (iii) to the effect that the Long-Term Debt Service Coverage Ratio of the Obligated Group for the most recent Fiscal Year would be not less than 1.20:1, or that such Long-Term Debt Service Coverage Ratio of the Obligated Group is greater than the Long-Term Debt Service Coverage Ratio of the Obligated Group was for such Fiscal Year prior to such new Member joining the Obligated Group;

(f) an Opinion of Bond Counsel to the effect that the addition of such Member (1) under then existing law, would not adversely affect the validity of any Related Bond or any exemption from federal or state income taxation of interest payable on such Bond otherwise entitled to such exemption; and (2) will not cause the Master Indenture or the Obligations issued under the Master Indenture to be subject to registration under federal securities laws or the Trust Indenture Act of 1939, as amended (or, that any such registration, if required, has occurred);

(g) an Officer's Certificate to the effect that no Member, immediately after the addition of such new Member, would be in default in the performance or observance of any covenant or condition of the Master Indenture;

(h) if any Related Bonds were rated by a Rating Agency prior to the proposed new Member becoming a Member of the Obligated Group, written evidence from such Rating Agency that, after such proposed new Member becomes a Member, all Related Bonds will have a rating of at least "BBB-" (or an equivalent rating) from at least one Rating Agency; and

(i) such additional documentation as may be required by the Related Supplements.

WITHDRAWAL FROM THE OBLIGATED GROUP

Any Member may withdraw from the Obligated Group, and be released from further liability or obligation under the provisions of the Master Indenture, *provided* that prior to such withdrawal, the Master Trustee receives:

(a) an Officer's Certificate stating that immediately following withdrawal of such Member, no Member would be in default in the performance or observance of any covenant or condition of the Master Indenture; and

(b) an Officer's Certificate stating that such Member is not a Primary Obligor with respect to any Outstanding Obligations; and

(c) an Officer's Certificate (i) showing that the Obligated Group could issue at least one dollar of Long-Term Indebtedness under the provisions of the Master Indenture described in subparagraph (a) under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Limitations on Additional Indebtedness" above immediately following the withdrawal of such Member from the Obligated Group, or (ii) demonstrating that an event of default under the Master Indenture will be cured if the withdrawing Member leaves the Obligated Group; or (iii) to the effect that (1) the Long-Term Debt Service Coverage Ratio of the Obligated Group for the most recent Fiscal Year would be not less than 1.20:1 immediately following withdrawal of such member, or that such Long-Term Debt Service Coverage Ratio of the Obligated Group is greater than the Long-Term Debt Service Coverage Ratio of the Obligated Group was for such Fiscal Year prior to such Member withdrawing from the Obligated Group, and (2) the Days Cash on Hand of the Obligated Group would be not less than 120 immediately following withdrawal of such member; and

(d) an Opinion of Bond Counsel to the effect that the withdrawal of such Member, under then-existing law, would not adversely affect the validity of any Related Bond or any exemption from federal or state income taxation of interest payable on such Bond to which such Bond would otherwise be entitled; and

(e) if any Related Bonds were rated by a Rating Agency prior to the Member withdrawing from the Obligated Group, evidence from such Rating Agency that, after such Member withdraws from the Obligated Group, all Related Bonds will have a rating of at least "BBB-" (or an equivalent rating) from at least one Rating Agency.

Upon compliance with the conditions summarized under this caption, the Master Trustee shall execute any documents reasonably requested by the withdrawing Member to evidence the termination of such Member's obligations under the Master Indenture, under any Related Supplements and under all Obligations. Exhibit C to the Restated Master Indenture shall be amended to remove such Member.

INSURANCE AND CONDEMNATION PROCEEDS

In the case of the damage or destruction of all or a portion of the Obligated Group's facilities subject to a Mortgage as a result of fire or other casualty, any insurance proceeds in an amount more than $1,000,000 or 3% of the Obligated Group's assets, whichever is greater, shall be applied in accordance with subsection (b) below. Any other insurance proceeds, condemnation award or payment in lieu of condemnation in an amount more than $1,000,000 or 3% of the Obligated Group's assets, whichever is greater, shall, at the option of the Obligated Group Representative:

(a) Be deposited with the Master Trustee to apply to the prepayment or redemption of Obligations outstanding, on a pro rata basis; or

(b) Be applied by the Obligated Group to repair, renovate or rebuild the facilities subject to the payment; or

(c) For any other legitimate purpose, in the sole discretion of the Obligated Group Representative; or

(d) Be applied in any combination of (a), (b) and (c) above.

Any Member may make agreements and covenants with the holder of any Indebtedness which is incurred in compliance with the provisions of the Master Indenture and which is secured by a Permitted Encumbrance with respect to the application or use to be made of insurance proceeds or condemnation awards which may be received in connection with Property which is subject to such Permitted Encumbrance.

ADDITIONS TO EXCLUDED PROPERTY

Exhibit B to the Master Indenture (Description of Excluded Property) may be amended to include additional real property acquired by a Member subsequent to the Closing Date (as defined below under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE AND THE LOAN AGREEMENT – Definitions of Certain Terms") and all improvements, fixtures, tangible personal property and equipment located thereon and used in connection therewith upon the receipt by the Master Trustee of an Officer's Certificate of such Member stating that the total value of such Property included on Exhibit B to the Master Indenture does not exceed 10% of the total value of Property of the Obligated Group (calculated on the basis of the Book Value of the assets shown on the asset side of the balance sheet in the consolidated financial statements of the Obligated Group for the most recent Fiscal Year next preceding the date of such amendment to Exhibit B thereto for which consolidated financial statements reported on by independent certified public accountants are available or, if the Obligated Group Representative so elects, on the basis of Current Value).

INVESTMENT OF FUNDS

In the absence of written investment instructions, the Master Trustee is directed to invest available funds in Qualified Investments described in paragraph (i) of the definition thereof summarized above under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Definitions of Certain Terms." The Master Trustee, when authorized by the Obligated Group Representative, may purchase or sell securities in the Master Indenture authorized through itself or a related subsidiary as principal or agent, in the purchase and sale of securities for such investments. The Master Trustee shall not be liable or responsible for any loss resulting from any such investments made in accordance with the provisions of the Master Indenture.

DEFAULTS AND REMEDIES

Events of Default. Each of the following events is an Event of Default under the Master Indenture:

(a) Failure on the part of the Obligated Group to make due and punctual payment of the principal of, redemption premium, if any, or interest on an Obligation.

(b) Failure of any Member to duly observe and perform any other covenant or agreement under the Master Indenture (including covenants or agreements contained in any Obligation) for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Obligated Group Representative by the Master Trustee or to the Obligated Group Representative and the Master Trustee by the holders of 25% in aggregate principal amount of Outstanding Obligations.

(c) Default by any Member in the payment of any Indebtedness for borrowed moneys (other than an Obligation), whether such Indebtedness now exists or shall after the execution of the Master Indenture be created, and any period of grace with respect thereto shall have expired, or an event of default, as defined in any mortgage, indenture or instrument, under which there may be secured or evidenced any Indebtedness, whether such Indebtedness now exists or shall after the execution of the Master Indenture be created, shall occur; *provided, however,* that such default shall not constitute an Event of Default within the meaning of the provisions of the Master Indenture summarized under this subcaption if within 60 days, or within the time allowed for service of a responsive pleading if any proceeding to enforce payment of the Indebtedness is commenced (1) any

Member in good faith commences proceedings to contest the existence or payment of such Indebtedness, and (2) sufficient moneys are escrowed with a bank or trust company or a bond acceptable to the Master Trustee is posted for the payment of such Indebtedness.

(d) Entry by a court having jurisdiction of a decree or order for (1) relief with respect to any Member in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or after the execution of the Master Indenture in effect, or (2) appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) for any Member or for any substantial part of the property of any Member, or (3) winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days.

(e) Occurrence of the following actions of any Member: (1) commencement of a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or after the execution of the Master Indenture in effect, (2) consent to the entry of an order for relief in an involuntary case under any such law, or (3) consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of any Member or for any substantial part of its property, or (4) making any general assignment for the benefit of creditors, or (5) failure to generally pay its debts as they become due, or (6) taking any corporate action in furtherance of the foregoing.

(f) An event of default shall exist under any Related Bond Indenture or under any Mortgage.

Acceleration; Annulment of Acceleration. Upon the occurrence and during the continuation of an Event of Default, the Master Trustee may and, upon (1) the written request of the Holders of not less than 25% in aggregate principal amount of Outstanding Obligations or of any Holder if an Event of Default described in subparagraph (a) under the subcaption "Events of Default" above, has occurred or (2) the acceleration of any Obligation pursuant to the terms of the Related Supplement under which such Obligation was issued, shall, by notice to the Members, declare all Outstanding Obligations immediately due and payable. Upon such declaration of acceleration, all Outstanding Obligations shall become and be immediately due and payable. If the terms of any Related Supplement give a Person the right to consent to acceleration of the Obligations issued pursuant to such Related Supplement, the Obligations issued pursuant to such Related Supplement may not be accelerated by the Master Trustee unless such consent is properly obtained pursuant to the terms of such Related Supplement. In the event of acceleration, an amount equal to the aggregate principal amount of all Outstanding Obligations, plus all interest accrued thereon and, to the extent permitted by applicable law, which accrues on such principal and interest to the date of payment, shall be due and payable on the Obligations.

At any time after the Master Trustee has declared the principal of the Obligations to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of an Event of Default, the Master Trustee may annul such declaration and its consequences if:

(1) the Obligated Group has paid or caused to be paid (or deposited with the Master Trustee moneys sufficient to pay) all payments then due on all Outstanding Obligations (other than the principal or other payments then due only because of such declaration);

(2) the Obligated Group has paid (or caused to be paid or deposited with the Master Trustee) moneys sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Master Trustee and any paying agents;

(3) the Obligated Group has paid all other amounts then payable by the Obligated Group under the Master Indenture (or a sum sufficient to pay the same shall have been deposited with the Master Trustee); and

(4) every Event of Default (other than a default in the payment of the principal or other payments of such Obligations then due only because of such declaration) shall have been remedied.

No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Additional Remedies and Enforcement of Remedies. (a) Upon the occurrence and continuance of any Event of Default, the Master Trustee may, and upon the request of (1) the Holders of not less than 25% in aggregate principal amount of the Obligations Outstanding, (2) any Holder which, pursuant to a Related Supplement, is given the right to require the Master Trustee to institute actions pursuant to the provisions described in this paragraph, or (3) any Holder if an Event of Default described in subparagraph (a) under the subcaption "Events of Default" above has occurred, shall upon the indemnification of the Master Trustee to its satisfaction therefor, proceed forthwith to protect and enforce its rights and the rights of the Holders under the Master Indenture by such suits, actions or proceedings as the Master Trustee, being advised by its counsel, shall deem expedient, including but not limited to:

(1) Enforcement of the right of the Holders to collect and enforce the payment of amounts due or becoming due under the Obligations and exercise of the Master Trustee's rights pursuant to the provisions of the Master Indenture described in the second paragraph under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Pledge of Gross Revenues; Pledge of Mortgages" above to hold and use the Gross Revenues in accordance with the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Pledge of Gross Revenues; Pledge of Mortgages" above.

(2) Suit upon all or any part of the Obligations;

(3) Civil action to require any Person holding moneys, documents or other property pledged to secure payment of amounts due or to become due on the Obligations to account as if it were the trustee of an express trust for the Holders of Obligations;

(4) Civil action to enjoin any acts or things, which may be unlawful or in violation of the rights of the Holders of Obligations; and

(5) Enforcement of any other right or remedy of the Holders conferred by law or by the Master Indenture.

(b) Regardless of the happening of an Event of Default, the Master Trustee shall, if requested in writing by the Holders of not less than 25% in aggregate principal amount of the Obligations then Outstanding and upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (1) to prevent any impairment of the security under the Master Indenture by any acts which may be unlawful or in violation of the Master Indenture, or (2) to preserve or protect the interests of the Holders. However, the Master Trustee shall not comply with any such request or institute and maintain any such suits or proceedings that are in conflict with any applicable law or the provisions of the Master Indenture or (in the sole judgment of the Master Trustee) is unduly prejudicial to the interest of the Holders of Obligations not making such request.

Application of Revenues and Other Moneys After Default. During the continuance of an Event of Default, all moneys received by the Master Trustee pursuant to any right given or action taken under the provisions of the Master Indenture, after payment of the costs and expenses of any action, proceeding or the like resulting in the collection of such moneys and payment of the fees, costs, expenses, advances and all other amounts owed to the Master Trustee shall be applied as follows:

(1) If the Master Trustee has not declared the principal of all Outstanding Obligations due and payable:

FIRST: To the payment of all installments of interest then due on the Obligations in the order of their due dates, and, if the amount available is not sufficient to pay in full all installments due on the same date, then to the payment thereof ratably, according to the amounts of interest due on such date, without any discrimination or preference; and

SECOND: To the payment of the unpaid installments of principal then due on the Obligations, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available is not sufficient to pay in full all installments due on the same date, then to the payment thereof ratably, according to the amounts of principal due on such date, to the Persons entitled thereto, without any discrimination or preference.

(2) If the Master Trustee has declared all Outstanding Obligations due and payable (and has not annulled such declaration under the terms of the Master Indenture),

to the payment of the principal and interest then due and unpaid upon the Obligations and, if the amount available is not sufficient to pay in full the whole amount then due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, of interest over principal, of any installment over any other installment, or of any Obligation over any other Obligation, according to the amounts due, without any discrimination or preference.

Such moneys shall be applied by the Master Trustee as it shall determine, having due regard for the amount of moneys available for application and the likelihood of additional moneys becoming available in the future. Whenever the Master Trustee shall apply such moneys, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Master Trustee shall give such notices as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date. The Master Trustee shall not be required to make payment to the Holder of any unpaid Obligation until such Obligation (and all unmatured coupons, if any) is presented to the Master Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever all Obligations have been paid under the terms of the Master Indenture summarized under this subcaption and all expenses and charges of the Master Trustee have been paid, any balance remaining shall be paid to the Person entitled to receive such balance. If no other Person shall be entitled thereto, then the balance shall be paid to the Members, their successors, or as a court of competent jurisdiction may direct.

Remedies Not Exclusive. No remedy by the terms of the Master Indenture conferred upon or reserved to the Master Trustee or the Holders is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given under the Master Indenture or existing at law or in equity on or after the date of the Master Indenture.

Remedies Vested in the Master Trustee. All rights of action (including the right to file proof of claims) under the Master Indenture or under any of the Obligations may be enforced by the Master Trustee without the possession of any of the Obligations or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Master Trustee may be brought in its name as the Master Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Obligations. Subject to the provisions of the Master Indenture summarized under the subcaption "Application of Revenues and Other Moneys After Default" above, any recovery or judgment shall be for the equal benefit of the Holders of the Outstanding Obligations.

Master Trustee to Represent Holders. The Master Trustee is irrevocably appointed (and the successive respective Holders of the Obligations, by taking and holding the same, shall be conclusively deemed to have so appointed the Master Trustee) as trustee and true and lawful attorney-in-fact of the Holders of the Obligations for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Master Indenture, the Obligations, any Related Supplement, and applicable provisions of any other law. In addition to the provisions described above under the subcaption "Additional Remedies and Enforcement of Remedies," above, upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Master Trustee to represent the Holders, the Master Trustee may, and upon the written direction of the Holders of not less than 25% in aggregate principal amount of the Obligations then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Holders by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Master Indenture, or in aid of the execution of any power granted in the Master Indenture, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Master Trustee or in such Holders under the Master Indenture, the Obligations, any Related Supplement, or any other law; and upon instituting such proceeding, the Master Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the assets pledged under the Master Indenture, pending such proceedings. All rights of action under the Master Indenture, the Obligations or Related Supplement, or otherwise may be prosecuted and enforced by the Master Trustee without the possession of any of the Obligations or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Master Trustee shall be brought in the name of the Master Trustee for the benefit and protection of all the Holders of such Obligations, subject to the provisions of the Master Indenture.

Holders' Control of Proceedings. If an Event of Default shall have occurred and be continuing, notwithstanding anything in the Master Indenture to the contrary, the Holders of at least a majority in aggregate principal amount of Obligations then Outstanding shall have the right, at any time, by any instrument in writing executed and delivered to the Master Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of the Master Indenture or for the appointment of a receiver or any other proceedings under the Master Indenture. However, the Master Trustee shall not follow any such direction that is in conflict with any applicable law or the provisions of the Master Indenture or, in the sole judgment of the Master Trustee, is unduly prejudicial to the interest of Holders not joining in such direction. Nothing described in this subcaption shall impair the right of the Master Trustee in its discretion to take any other action authorized by the Master Indenture that it may deem proper and which is not inconsistent with such direction by Holders. Nothing in the Master Indenture shall affect or impair the rights of any Holder to enforce the payment of principal of, interest on and other amounts due under the Obligation held by such Holder or any agreement or instrument secured by such Obligation, by suit or other action available pursuant thereto or in law or in equity.

Termination of Proceedings. In case any proceeding taken by the Master Trustee on account of an Event of Default is discontinued or abandoned for any reason or is determined adversely to the Master Trustee or to the Holders, then the Members, the Master Trustee and the Holders shall be restored to their former positions and rights under the Master Indenture, and all rights, remedies and powers of the Master Trustee and the Holders shall continue as if no such proceeding had been taken.

Waiver of Event of Default. No delay or omission of the Master Trustee or of any Holder to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of or acquiescence to any such Event of Default. Every power and remedy given by the Master Indenture summarized under this caption, to the Master Trustee and the Holders may be exercised from time to time and as often as may be deemed expedient by them.

The Master Trustee may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Master Indenture, or before the completion of the enforcement of any other remedy thereunder.

Notwithstanding anything contained in the Master Indenture to the contrary, upon the written request of the Holders of at least a majority of the aggregate principal amount of Obligations then Outstanding, the Master Trustee shall waive any Event of Default under the Master Indenture and its consequences; *provided, however,* that, except under the circumstances described in the second paragraph under the subcaption "Acceleration; Annulment of Acceleration" above, a default in the payment of the principal of, premium, if any, or interest on any Obligation when due may not be waived without the written consent of the Holders of all Outstanding Obligations.

If the Master Trustee waives an Event of Default under the Master Indenture, the Members, the Master Trustee and the Holders shall be restored to their former positions and rights. No such waiver shall extend to, or impair any right with respect to any other Event of Default.

Appointment of Receiver. Upon the occurrence of any Event of Default, the Master Trustee shall be entitled, (a) without declaring the Obligations to be due and payable, (b) after declaring the same to be due and payable, or (c) upon the commencement of any proceeding to enforce any right of the Master Trustee or the Holders, to the appointment of a receiver or receivers of any or all of the Property of the Members with such powers as the court making such appointment shall confer. Each Member consents and agrees, and will if requested by the Master Trustee, consent and agree at the time of application by the Master Trustee for appointment of a receiver, to the appointment of such receiver and agrees that such receiver may be given the right, power and authority, to the extent the same may lawfully be given, to take possession of and operate and deal with such Property and the revenues, profits and proceeds therefrom, with the same effect as the Member could, and to borrow money and issue evidences of indebtedness as such receiver.

Remedies Subject to Provisions of Law. All rights, remedies and powers described under this caption may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law. All the provisions of the Master Indenture summarized under this caption are intended to be limited to the extent necessary so that they will not render any provisions of the Master Indenture invalid or unenforceable under the provisions of any applicable law.

Related Bond Trustee or Bondholders Deemed to be Obligation Holders. For the purposes of the Master Indenture, unless a Related Bond Trustee elects to the contrary or contrary provision is made in a Related Bond Indenture, each Related Bond Trustee shall be deemed the holder of the Obligation or Obligations pledged to secure the Related Bonds with respect to which such Related Bond Trustee is acting as trustee. If such a Related Bond Trustee so elects or the Related Bond Indenture so provides, the holders of each series of Related Bonds shall be deemed the holders of the Obligations to the extent of the principal amount of the Obligations to which their bonds relate.

Notice of Default. Within ten days after the Master Trustee has actual knowledge or has received written notice of the occurrence of an Event of Default, the Master Trustee shall mail to all Holders notice of such Event of Default, unless such Event of Default shall have been cured before the giving of such notice (the term *"Event of Default"* for the purposes of the Master Indenture summarized under this subcaption being defined to be the events specified in subparagraphs (a)-(f) under the subcaption "Events of Default" above, not including any periods of grace provided for in subparagraphs (b), (c) and (d) respectively, and irrespective of the giving of written notice specified in subparagraph (b)). Except in the case of default in the payment of the principal of or premium, if any, or interest on any of the Obligations and the Events of Default specified in subparagraphs (d) and (e) under the subcaption "Events of Default" above, the Master Trustee shall be protected in withholding such notice if and so long as the Master Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders.

REMOVAL AND RESIGNATION OF THE MASTER TRUSTEE

The Master Trustee may be removed at any time by an instrument or instruments in writing signed by the Holders of not less than a majority of the principal amount of Obligations then Outstanding or, unless an Event of Default has occurred and is then continuing, the Obligated Group Representative.

The Master Trustee may at any time resign by giving written notice of such resignation to the Obligated Group Representative and by giving the Holders of all Obligations then Outstanding notice of such resignation by mail at the addresses shown on the registration books maintained by the Master Trustee.

No such resignation or removal shall become effective unless and until a successor Master Trustee has been appointed and has assumed the trusts created by the Master Indenture. Written notice of removal shall be given to the Members and to each Holder at the address then reflected on the books of the Master Trustee. A successor Master Trustee may be appointed at the direction of the Holders of not less than a majority in aggregate principal amount of Obligations Outstanding, or, if the Master Trustee has resigned or has been removed by the Obligated Group Representative, by the Obligated Group Representative. If a successor Master Trustee has not been appointed and qualified within 60 days of the date notice of resignation is given, the Master Trustee, any Member or any Holder may apply to any court of competent jurisdiction for the appointment of an interim successor Master Trustee to act until such time as a permanent successor is appointed.

Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Master Trustee shall be a trust company or bank having the powers of a trust company as to trusts, qualified to do and doing trust business in one or more states of the United States of America and having an officially reported combined capital, surplus, undivided profits and reserves (or if the Master Trustee is a subsidiary of such financial institution, the parent institution shall satisfy these requirements) aggregating at least $50,000,000, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Every successor Master Trustee howsoever appointed under the Master Indenture shall execute, acknowledge and deliver to its predecessor and also to each Member an instrument in writing, accepting such appointment. Upon the delivery of such acceptance, such successor Master Trustee shall, without further action, become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor. The predecessor Master Trustee shall execute and deliver an instrument transferring to such successor Master Trustee all the rights, powers and trusts of such predecessor Master Trustee. The predecessor Master Trustee shall execute any and all documents necessary or appropriate to convey all interest it may have to the successor Master Trustee. The predecessor Master Trustee shall promptly deliver all records relating to the trust or copies thereof and communicate all material information it may have obtained concerning the trust to the successor Master Trustee.

Each successor Master Trustee, not later than 10 days after its assumption of the duties under the Master Indenture, shall mail a notice of such assumption to each Holder.

SUPPLEMENTS AND AMENDMENTS TO THE MASTER INDENTURE

Supplements Not Requiring Consent of Holders. The Obligated Group Representative, acting for itself and as agent for each Member, and the Master Trustee may, without the consent of or notice to any of the Holders, enter into one or more Related Supplements for one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission in the Master Indenture;

(b) To correct or supplement any provision in the Master Indenture which may be inconsistent with any other provision in the Master Indenture, or to make any other provisions with respect to matters or questions arising under the Master Indenture and which shall not materially and adversely affect the interests of the Holders;

(c) To grant or confer ratably upon all of the Holders any additional rights, remedies, powers or authority, or to add to the covenants of and restrictions on the Members;

(d) To qualify the Master Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect;

(e) To create and provide for the issuance of an Obligation or Series of Obligations as permitted under the Master Indenture;

(f) To obligate a successor to any Member pursuant to the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Consolidation, Merger, Sale or Conveyance" above; or

(g) To add a new Member pursuant to the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Membership in the Obligated Group" above, or have a Member withdraw pursuant to the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Withdrawal from the Obligated Group" above.

Supplements Requiring Consent of Holders. Other than Related Supplements described in the preceding paragraph and subject to the terms and provisions and limitations described in the Master Indenture, the Holders of not less than a majority in aggregate principal amount of the Outstanding Obligations shall have the right to consent to and approve the execution by the Obligated Group Representative, acting for itself and as agent for each Member, and the Master Trustee of such Related Supplements as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Master Indenture. Nothing described under this subcaption shall permit or be construed as permitting a Related Supplement which would:

(a) extend the stated maturity of or time for paying interest on any Obligation or reduce the principal amount of or the redemption premium or rate of interest or method of calculating interest payable on any Obligation without the consent of the Holder of such Obligation;

(b) modify, alter, amend, add to or rescind any of the terms or provisions of the Master Indenture described under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Defaults and Remedies" above so as to affect the right of the Holders of any Obligations in default as to payment to compel the Master Trustee to declare the principal of all Obligations to be due and payable, without the consent of the Holders of all Obligations then Outstanding; or

(c) reduce the aggregate principal amount of Obligations then Outstanding (the consent of the Holders of which is required to authorize such Related Supplement) without the consent of the Holders of all Obligations then Outstanding.

The Master Trustee may execute a Related Supplement (in substantially the form delivered to it as described below) without liability or responsibility to any Holder (whether or not such Holder has consented to the execution of such Related Supplement) if the Master Trustee receives:

(a) a Request of the Obligated Group Representative to enter into such Related Supplement;

(b) a certified copy of the resolution of the Governing Body of the Obligated Group Representative approving the execution of such Related Supplement;

(c) the proposed Related Supplement; and

(d) an instrument or instruments executed by the Holders of not less than the aggregate principal amount or number of Obligations described in the first paragraph under this subcaption for the Related Supplement in question which instrument or instruments shall refer to the proposed Related Supplement and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof as on file with the Master Trustee.

Any such consent shall be binding upon the Holder of the Obligation giving such consent and upon any subsequent Holder of such Obligation and of any Obligation issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Obligation giving such consent or by a subsequent Holder thereof by filing with the Master Trustee, prior to the execution by the Master Trustee of such Related Supplement, such revocation and, if such Obligation or Obligations are transferable by delivery, proof that such Obligations are held by the signer of such revocation. At any time after the Holders of the required principal amount or number of Obligations shall have filed their consents to the Related Supplement, the Master Trustee shall make and file with the Corporation a written statement to that effect. Such written statement shall be conclusive that such consents have been so filed.

If the Holders of the required principal amount or number of the Outstanding Obligations shall have consented to and approved the execution of such Related Supplement, no Holder of any Obligation shall have any right to object to the execution thereof, or to object to any of the terms and provisions contained therein or the operation thereof, or to question the propriety of the execution thereof, or to enjoin or restrain the Master Trustee or the Obligated Group Representative from executing the same or from taking any action pursuant to the provisions thereof.

SATISFACTION AND DISCHARGE OF THE MASTER INDENTURE

If (1) the Members shall deliver to the Master Trustee for cancellation all Obligations previously authenticated (other than any Obligations which shall have been mutilated, destroyed, lost or stolen and which shall have been replaced or paid as provided in any Related Supplement) and not cancelled, or (2) upon payment of all Obligations not previously cancelled or delivered to the Master Trustee for cancellation, or (3) the Members shall deposit with the Master Trustee (or with a bank or trust company pursuant to an agreement between a Member and such bank or trust company) as cash or Escrow Obligations or both, sufficient to pay at maturity or upon redemption all Obligations not previously cancelled or delivered to the Master Trustee for cancellation, including without limitation principal and interest due or to become due to such date of maturity or redemption date, as the case may be, and if in any case the Members shall also pay or cause to be paid all other sums payable under the Master Indenture by the Members, then the Master Indenture shall cease to be of further effect, and the Master Trustee, on demand of the Members and at the cost and expense of the Members, shall execute proper instruments acknowledging satisfaction of and discharging the Master Indenture. The Members shall cause a report to be prepared by a firm nationally recognized for providing verification services regarding the sufficiency of funds for such discharge and satisfaction, upon which report the Master Trustee may rely.

SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE AND THE LOAN AGREEMENT

DEFINITIONS OF CERTAIN TERMS

The following are definitions of certain terms used in the Bond Indenture and the Loan Agreement. Reference is hereby made to the entire documents for the definitions of all terms used in such documents. The following definitions are equally applicable to both the singular and plural forms of any of the terms defined herein.

"Act" means the Colorado Health Facilities Authority Act, constituting Colorado Revised Statutes, Title 25, Article 25, Section 25-25-101, *et seq.,* as from time to time amended.

"Additional Bonds" means the parity bonds authorized to be issued under the Bond Indenture in addition to the Series 2025A Bonds.

"Authority" means the Colorado Health Facilities Authority, an independent public body politic and corporate and a public instrumentality of the State of Colorado created and existing under the Act, and its successors and assigns.

"Bond" or *"Bonds"* means the Series 2025A Bonds and any Additional Bonds, as the case may be.

"Bond Counsel" means an attorney or firm of attorneys nationally recognized as experienced in matters pertaining to the validity of obligations of governmental authorities and the exclusion from federal income taxation of the interest on such obligations, selected by the Corporation.

"Bond Financed Property" means all real and personal property to be financed or refinanced out of the proceeds of the Series 2025A Bonds, including earnings thereon.

"Bond Indenture" means the Bond Trust Indenture dated as of April 1, 2025 between the Authority and the Bond Trustee, as it may from time to time be amended or supplemented.

"Bond Register" means the registration books of the Authority kept by the Bond Trustee to evidence the registration and transfer of Bonds.

"Bond Trustee" means Computershare Trust Company, N.A., or any successor trustee or any co-trustee under the Bond Indenture.

"Bond Year" means any 12-month period beginning December 1 of a calendar year and ending on November 30 of the following calendar year. For the purpose of calculating debt service on the Series 2025A Bonds payable in any Bond Year, principal and interest payable on the Series 2025A Bonds on December 1 of any Bond Year shall be deemed to be payable during the preceding Bond Year.

"Bondholder," "holder," "owner of a Bond" or *"owner"* means any registered owner of any Bond.

"Business Day" means a day which is not a Saturday, Sunday or legal holiday or a day on which banking institutions in the state in which the Bond Trustee is located are authorized or required by law to close.

"Closing Date" means the date of the original authentication and delivery of the Series 2025A Bonds.

"Code" means the Internal Revenue Code of 1986, as amended from time to time. Each reference to a Section of the Code in the Bond Indenture shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations, relating to such Section which are applicable to the Series 2025A Bonds or the use of the proceeds thereof.

"Continuing Disclosure Undertaking" means that certain Continuing Disclosure Undertaking dated the Closing Date, of the Members of the Obligated Group.

"Corporation" means Covenant Living Communities and Services (f/k/a Covenant Retirement Communities, Inc.), an Illinois not for profit corporation duly organized and existing under the laws of the State of Illinois, and its successors and assigns and any surviving, resulting or transferee corporation.

"Defaulted Interest" means interest on any Bond of a particular series which is payable but not duly paid on the date due.

"Escrow Obligations" means (a) noncallable direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to timely payment by, the United States of America, (b) noncallable bonds, debentures or notes issued by the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Banks, the Farmers Home Administration, the Federal Home Loan

Mortgage Association or any comparable federal agency now existing or created after the execution of the Bond Indenture to the extent that said obligations are fully and unconditionally guaranteed as to timely payment by, the United States of America, or (c) evidences of a direct ownership interest in future interest or principal payments on noncallable obligations issued or fully and unconditionally guaranteed as to timely payment by the United States of America, which obligations are held in a custody account by a custodian satisfactory to the Bond Trustee pursuant to the terms of a custody agreement.

"Fiscal Year" means that period adopted by the Obligated Group Representative as its annual accounting period. Initially, the Fiscal Year is the period from October 1 of a year to September 30 of the next year. The Obligated Group Representative shall notify the Bond Trustee in writing of any change in the Fiscal Year of the Obligated Group.

"Fitch" means Fitch Ratings Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation by written notice to the Bond Trustee.

"Funds" means the Expense Fund, the Project Fund, the Interest Fund, the Principal Fund and the Optional Redemption Fund, each established under the Bond Indenture.

"Governing Body" means the board of directors, the board of trustees or similar group in which the right to exercise the powers of corporate directors or trustees is vested.

"Government Obligations" means securities which consist of (a) United States Government Obligations or (b) evidences of a direct ownership in future interest or principal payments on United States Government Obligations, which obligations are held in a custody account by a custodian pursuant to the terms of a custody agreement.

"Independent Counsel" means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include independent legal counsel for the Authority, the Corporation, any other Obligated Group Member, the Bond Trustee or the Master Trustee.

"Loan Agreement" means the Loan Agreement dated as of April 1, 2025, between the Corporation and the Authority, as it may from time to time be amended or supplemented.

"Master Indenture" means the Amended and Restated Master Trust Indenture dated as of September 1, 2012, between the Corporation, as Obligated Group Representative, on behalf of and with the other Members of the Obligated Group identified on Exhibit C to the Master Indenture, and the Master Trustee, as amended and supplemented, and as it may from time to time be further amended or supplemented in accordance with its terms.

"Master Trustee" means The Bank of New York Mellon Trust Company, N.A., or any successor trustee under the Master Indenture.

"Members," "Members of the Obligated Group," "Member of the Obligated Group" or *"Obligated Group"* means the Corporation, and any Person listed on Exhibit C to the Master Indenture after designation as a Member of the Obligated Group pursuant to the provisions of the Master Indenture.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation by written notice to the Bond Trustee.

"Obligated Group Member" means any Person which has from time to time become an Obligated Group Member pursuant to the provisions of the Master Indenture and has not withdrawn from the Obligated Group pursuant to the provisions of the Master Indenture.

"Obligated Group Representative" means the person designated as such pursuant to the provisions of the Master Indenture, which designation has been delivered to the Bond Trustee in writing.

"Obligations" means any promissory note, guaranty, loan commitment or other obligation issued, authenticated and delivered under the Master Indenture, including without limitation, the Loan Agreement.

"Official Statement" means this Official Statement prepared in connection with the issuance and sale of the Series 2025A Bonds.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel.

"Outstanding," "Outstanding Bonds," "Bonds outstanding," "Bonds Outstanding" or *"outstanding"* means all Bonds which have been duly authenticated and delivered by the Bond Trustee under the Bond Indenture, except:

(a) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Bonds for the payment or redemption of which cash or Escrow Obligations shall have been theretofore deposited with the Bond Trustee (whether upon or prior to the maturity or redemption date of any such Bonds) in accordance with the provisions of the Bond Indenture; *provided* that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Bond Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Bond Trustee shall have been filed with the Bond Trustee;

(c) Bonds in lieu of which others have been authenticated under the Bond Indenture; and

(d) For the purpose of determining whether the owners of a requisite aggregate principal amount of outstanding Bonds have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Bond Indenture, Bonds which are owned or held by the Corporation or any other Obligated Group Member shall be disregarded and deemed to be not outstanding, subject to the provisions of the Bond Indenture regarding Pledged Bonds.

"Paying Agent" means the bank or banks designated pursuant to the Bond Indenture to receive and disburse the payments of principal of, premium, if any, and interest on the Series 2025A Bonds.

"Person" means any natural person, firm, joint venture, association, partnership, limited liability company, business trust, corporation, public body, agency or political subdivision thereof or any other similar entity.

"Project" means the acquisition, construction, renovation, remodeling and/or equipping of certain health facilities financed or refinanced with proceeds of the Series 2025A Bonds.

"Project Certificate" means the Project Certificate dated the Closing Date delivered by the Corporation and the Users in connection with the issuance of the Series 2025A Bonds.

"Project Certificate Exhibit" means the listing set forth in *Exhibit A* to the Project Certificate, which Exhibit sets forth the Project and the related useful lives.

"Purchase Contract" means the Bond Purchase Agreement among the Authority, B.C. Ziegler and Company, as purchaser, and the Members of the Obligated Group, providing for the sale of the Series 2025A Bonds.

"Qualified Investments" means, if and to the extent the same are at the time legal for investment of funds held under the Bond Indenture, dollar denominated investments in any of the following:

(a) Government Obligations;

(b) debt obligations which are (i) issued by any state or political subdivision thereof or any agency or instrumentality of such state or political subdivision, and (ii) at the time of purchase, rated in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by any Rating Agency;

(c) any bond, debenture, note, participation certificate or other similar obligation issued by a government sponsored agency (such as the Federal National Mortgage Association, the Federal Home Loan Bank System, the Federal Home Loan Mortgage Corporation or the Federal Farm Credit Bank) which is either (i) at the time of purchase, rated in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by any Rating Agency, or (ii) backed by the full faith and credit of the United States of America;

(d) U.S. denominated deposit account, certificates of deposit and banker's acceptances of any bank, trust company, or savings and loan association, including the Master Trustee or the Bond Trustee or their affiliates, which have a rating on their short-term certificates of deposit on the date of purchase in one of the two highest short-term rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by any Rating Agency, and which mature not more than 365 days after the date of purchase;

(e) commercial paper which is rated at the time of purchase in one of the two highest short-term rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by any Rating Agency, and which matures not more than 270 days after the date of purchase;

(f) bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by a corporation which are, at the time of purchase, rated by any Rating Agency in any of the three highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise);

(g) investment agreements with banks that at the time the agreement is executed are at the time of purchase rated in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by any Rating Agency or investment agreements with non-bank financial institutions, *provided* that (1) all of the unsecured, direct long-term debt of either the non-bank financial institution or the related guarantor of such non-bank financial institution is rated by any Rating Agency at the time the agreement is executed in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) for obligations of that nature; or (2) if such non-bank financial institution and any related guarantor have no outstanding long-term debt that is rated, all of the short-term debt of either the non-bank financial institution or the related guarantor of the non-bank financial institution is at the time of purchase rated by any Rating Agency in one of the two highest rating categories (without regard to any refinement or gradation of the rating category by numerical modifier or otherwise) assigned to short term indebtedness by any Rating Agency. If such non-bank financial institution and any guarantor do not have any short-term or long-term debt, but do have a rating in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise), then investment agreements with the non-bank financial institution will be permitted;

(h) repurchase agreements with respect to and secured by Government Obligations or by obligations described in clauses (b) and (c) above, which agreements may be entered into with a bank (including the Bond Trustee or its affiliates), a trust company, financial services firm or a broker dealer which is a member of the Securities Investors Protection Corporation, *provided* that (i) the Bond Trustee or a custodial agent of the Bond Trustee has possession of the collateral and that the collateral is free and clear of third-party claims, (ii) a master repurchase agreement or specific written repurchase agreement governs the transaction, (iii) the collateral securities are valued no less frequently than monthly, and (iv) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%, and (v) such obligations must be held in the custody of the Bond Trustee or the Bond Trustee's agent;

(i) investments in a money market fund, including funds of the Bond Trustee or its affiliates, rated (at the time of purchase) in the highest rating category for this type of investment by any Rating Agency; and

(j) shares in any investment company, money market mutual fund, fixed income mutual fund, Exchange Traded Fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, and whose investments consist solely of Qualified Investments as defined in paragraphs (a) through (i) above, including money market mutual funds from which the Bond Trustee or its affiliates derive a fee for investment advisory or other services to the fund.

The Bond Trustee shall be entitled to assume that any investment which at the time of purchase is a Qualified Investment remains a Qualified Investment thereafter, absent receipt of written notice or actual knowledge of a responsible officer in the corporate trust department of the Bond Trustee to the contrary.

For the purposes of this definition, obligations issued or held in the name of the Bond Trustee (or in the name of the Authority and payable to the Bond Trustee) in book-entry form on the books of the Department of Treasury of the United States shall be deemed to be deposited with the Bond Trustee.

"Rating Agency" means Fitch, Moody's or S&P and their respective successors and assigns.

"Rebate Fund" means the Rebate Fund created by the Tax Exemption Agreement.

"Record Date" means May 15 and November 15 (whether or not a Business Day) immediately preceding the date on which a regularly scheduled interest payment on the Series 2025A Bonds is to be made.

"S&P" means S&P Global Ratings, a division of S&P Global Inc., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation by written notice to the Bond Trustee.

"Series 2025A Bonds" means the Colorado Health Facilities Authority Revenue Bonds, Series 2025A (Covenant Living Communities and Services), initially authorized to be issued by the Authority pursuant to the terms and conditions of the Bond Indenture.

"Series 2025A Obligation" means the Direct Note Obligation, Series 2025A (Colorado Health Facilities Authority) issued under Supplemental Master Indenture No. 14 to secure payments due on and under the Series 2025A Bonds.

"Special Record Date" means the date fixed by the Bond Trustee pursuant to the Bond Indenture for the payment of Defaulted Interest.

"Supplemental Master Indenture No. 14" means the Supplemental Master Trust Indenture Number 14 dated as of April 1, 2025, between the Corporation, as Obligated Group Representative, on behalf of and with the other Members of the Obligated Group identified on Exhibit C to the Master Indenture, and the Master Trustee, supplementing and amending the Master Indenture, and pursuant to which the Series 2025A Obligation will be issued.

"Tax Exemption Agreement" means the Tax Exemption Certificate and Agreement dated the Closing Date among the Corporation, on behalf of itself and the other Users, the Authority and the Bond Trustee.

"Tax-Exempt Organization" means a Person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code, which is exempt from federal income taxes under Section 501(a) of the Code, and which is not a "private foundation" within the meaning of Section 509(a) of the Code, or corresponding provisions of federal income tax laws from time to time in effect.

"Unassigned Rights" means the right of the Authority to receive payment of its initial and annual planning service fees and expenses, the right to receive notices, periodic reports and financial and other information from the Corporation, the right to reimbursement of attorneys' fees and expenses, the right of the Authority to receive indemnification under the Loan Agreement, and the Authority's right to execute and deliver supplements and amendments to the Loan Agreement and perform certain discretionary acts under the Loan Agreement.

"United States Government Obligations" means noncallable direct obligations of, or obligations the timely payment of the principal of and interest on which is fully guaranteed by, the United States of America including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America.

"Unrelated Trade or Business" means an activity which constitutes an "unrelated trade or business" within the meaning of Section 513(a) of the Code without regard to whether such activity results in unrelated trade or business income subject to taxation under Section 512(a) of the Code.

"Use Agreement" means the Use Agreement dated as of April 1, 2025, among the Users and the Corporation relating to the Series 2025A Bonds.

"Users" means those certain Members of the Obligated Group identified in the Bond Indenture that will own and/or operate the Bond Financed Property.

"Written Request" means, with reference to the Authority, a request in writing signed by the Chair, the Vice Chair, any Assistant Vice Chair or the Executive Director of the Authority, and with reference to any Member of the Obligated Group, means a request in writing signed by the President or a Vice President of such Member or the Corporation or any other officers designated in writing by the Authority or such Member or the Corporation, as the case may be.

SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE

The Bond Indenture contains various covenants, security provisions, terms and conditions, certain of which are summarized below. Reference is made to the Bond Indenture for a full and complete statement of the Bond Indenture's provisions.

FUNDS

Project Fund. There is established by the Bond Indenture and shall be maintained with the Bond Trustee until completion of the Project a separate account to be known as the "Project Fund – Covenant Living Communities and Services – Series 2025A" (the *"Project Fund"*). Any moneys received by the Bond Trustee from any source for the Project shall be deposited in the Project Fund as directed by the Corporation unless otherwise specifically excepted under the Bond Indenture. The moneys in the Project Fund shall be held in trust by the Bond Trustee, shall be applied to the payment of the costs of the Project except to the extent required to be transferred to the Rebate Fund in accordance with the Tax Exemption Agreement and, pending such application, shall be held as trust funds under the Bond Indenture in favor of the holders of the outstanding Series 2025A Bonds and for the further security of such holders until paid out or transferred as provided in the Bond Indenture.

If after payment by the Bond Trustee of all funding requests from the Corporation and after receipt by the Bond Trustee of the certificates and other documents described in the Bond Indenture there shall remain any moneys in the Project Fund, the Corporation may (i) elect to retain all or a portion of such moneys in the Project Fund until the third anniversary of the issuance date of the Series 2025A Bonds unless the Authority and the Bond Trustee have received an Opinion of Bond Counsel to the effect that a disbursement after such date will not adversely affect the validity of the Series 2025A Bonds or any exemption from federal income taxation to which interest on the Series 2025A Bonds would otherwise be entitled, and withdraw such moneys in accordance with the related provisions of the Bond Indenture to pay or reimburse the Corporation for payment of the "cost" (as such term is defined in the Act) of an additional "project" or "projects" if the Corporation complies with the provisions of the Loan Agreement relating to changes in or amendments to the project documents and the Loan Agreement, or (ii) deposit such moneys in the Interest Fund to the extent necessary to make the next interest payment therefrom, then in the Principal Fund to the extent necessary to make the next payment therefrom so long as the next principal payment is required to be made within one year from the date of deposit therein and then to the Optional Redemption Fund.

As soon as practicable after the election pursuant to (i) or (ii) above has been made, the Corporation shall recalculate the average reasonably expected economic life of the Bond Financed Property in accordance with the Bond Indenture, to (i) make any adjustments required by the Bond Indenture, (ii) include in the Project Certificate Exhibit the average reasonably expected economic life of any additional projects undertaken with moneys remaining on deposit in the Project Fund at the completion of the Project, and (iii) include in the Project Certificate Exhibit the amount of moneys so transferred from the Project Fund as an asset with an economic life of zero.

If the Corporation makes no election pursuant to (i) or (ii) in the first paragraph under this subcaption, and in any event on the third anniversary of the issuance date of the Series 2025A Bonds, the Bond Trustee shall transfer such moneys to the Interest Fund to the extent necessary to make the next interest payment therefrom, then to the Principal Fund to the extent necessary to make the next principal payment therefrom, if such principal payment is required to be made within one year from the date of deposit therein, and then to the Optional Redemption Fund; *provided, however,* that if the Corporation and the Bond Trustee receive an Opinion of Bond Counsel to the effect that such moneys may be retained in the Project Fund or deposited in a manner not in accordance with the foregoing provisions, such moneys may be retained in the Project Fund or, if such opinion is received by the Bond Trustee in sufficient time to permit the Bond Trustee to follow any directions contained therein, deposited as set forth in such opinion. The foregoing notwithstanding, amounts remaining in the Project Fund after completion of the Project as described above which are attributable to investment earnings may be transferred to the Rebate Fund upon Written Request of the Corporation.

Subject to the provisions of the Bond Indenture summarized under the caption "INVESTMENT OF FUNDS" below, moneys at any time on deposit in the Project Fund shall, by Written Request of the Corporation be invested or reinvested by the Bond Trustee in Qualified Investments maturing at such time or times so that the Bond Trustee will be able to pay the costs of the Project from time to time upon the order of the Corporation as provided in the Bond Indenture. The Bond Trustee shall be entitled to rely upon a schedule of anticipated payments of construction and equipment costs provided by the Corporation. Any interest or profit on such investments shall be retained in the Project Fund and any losses on such investments shall be charged against the Project Fund. The Bond Trustee shall not be obligated to invest any moneys held by it under the Bond Indenture except as directed by the Corporation, but shall immediately inform the Corporation of any amounts that remain uninvested but are eligible for investment in Qualified Investments. The Bond Trustee may sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment pursuant to the Bond Indenture, and the Bond Trustee shall not be liable or responsible for any loss resulting from such investments.

Interest Fund. There is established by the Bond Indenture and shall be maintained with the Bond Trustee so long as any of the Series 2025A Bonds are outstanding a separate fund to be known as the "Interest Fund" (the *"Interest Fund"*).

On or before May 20, 2025, the Bond Trustee shall deposit into the Interest Fund from moneys received by the Bond Trustee from the Corporation as a payment under the Loan

Agreement an amount which is not less than the interest to become due on the Bonds on June 1, 2025 and on or before the 20th day of each month, commencing with June 20, 2025, the Bond Trustee shall deposit into the Interest Fund from moneys received by the Bond Trustee from the Corporation as payments under the Loan Agreement an amount which is not less than one sixth (1/6) of the interest to become due on the Series 2025A Bonds on June 1 and December 1 thereafter. No monthly deposit pursuant to this paragraph need be made to the extent that there are funds already on deposit in the Interest Fund for that purpose. If the 20th day of any calendar month is not a Business Day, the deposit required under this subcaption to be made shall be made on the next succeeding Business Day. Moneys on deposit in the Interest Fund, other than income earned thereon which is to be transferred to other funds created under the Bond Indenture or the Rebate Fund, must be used to pay interest on the Series 2025A Bonds as it becomes due.

In connection with any partial redemption or defeasance prior to maturity of the Series 2025A Bonds, the Bond Trustee may, at the request of the Corporation, use any amounts on deposit in the Interest Fund in excess of the amount needed to pay interest on the Series 2025A Bonds remaining outstanding on the first interest payment date occurring on or after the date of such redemption or defeasance to pay the principal of and interest on the Series 2025A Bonds to be redeemed or defeased.

Principal Fund. There is established under the Bond Indenture and shall be maintained with the Bond Trustee so long as any of the Series 2025A Bonds are outstanding a separate fund to be known as the "Principal Fund" (the *"Principal Fund"*).

On or before the 20th day of each calendar month commencing with June 20, 2025, after making the deposits required by the Bond Indenture into the Interest Fund as summarized under the subcaption *"Interest Fund,"* above, the Bond Trustee shall deposit in the Principal Fund from moneys received by the Bond Trustee from the Corporation as payment under the Loan Agreement, an amount which is not less than one-sixth (1/6) of the principal of the Series 2025A Bonds next to become due on December 1, 2025. On or before the 20th day of each calendar month commencing with December 20, 2025, after making the deposits required by the Bond Indenture into the Interest Fund as summarized under the subcaption *"Interest Fund,"* above, the Bond Trustee shall deposit in the Principal Fund from moneys received by the Bond Trustee from the Corporation as payment under the Loan Agreement, an amount which is not less than one twelfth (1/12) of the principal of the Series 2025A Bonds next to become due by maturity or mandatory sinking fund redemption thereafter. No deposit need be made, however, to the extent that there is a sufficient amount already on deposit and available for such purpose in the Principal Fund to be applied to such next maturity or mandatory sinking fund redemption payment. If the 20th day of any calendar month is not a Business Day, the deposit required under this subcaption to be made shall be made on the next succeeding Business Day.

Moneys on deposit in the Principal Fund, other than income earned thereon which is to be transferred to other Funds created in the Bond Indenture or to the Rebate Fund, shall be applied by the Bond Trustee to pay principal on the Series 2025A Bonds as it becomes due and to redeem the Series 2025A Bonds in accordance with the mandatory sinking fund redemption schedule provided for in the Bond Indenture. In lieu of such mandatory sinking fund redemption, the Bond Trustee may, at the Written Request of the Corporation, purchase an equal principal amount of Series 2025A Bonds of the maturity to be redeemed in the open market at prices not exceeding the principal amount of the Series 2025A Bonds being purchased plus accrued interest (with such accrued interest to be paid from the Interest Fund and the principal portion of such purchase price to be paid from the Principal Fund). In addition, the amount of Series 2025A Bonds to be redeemed on any date pursuant to the mandatory sinking fund redemption schedule shall be reduced by the principal amount of Series 2025A Bonds and the same maturity required to be redeemed which are acquired by the Corporation and delivered to the Bond Trustee for cancellation.

In connection with any partial redemption or defeasance prior to maturity of any of the Series 2025A Bonds, the Bond Trustee may, at the request of the Corporation, use any amounts on deposit in the Principal Fund in excess of the amount needed to pay principal on said Series 2025A Bonds remaining outstanding on the first principal or mandatory sinking fund redemption date occurring on or after the date of such redemption or defeasance to pay the principal of and interest on the Series 2025A Bonds to be redeemed or defeased.

Optional Redemption Fund. There is established by the Bond Indenture and shall be maintained so long as any of the Series 2025A Bonds, as the case may be, are outstanding a separate fund to be known as the "Optional Redemption Fund" (the *"Optional Redemption Fund"*). Funds received by the Bond Trustee for the prepayment of the Series 2025A Bonds shall be deposited into the Optional Redemption Fund. In the event of (i) prepayment by or on behalf of the Corporation of amounts payable under the Loan Agreement, including prepayment with condemnation or insurance proceeds, or (ii) deposit with the Bond Trustee by the Corporation or the Authority of moneys from any other source for redeeming Series 2025A Bonds, except as otherwise provided in the Bond Indenture, such moneys shall be deposited in the Optional Redemption Fund. Moneys on deposit in the accounts of the Optional Redemption Fund shall be used first to make up any deficiencies existing in the corresponding account of the Interest Fund and the corresponding account of the Principal Fund (in the order listed) and second for the redemption or purchase of the Series 2025A Bonds in accordance with the provisions of the Bond Indenture.

Expense Fund. There is established by the Bond Indenture a separate account to be known as the "Expense Fund" (the *"Expense Fund"*). A deposit to the credit of the Expense Fund will be made under the provisions of the Bond Indenture. Amounts on deposit in the Expense Fund shall be disbursed upon the Written Request of the Corporation for the payment of expenses for any recording, trustee's and depository's fees and expenses, accounting and legal fees, financing costs (including costs of acquiring investments for the funds and escrows), and other fees and expenses incurred or to be incurred by or on behalf of the Authority or the Corporation in connection with or incident to the issuance and sale of the Series 2025A Bonds. At such time as the Bond Trustee is furnished with a Written Request of the Corporation stating that all such fees and expenses have been paid, and in no event later than one year after the Closing Date, the Bond Trustee shall transfer any moneys remaining in the Expense Fund to the Project Fund and shall close the Expense Fund.

INVESTMENT OF FUNDS

Moneys in the Interest Fund, Principal Fund, Project Fund, Expense Fund and Optional Redemption Fund shall be invested only in Qualified Investments. In the absence of a Written Request from the Corporation, the Bond Trustee shall invest in Blackrock T-Fund #30, which is an investment specified in paragraph (i) of the definition of Qualified Investments as defined above under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE AND THE LOAN AGREEMENT – Definitions of Certain Terms". All such investments shall be made in investments which mature on or prior to the scheduled maturity date of the Series 2025A Bonds.

The Bond Trustee, when authorized by the Corporation may purchase or sell securities authorized by the Bond Indenture through itself or a related subsidiary as principal or agent in the purchase and sale of securities for such investments; *provided, however,* that in no case shall any investment be otherwise than in accordance with the investment limitations contained in the Bond Indenture and in the Tax Exemption Agreement. The Bond Trustee shall not be liable or responsible for any loss resulting from any such investments made in accordance with the provisions of the Bond Indenture.

Investment income on amounts on deposit in the Project Fund shall be retained therein or transferred to the Interest Fund and, until April 10, 2028 or further notice, whichever occurs first, and after such date investment earnings on the Project Fund will be transferred to the Interest Fund for payment of interest on the Series 2025A Bonds, in the discretion of the Corporation upon written direction to the Bond Trustee.

All other income in excess of the requirements of the Funds specified in the first paragraph under this caption derived from the investment of moneys on deposit in any such Funds shall be deposited in the following Funds, in the order listed:

(a) The Principal Fund, to the extent of the amounts required to be deposited therein on the next required principal payment date on the Series 2025A Bonds occurring within 13 months of the date of deposit;

(b) The Interest Fund, to the extent of the estimated amounts required to be deposited therein to make an interest payment on the Series 2025A Bonds occurring within 13 months of the date of deposit; and

(c) The balance, if any, in the Optional Redemption Fund.

Notwithstanding anything to the contrary contained under this caption, all investments held by the Bond Trustee under the Bond Indenture shall be subject to the provisions of the Tax Exemption Agreement.

ARBITRAGE; COMPLIANCE WITH THE TAX EXEMPTION AGREEMENT

The Authority covenants and agrees, to the extent within its control, that it will not take any action or fail to take any action reasonably requested in writing by the Corporation with respect to the investment of the proceeds of the Series 2025A Bonds (regardless of the source thereof and whether or not held under the Bond Indenture) or with respect to the payments derived from the Series 2025A Obligation pledged under the Bond Indenture or from the Loan Agreement or any other moneys regardless of source or where held, relating to the payment of the Series 2025A Bonds, which may, notwithstanding compliance with the other provisions of the Bond Indenture, the Loan Agreement and the Tax Exemption Agreement result in constituting any series of Bonds "arbitrage bonds" within the meaning of such term as used in Section 148 of the Code. The Authority further covenants that, to the extent within its control, it will comply with and take all actions required to be taken by the Authority pursuant to the Tax Exemption Agreement. The Corporation has agreed under the Loan Agreement that it will pay the cost of all calculations required to be made pursuant to the provisions of the Tax Exemption Agreement.

SUPPLEMENTAL BOND INDENTURE

Subject to the limitations contained in clauses (a) through (e) of the next paragraph the Authority and the Bond Trustee may, without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to the Bond Indenture for any one or more of the following purposes: (a) to cure any ambiguity or formal defect or omission in the Bond Indenture; (b) to grant to or confer upon the Bond Trustee for the benefit of the Bondholders any additional covenants, rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders and the Bond Trustee, or either of them; (c) to assign and pledge under the Bond Indenture additional revenues, properties or collateral; (d) to evidence the appointment of a separate bond trustee or the succession of a new bond trustee under the Bond Indenture; (e) to permit the qualification of the Bond Indenture under the Trust Indenture Act of 1939, as then amended, or any similar federal statute in effect after the execution of the Bond Indenture or to permit the qualification of the Series 2025A Bonds for sale under the securities laws of any state of the United States of America; (f) to permit the issuance of coupon Bonds of any series and to permit the exchange of Bonds of any series from fully registered form to coupon form and vice versa; (g) to permit the issuance of Bonds of any series in uncertificated form; (h) to facilitate or implement a book-entry system; (i) to provide for the refunding or advance refunding of Series 2025A Bonds in accordance with the provisions of the Bond Indenture, including the right to establish and administer an escrow fund and to take related action in connection therewith; (j) to permit continued compliance with the Tax Exemption Agreement; (k) to provide for the issuance of Additional Bonds in accordance with the Bond Indenture; or (l) to provide for any other change that, in the opinion of Independent Counsel, does not materially adversely affect the rights of any Bondholder or the Bond Trustee. The Authority and the Bond Trustee may not enter into an indenture supplemental to the Bond Indenture pursuant to paragraphs (a) through (l) under this caption unless they shall have received an Opinion of Bond Counsel to the effect that all conditions precedent to its execution have been satisfied, that the Bond Indenture, as supplemented, constitutes a valid and binding obligation of the Authority, and that such supplement will not result in the loss of any exemption for purposes of federal income taxation to which the interest on the Series 2025A Bonds would otherwise be entitled.

In addition to supplemental indentures covered by the first paragraph under this caption, and subject to the terms and provisions contained in this paragraph and the following two paragraphs under this caption, and not otherwise, the owners of not less than a majority in aggregate principal amount of the Series 2025A Bonds which are Outstanding under the Bond Indenture at the time of the execution of such indenture or supplemental indenture, or, in case less than all of the several series of Bonds Outstanding are affected thereby, the owners of not less than a majority in aggregate principal amount of the Series 2025A Bonds so affected which are Outstanding under the Bond Indenture at the time of such execution, shall have the right, from time to time, anything contained in the Bond Indenture to the contrary notwithstanding, to consent to and approve the execution by the Authority and the Bond Trustee of such other indenture or indentures supplemental to the Bond Indenture as shall be deemed necessary and desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Bond Indenture or in any supplemental indenture; *provided, however,* that nothing summarized under this caption shall permit, or be construed as permitting, a supplemental indenture to effect: (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of paying of interest on or a change in the timing of payments with respect to, a change in the currency of payment of, or reduction of any premium payable on the redemption of, any Bonds, without the consent of the owners of such Bonds; (b) a reduction in the amount or extension of the time of any payment required to be made to or from the Interest Fund or the Principal Fund, without the consent of the owners of all of the Series 2025A Bonds at the time Outstanding; (c) the creation of any lien prior to or on a parity with the lien of the Bond Indenture (other than Additional Bonds), without the consent of the owners of all the Series 2025A Bonds at the time outstanding; (d) a reduction in the aforesaid aggregate principal amount of Series 2025A Bonds the owners of which are required to consent to any such supplemental indenture, without the consent of the owners of all the Series 2025A Bonds at the time outstanding which would be affected by the action to be taken; or (e) a modification of the rights, duties or immunities of the Bond Trustee, without the prior written consent of the Bond Trustee.

If at any time the Authority shall request the Bond Trustee to enter into any such supplemental indenture for any of the purposes described in the second paragraph under this heading, the Bond Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed by first class mail, postage prepaid, or other carrier with tracking capability, to the registered owners of the Series 2025A Bonds at their addresses as the same shall appear on the Bond Register. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the corporate trust office of the Bond Trustee listed in the notice for inspection by all Bondholders. The Bond Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such supplemental indenture when consented to and approved as provided in the second paragraph under this heading. If the owners of the requisite principal amount of Bonds shall have consented to and approved the execution thereof as provided in the Bond Indenture, no holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Bond Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture permitted and provided in the Bond Indenture as summarized in the second paragraph under this heading, the Bond Indenture shall be and be deemed to be modified and amended in accordance therewith.

The Authority and the Bond Trustee may not enter into an indenture supplemental to the Bond Indenture pursuant to the previous three paragraphs under this caption unless they shall have received an Opinion of Bond Counsel to the effect that all conditions precedent to its execution have been satisfied and that the Bond Indenture, as supplemented, constitutes a valid and binding obligation of the Authority and that such supplement will not result in the loss of any exemption for purposes of federal income taxation to which the interest on the Bonds would otherwise be entitled.

Anything in the Bond Indenture to the contrary notwithstanding, so long as no event of default exists under the Loan Agreement or the Master Indenture, a supplemental indenture under the Bond Indenture which adversely affects the rights of the Corporation under the Loan Agreement or any Member of the Obligated Group under the Master Indenture shall not become effective unless and until the Corporation shall have consented in writing to the execution and delivery of such supplemental indenture.

EVENTS OF DEFAULT; ACCELERATION

Each of the following events is declared an "event of default" in the Bond Indenture:

(a) payment of any installment of interest on any of the Series 2025A Bonds shall not be made by the Authority when the same shall become due and payable; or

(b) payment of the principal of or the redemption premium, if any, on any of the Series 2025A Bonds shall not be made by the Authority when the same shall become due and payable, either at maturity, by proceedings for redemption or through failure to make any payment to any Fund under the Bond Indenture or otherwise; or

(c) any event of default under the provisions of the Loan Agreement summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT – DEFAULTS AND REMEDIES" below (other than described in clause (a) under such caption) shall occur and, after expiration of all applicable cure periods, such event of default shall be continuing for a period of 30-days from and after the date either (i) on which the Bond Trustee is entitled as the holder of an Obligation to request that the Master Trustee declare amounts due under such Obligation immediately due and payable, or (ii) on which the Master Trustee is entitled under the Master Indenture to declare any Obligation immediately due and payable; or

(d) an event of default under the Loan Agreement relating to the payment of amounts payable pursuant to the Loan Agreement as to principal and interest on the Series 2025A Bonds shall occur and be continuing; or

(e) the Authority shall for any reason be rendered incapable of fulfilling its obligations under the Bond Indenture; or

(f) the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Series 2025A Bonds or in the Bond Indenture or in any supplemental indenture to the Bond Indenture on the part of the Authority to be performed, and such covenant, condition, agreement or provision is not being performed by the Bond Trustee or the Corporation, and such default shall continue for a period of 30-days after written notice specifying such default and requiring the same to be remedied shall have been given to the Authority and the Corporation by the Bond Trustee; *provided* that the Bond Trustee may give such notice in its discretion and shall give such notice at the written request of the owners of not less than 25% in aggregate principal amount of the Series 2025A Bonds then outstanding under the Bond Indenture; *provided, however,* if such failure to perform can be remedied by the Authority (or by the Corporation on behalf of the Authority) but cannot be remedied within the 30-day period described above, such failure shall not constitute an event of default if remedial action is instituted by or on behalf of the Authority and diligently pursued until such failure is remedied; or

(g) the Authority, the Corporation or the Bond Trustee shall default in the performance of any covenant, condition, agreement or provision of the Tax Exemption Agreement, and such default shall continue for a period of 30-days after written notice specifying such default and requiring the same to be remedied shall have been given to the Authority, the Corporation and the Bond Trustee, as the case may be, by any other party; *provided* that if such default cannot with due diligence and dispatch be wholly cured within 30-days but can be wholly cured, the failure of the Authority, the Corporation or the Bond Trustee to remedy such default within such 30-day period shall not constitute a default under the Bond Indenture if any of the foregoing shall immediately upon receipt of such notice commence with due diligence and dispatch the curing of such default and, having so commenced the curing of such default, shall thereafter prosecute and complete the same with due diligence and dispatch; or

(h) any event of default as defined in the Master Indenture shall occur and such event of default shall be continuing from and after the date the Authority is entitled to request that the Master Trustee declare the Series 2025A Obligation to be immediately due and payable, or such event of default shall be continuing from and after the date on which the Master Trustee is entitled under the Master Indenture to declare any Obligation immediately due and payable, or the Master Trustee shall declare any Obligation immediately due and payable.

Upon the happening of any event of default specified in subparagraphs (c), (d), (e), (f), (g) or (h) above and the continuance of the same for the period, if any, specified in said paragraphs, the Bond Trustee may, without any action on the part of the Bondholders, or upon the happening of an event of default specified in subparagraphs (a) or (b) above, the Bond Trustee shall, or upon the happening and continuance of an event of default specified in subparagraphs (c), (d), (e), (f), (g) or (h) above and the written request of the owners of not less than 25% in aggregate principal amount of Bonds then outstanding under the Bond Indenture exclusive of Bonds then owned by the Corporation, the Bond Trustee shall, declare the entire principal amount of the Series 2025A Bonds then outstanding under the Bond Indenture and the interest accrued thereon, immediately due and payable, and the entire principal and interest shall thereupon become and be immediately due and payable, subject, however, to the provisions of the Bond Indenture with respect to waivers of events of default summarized below under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE – Waivers of Events of Default" and to the Bond Trustee being indemnified to its satisfaction. Upon the acceleration of the Series 2025A Bonds after an event of default, interest on the Series 2025A Bonds shall cease to accrue on the date of acceleration.

DIRECTION OF PROCEEDINGS BY BONDHOLDERS

The owners of a majority in aggregate principal amount of Bonds then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Bond Trustee and upon provision of indemnity satisfactory to the Bond Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Bond Indenture, including enforcement of the rights of the Authority under the Loan Agreement and the rights of the Bond Trustee as the holder of the Series 2025A Obligation or for the appointment of a receiver or any other proceedings under the Bond Indenture; *provided,* that such direction be in accordance with the provisions of law and of the Bond Indenture.

WAIVERS OF EVENTS OF DEFAULT

The Bond Trustee may in its discretion waive any event of default under the Bond Indenture and its consequences and rescind any declaration of acceleration of principal, and shall do so (I) upon the occurrence of an event of default specified in the provisions of the Bond Indenture summarized in subparagraph (h) under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE – Events of Default; Acceleration" above if the Master Trustee shall waive, rescind and annul any acceleration of the entire principal amount due under the Loan Agreement in accordance with the provisions of the Master Indenture or (II) upon written request of the owners of (1) at least a majority in aggregate principal amount of all the Series 2025A Bonds outstanding in respect of which default in the payment of principal and/or interest exists, or (2) at least a majority in aggregate principal amount of all the Series 2025A Bonds outstanding in the case of any other event of default under the Bond Indenture; *provided, however,* that there shall not be waived (a) any event of default in the payment of the principal of any Outstanding Bonds when due whether by mandatory sinking fund redemption through the Principal Fund or at the dates of maturity specified therein or (b) any default in the payment when due (other than as a result of the acceleration of the Series 2025A Bonds) of the interest on any such Bonds, unless prior to such waiver or rescission all arrears of interest, with interest thereon (to the extent permitted by law) at the rate borne by the Series 2025A Bonds in respect of which such default shall have occurred or all arrears of payments of principal when due, as the case may be, and all expenses of the Bond Trustee and any other Paying Agent in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission or in case any proceeding taken by the Bond Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Authority, the Bond Trustee and the Bondholders shall, subject to any determination in such proceeding, be restored to their former positions and rights under the Bond Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other event of default, or impair any right consequent thereon.

APPLICATION OF MONEYS

Subject to the provisions of the Tax Exemption Agreement, all moneys received by the Bond Trustee, by any receiver or by any Bondholder pursuant to any right given or action taken under the provisions of the Bond Indenture shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys (including, without limitation, reasonable compensation to the Authority, the Master Trustee and the Bond Trustee and their agents, attorneys and counsel) and of the fees and the expenses, liabilities and advances incurred or made by the Bond Trustee, and all moneys so deposited during the continuance of an event of default under the Bond Indenture (other than moneys for the payment of Bonds which have previously matured or otherwise become payable prior to such event of default under the Bond Indenture or for the payment of interest due prior to such event of default under the Bond Indenture), together with all moneys in the funds maintained by the Bond Trustee under the Bond Indenture shall be applied as follows:

(a) Unless the principal of all the Series 2025A Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST: To the payment of amounts, if any, payable pursuant to the Tax Exemption Agreement;

SECOND: To the payment to the persons entitled thereto of all installments of interest then due on the Series 2025A Bonds, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

THIRD: To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Series 2025A Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Bond Indenture), in the order of their due dates; and, if the amount available shall not be sufficient to pay in full the Series 2025A Bonds due on any particular date, then to the payment ratably, according to the amount of principal and premium, if any, due on such date, to the persons entitled thereto without any discrimination or privilege; and

FOURTH: To the payment to the persons entitled thereto of unpaid principal and interest due and owing on any Bonds, the payment of principal and interest of which has been extended in the manner described in the Bond Indenture.

(b) If the principal of all the Series 2025A Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied:

FIRST: To the payment of amounts, if any, payable pursuant to the Tax Exemption Agreement;

SECOND: To the payment of the principal and interest then due and unpaid upon the Series 2025A Bonds, without preference or priority of principal or interest over the other, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege; and

THIRD: To the payment of the principal and interest then due and unpaid upon Bonds with respect to which the payment of principal and interest has been extended as described in the Bond Indenture.

(c) If the principal of all the Series 2025A Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of the Bond Indenture, then, subject to the provisions of paragraph (b) above in the event that the principal of all the Series 2025A Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) above under this caption.

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

Whenever all Bonds and interest thereon have been paid under the provisions of the Bond Indenture summarized under this caption and all fees, expenses and charges of the Authority, the Bond Trustee and any Paying Agent, if applicable, have been paid, any balance remaining shall be paid to the person entitled to receive the same; if no other person shall be entitled thereto, then the balance shall be paid to the Corporation.

DEFEASANCE

If the Authority shall pay or provide for the payment of the entire indebtedness on all Bonds outstanding in any one or more of the following ways:

(a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on all Bonds outstanding (or any such portion thereof), as and when the same shall become due and payable;

(b) by depositing with the Bond Trustee, in trust, at or before maturity, cash in an amount sufficient to pay or redeem (when redeemable) all Bonds outstanding (or any such portion thereof) (including the payment of, premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof), *provided* that such cash, if invested, shall be invested in Escrow Obligations in an amount, without consideration of any income or increment to accrue thereon, sufficient, in the opinion of an independent certified public accountant or other nationally recognized verification agent, to pay or redeem (when redeemable) and discharge the indebtedness on all Bonds outstanding (or any such portion thereof) at or before their respective maturity dates; it being understood that the investment income on such Escrow Obligations may be used for any other purpose under the Act;

(c) by delivering to the Bond Trustee, for cancellation by it, all Bonds outstanding (or any such portion thereof); or

(d) by depositing with the Bond Trustee, in trust, cash and/or Escrow Obligations in such amount as will, together with the income or increment to accrue on such Escrow Obligations, without consideration of any reinvestment thereof, and any uninvested cash, be fully sufficient, in the opinion of an independent certified public accountant or other nationally recognized verification agent, to pay or redeem (when redeemable) and discharge the indebtedness on all Bonds (or any such portion thereof) at or before their respective maturity dates, together with an opinion of an independent certified public accountant verifying that such cash, Escrow Obligations and income will be sufficient to pay or provide for the payment of the Bonds (or any such portion thereof) to the redemption or maturity date;

and if the Authority shall also pay or cause to be paid all other sums payable under the Bond Indenture by the Authority, then and in that case the Bond Indenture and the estate and rights granted thereunder shall cease, determine and become null and void, and thereupon the Bond Trustee shall, upon Written Request of the Authority, and upon receipt by the Bond Trustee of an opinion of Independent Counsel (which opinion shall be addressed to the Bond Trustee and the Authority) stating that all conditions precedent to the satisfaction and discharge of the Bond Indenture have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging the Bond Indenture and the lien of the Bond Indenture. Any notice of a defeasance should include a statement as to the impact of such defeasance on any Bond redemption rights of the Corporation in accordance with the Bond Indenture. The satisfaction and discharge of the Bond Indenture shall be without prejudice to the rights of the

Bond Trustee to charge and be reimbursed by the Authority and the Corporation for any expenditures which it may thereafter incur in connection with the Bond Indenture.

After the Bond Trustee's and the Authority's fees and expenses are paid, all moneys, funds, securities, or other property remaining on deposit in the Expense Fund, Interest Fund, Principal Fund, the Project Fund, Optional Redemption Fund or in any other fund or investment under the Bond Indenture (other than said Escrow Obligations or other moneys deposited in trust as above provided) shall, upon the full satisfaction of the Bond Indenture, forthwith be transferred, paid over and distributed to the Corporation.

The Authority, the Corporation or any other Member of the Obligated Group may at any time surrender to the Bond Trustee for cancellation by it any Bonds previously authenticated and delivered which the Authority, the Corporation or any other Member of the Obligated Group may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Notwithstanding anything to the contrary of the provisions described under this caption, upon the provision for payment of the Series 2025A Bonds or a portion thereof as specified in subparagraphs (b) or (d) above, the optional redemption provisions of the Bond Indenture allowing such Bonds to be called prior to maturity upon proper notice (notwithstanding provision for the payment of such Bonds having been made through a date after the first optional redemption date provided for under the Bond Indenture) shall remain available to the Authority, upon direction of the Corporation unless, in connection with making the deposits referred to in those subparagraphs, the Authority, at the direction of the Corporation, shall have irrevocably elected to waive any future right to call the Series 2025A Bonds or portions thereof for redemption prior to maturity. Notwithstanding anything to the contrary in the Bond Indenture, upon provision for payment of the Series 2025A Bonds or any portion thereof prior to the maturity thereof as specified in subparagraphs (b) or (d) above, the Authority, at the direction of the Corporation, may elect to pay such Bonds on the respective maturity dates therefor unless, in connection with making the deposits referred to in such subparagraphs, the Authority, at the direction of the Corporation, shall have irrevocably elected to waive the right to provide for the payment of such Bonds on their respective maturity dates. No such redemption or restructuring shall occur, however, unless the Corporation shall deliver on behalf of the Authority to the Bond Trustee and the Authority (a) United States Government Obligations and/or cash sufficient to discharge such Bonds (or portion thereof) on the redemption date or dates selected, and (b) an opinion of an independent certified public accountant or other nationally recognized verification agent verifying that such United States Government Obligations, together with the expected earnings thereon, and/or cash will be sufficient to provide for the payment of such Bonds to the redemption or maturity dates, and (c) an Opinion of Bond Counsel delivered to the Bond Trustee and the Authority (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that such earlier redemption or restructuring will not result in the loss of any exemption for purposes of federal income taxation to which interest on the Series 2025A Bonds would otherwise be entitled. The Bond Trustee will give written notice of any such redemption or restructuring to the owners of the Series 2025A Bonds affected thereby in accordance with the notice provisions of the Bond Indenture.

Resignation or Removal of the Bond Trustee

The Bond Trustee and any successor Bond Trustee may at any time resign from the trusts created by the Bond Indenture by giving written notice in accordance with the Bond Indenture to the Authority, the Corporation and to each registered owner of the Series 2025A Bonds then outstanding, as shown by the Bond Register.

The Bond Trustee may be removed at any time by the Authority or by an instrument or concurrent instruments in writing delivered to the Bond Trustee and the Authority and signed by the owners of a majority in aggregate principal amount of Bonds then outstanding. The foregoing notwithstanding, so long as no default has occurred and is continuing under the Bond Indenture or the Loan Agreement and so long as no event has occurred which would, with the giving of notice or the passage of time become an event of default under the Bond Indenture or the Loan Agreement, the Bond Trustee may be removed at any time upon the Written Request of the Corporation, and delivered to the Bond Trustee and the Authority. The foregoing notwithstanding, the Bond Trustee may not be removed by the Corporation unless written notice of the delivery of such instrument or instruments signed by the Corporation is mailed to the owners of all Bonds outstanding under the Bond Indenture, which notice indicates the Bond Trustee will be removed and replaced by the successor trustee named in such notice, such removal and replacement to become effective upon the later of the acceptance of the appointment by the successor Bond Trustee, or the 60th day next succeeding the date of such notice, unless the owners of 10% or more in aggregate principal amount of such Bonds then outstanding under the Bond Indenture shall object in writing to such removal and replacement. Such notice shall be mailed by first class mail postage prepaid to the owners of all such Bonds then outstanding at the address of such owners then shown on the Bond Register, and to the Authority.

Summary of Certain Provisions of the Loan Agreement

The following is a summary of certain provisions of the Loan Agreement. Reference is made to the Loan Agreement for a full and complete statement of the Loan Agreement's provisions.

Representations

The Corporation represents that (i) each of the Corporation and the Users is a Tax Exempt Organization and a not for profit corporation duly incorporated and in good standing under the laws of the state of its incorporation and is duly authorized to conduct its business in the state of its incorporation; (ii) each of the Corporation and each User has full corporate power under applicable laws and its articles of incorporation and bylaws to create, issue, enter into, execute and deliver, as applicable, the Supplemental Master Indenture No. 14, the Series 2025A Obligation, the Loan Agreement, the Purchase Contract, the Continuing Disclosure Undertaking, the Official Statement, the Use Agreement, the Tax Exemption Agreement and the Project Certificate (collectively, the "*Corporation Agreements*"), as applicable; (iii) the Loan Agreement, in the hands of the holder thereof, will be the legal and valid obligation of the Corporation, subject to the qualification that the enforcement of such obligation may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws affecting creditors' rights and by the availability of equitable remedies or the application of principles of equitable subordination; (iv) each of the Corporation and the Users are "health institutions" within the meaning of the Act; (v) each of the Corporation and the Users are a part of the group exemption of The Evangelical Covenant Church which has received a letter from the Internal Revenue Service to the effect that the Corporation and all the Users are Tax-Exempt Organizations, which letter is still in full force and effect; (vi) the Corporation and all the Users have not declared or been determined to have "unrelated business taxable income" as defined in Section 512 of the Code which could have a material adverse effect on their statuses as Tax-Exempt Organizations; and (vii) no litigation, proceedings or investigations are pending or, to the knowledge of the Corporation, threatened against the Corporation or the Users seeking to restrain, enjoin or in any way limit the approval or issuance and delivery, as applicable, of the Official Statement, the Bond Indenture, the Purchase Contract, the Tax Exemption Agreement or the Series 2025A Bonds by the Authority, or the Corporation Agreements by the Corporation or the Users, as applicable, or which would in any manner challenge or adversely affect the corporate existence or powers of the Corporation or the Users to enter into and carry out the transactions described in or contemplated by or the execution, delivery, validity or performance by the Corporation or the Users of the terms and provisions of the Corporation Agreements to which it is a party.

ASSIGNMENT AND PLEDGE OF AUTHORITY'S RIGHTS UNDER THE LOAN AGREEMENT

The Corporation agrees that the principal of, the redemption premium, if any, and the interest on the Series 2025A Bonds shall be made payable in accordance with the provisions of the Bond Indenture and the Loan Agreement. The Corporation further agrees that the Loan Agreement and payments to be made under the Loan Agreement (excluding Unassigned Rights and payments made in satisfaction thereof) and all of the rights, interests, powers, privileges and benefits accruing to or vested in the Authority under the Loan Agreement shall be assigned and pledged to the Bond Trustee to secure the payment of the Series 2025A Bonds and all of the rights, interests, powers, privileges and benefits accruing to the Authority under the Loan Agreement (except for Unassigned Rights and payment made in satisfaction thereof) and to the Authority and the Bond Trustee under the Master Indenture as a holder of an Obligation may be protected and enforced by the Bond Trustee for and on behalf of the Bondholders and the Authority in conformity with the provisions of the Loan Agreement and the Master Indenture.

PAYMENTS UNDER THE LOAN AGREEMENT

Under the terms of the Loan Agreement, the Corporation covenants and agrees to pay the Bond Trustee such amounts at such times as shall provide for payment of the principal of, premium, if any, and interest on the Series 2025A Bonds Outstanding under the Bond Indenture when due, whether upon a scheduled interest payment date, at maturity, or by redemption or acceleration of the Series 2025A Bonds or otherwise. The Loan Agreement also requires that the Corporation pay certain other charges which may be incurred for such items as the Bond Trustee's fees, the Authority's fees and expenses, costs incurred in connection with or incident to the issuance and sale of the Series 2025A Bonds and any advances made by the Bond Trustee under the Bond Indenture.

INDEMNIFICATION OF THE AUTHORITY AND THE BOND TRUSTEE

The Corporation covenants and agrees to indemnify, hold harmless and defend the Authority and the Bond Trustee harmless from and against certain liabilities, losses, damages, costs and expenses, all as more fully described in the Loan Agreement.

MAINTENANCE OF CORPORATE EXISTENCE; SERIES 2025A BONDS TO REMAIN TAX-EXEMPT

The Corporation agrees that it will at all times while the Loan Agreement remains in full force and effect maintain its existence as an Illinois not for profit corporation qualified to do business in the State of Illinois and cause each User to maintain its existence as a nonprofit corporation under the state of its incorporation and as a Tax-Exempt Organization and that it will not or permit any User to liquidate or otherwise dispose of all or substantially all of its assets, and will not, or permit any Users to, consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it or any User unless (i) the requirements of the Master Indenture dealing with mergers and consolidations are satisfied, in the case of a merger, consolidation or sale involving the Corporation or the Users, (ii) there is delivered to the Authority and the Bond Trustee an Opinion of Bond Counsel which states that the merger, consolidation or sale will not result in loss of any exemption for purposes of federal income taxation to which the interest on any Bonds would otherwise be entitled and will not result in any Bond being invalid or unenforceable, (iii) there is delivered to the Authority an opinion of counsel addressed to the Corporation or any User, as applicable, and addressed to the Authority that the merger or consolidation complies with applicable laws, and (iv) in the case of a merger, consolidation or sale involving the Corporation or any User, the resulting or purchasing corporation, if not the Corporation or a User, agrees in writing to be bound by the provisions of the Loan Agreement.

The Corporation further covenants in the Loan Agreement that none of its revenues, income or profits, whether realized or unrealized, will be distributed to any of its directors or officers or inure to the benefit of any private person, association or corporation, other than for the lawful corporate purposes of the Corporation; *provided, however,* that the Corporation may pay to any person, association or corporation the value of any service or product performed for or supplied to such Corporation by such person, association or corporation, and may otherwise make in accordance with the Loan Agreement such a distribution if such distribution will not (a) adversely affect the status of Corporation or any of the Users as a Tax-Exempt Organization, or (b) result in the loss of any exemption for purposes of federal income taxation to which the interest on the Series 2025A Bonds would otherwise be entitled.

The Corporation further agrees in the Loan Agreement that it will not act or fail to act or permit, any of the Users to act or fail to act in any other manner which could adversely affect any exemption for purposes of federal income taxation to which the interest on the Series 2025A Bonds would otherwise be entitled.

CERTAIN COVENANTS RELATING TO THE USE AND OPERATION OF THE CORPORATION'S AND THE USERS' PROPERTY

The Corporation covenants in the Loan Agreement that it will not use or permit to be used any of the Bond Financed Property (i) primarily for sectarian instruction or study or as a place of devotional activities or religious worship or as a facility used primarily in connection with any part of the program of a school or department of divinity for any religious denomination or the training of ministers, priests, nuns, rabbis or other similar persons in the field of religion, (ii) in a manner which is prohibited by the Establishment of Religion Clause of the First Amendment to the Constitution of the United States of America and the decisions of the United States Supreme Court interpreting the same or by any comparable provisions of the Constitution of the State and the decisions of the Supreme Court of the State interpreting the same, or (iii) with respect to the Series 2025A Bonds, (a) by any Person in an Unrelated Trade or Business to the Corporation or any User, or (b) by any Person who is not a Tax-Exempt Organization, in either case in such manner or to such extent as would result in the loss of any exemption for purposes of federal income taxation to which the interest on the Series 2025A Bonds would otherwise be entitled.

The foregoing provisions notwithstanding, the Corporation may use or permit to be used Bond Financed Property in a manner prohibited by the foregoing clause (i) or (ii) under this caption if the Corporation shall deliver to the Bond Trustee and the Authority an Opinion of Bond Counsel, which opinion indicates that such use will not result in the loss of any exemption for purposes of federal income taxation to which the interest on any series of the Series 2025A Bonds would otherwise be entitled and will not result in any Bond being invalid or unenforceable.

SUPPLEMENTS AND AMENDMENTS TO THE LOAN AGREEMENT

The Authority, the Corporation and the Bond Trustee may, without the consent of or notice to the owners of the Series 2025A Bonds consent to any amendment, change or modification of the Loan Agreement as may be required (i) by the provisions of the Bond Indenture or the Loan Agreement; (ii) to grant to or confer upon the Authority or the Bond Trustee, for the benefit of the Bondholders, any additional rights, remedies, powers or authorities that lawfully may be granted to or conferred upon the Authority or the Bond Trustee; (iii) to modify, amend or supplement the Loan Agreement, or any part thereof, or any supplement thereto, in such manner as the Bond Trustee and the Corporation deem necessary in order to comply with any statute, regulation, judicial decision or other law relating to secondary market disclosure requirements with respect to tax-exempt obligations of the type that includes the Series 2025A Bonds; (iv) to provide that Series 2025A Bonds may be secured by additional security not otherwise provided for in the Bond Indenture or the Loan Agreement; (v) to provide for the appointment of a successor securities depository; (vi) to provide for the availability of certificated Series 2025A Bonds; (vii) for the purpose of curing any ambiguity or formal defect or omission in the Loan Agreement; (viii) for the purpose of complying with the provisions of the Tax Exemption Agreement; (ix) in connection with the issuance of Additional Bonds in accordance with the provisions of the Bond Indenture; (x) to amend any provision relating to the Unassigned Rights; or (xii) in connection with any other change in the Loan Agreement which, in the judgment of the Bond Trustee, is not to the prejudice of the Bond Trustee or the owners of the Series 2025A Bonds; *provided, however,* that nothing in the provisions described under this subcaption shall permit, or be construed as permitting, any amendment, change or modification, that results in events described in the lettered clauses pursuant to the provisions of the Bond Indenture summarized in the second paragraph under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURES – Supplemental Bond Indentures."

ADDITIONAL PROVISIONS RELATING TO SUPPLEMENTS AND AMENDMENTS TO THE LOAN AGREEMENT

The Authority and the Bond Trustee may not consent to an amendment, change or modification of the Loan Agreement to permit the issuance of a coupon bond of any series unless they shall have received an Opinion of Bond Counsel to the effect that all conditions precedent to its execution have been satisfied and that such amendment, change or modification will not result in the loss of any exemption for purposes of federal income taxation to which the interest on the Series 2025A Bonds would otherwise be entitled.

Except for the amendments, changes or modifications as provided in the previous two subcaptions, neither the Authority nor the Bond Trustee shall consent to any other amendment, change or modification of the Loan Agreement without the written approval or consent, of the holders of a majority in aggregate principal amount of the related series of Series 2025A Bonds which are Outstanding under the Bond Indenture at the time of execution of any such amendment, change or modification; *provided, however,* that no such amendment, change or modification shall ever affect the obligation of the Corporation to make payments on the Series 2025A Obligation as they become due and payable. If at any time the Authority or the Corporation shall request the consent of the Bond Trustee to any such proposed amendment, change or modification of the Loan Agreement, the Bond Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be mailed in the same manner as provided by the provisions of the Bond Indenture summarized in the fourth paragraph under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE – Supplemental Bond Indenture" with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Bond Trustee for inspection by all Bondholders. The Bond Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such amendment, change or modification when consented to and approved as provided in this paragraph. If the holders of a majority in aggregate principal amount of the Series 2025A Bonds Outstanding under the Bond Indenture at the time of the execution of any such amendment, change or modification shall have consented to and approved the execution thereof as provided in the Bond Indenture, no holder of any Series 2025A Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Bond Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof.

DEFAULTS AND REMEDIES

The occurrence and continuance of any of the following events shall constitute an "event of default" under the Loan Agreement:

(a) failure to pay any installment of interest, principal or premium or any other payment required by the Loan Agreement when the same shall become due and payable, whether upon a scheduled interest payment date, at maturity, upon any date fixed for prepayment, by acceleration or otherwise; or

(b) failure of the Corporation to comply with or perform any of the covenants, conditions or provisions of the Loan Agreement (other than those referred to in subparagraph (a) above) and failure to remedy such default within 30 days after notice thereof from the Authority or the Bond Trustee to the Corporation; *provided* that if any such failure can be remedied, but cannot be remedied within the 30-day period described above, such failure shall not constitute an event of default if remedial action is instituted within such 30-day period and diligently pursued until such failure is remedied; or

(c) if any representation or warranty made by the Corporation in the Loan Agreement or in any statement or certificate furnished to the Authority, the Bond Trustee or the purchaser of any Series 2025A Bonds in connection with the sale of the Series 2025A Bonds or furnished by the Corporation pursuant to the Loan Agreement proves untrue in any material respect as of the date of the issuance or making thereof and shall not be made good within 30 days after notice thereof to the Corporation by the Authority or the Bond Trustee; *provided* that if any such representation or warranty can be made good, but not within the 30-day period described above, such failure of a representation or warranty shall not, in the discretion of the Authority, constitute an event of default if the Corporation initiates action to make such representation or warranty true within such 30-day period and diligently pursues such action until such representations or warranty is made true; or

(d) any event of default shall occur under the Master Indenture which results in the acceleration of any Obligation; or

(e) if payment of any installment of interest, principal or premium on any Bond shall not be made when the same shall become due and payable under the provisions of the Bond Indenture; or

(f) if the Corporation fails to comply with any provision of the Tax Exemption Agreement, which, in the Opinion of Bond Counsel, could result in the loss of any exemption for purposes of federal income taxation to which the interest on the Series 2025A Bonds would otherwise be entitled.

Upon the occurrence and during the continuance of any event of default under the Loan Agreement, the Authority shall have the following rights and remedies, in addition to any other remedies provided in the Loan Agreement or by law provided:

I. The Bond Trustee, as assignee of the Authority, shall, upon the occurrence of an event of default summarized in subparagraph (d) above, and may, upon the occurrence of any other event of default under the Loan Agreement, by written notice to the Corporation declare the entire amount of payments payable under the Loan Agreement with respect to the Series 2025A Bonds to be due and payable immediately, anything in the Loan Agreement contained to the contrary notwithstanding.

The foregoing notwithstanding, the Bond Trustee on behalf of the Authority may by written notice to the Corporation, waive the event of default which gave rise to the payments under the Loan Agreement being declared immediately due and payable, *provided* that prior to such waiver all amounts owing under the Loan Agreement with respect to payments of interest and principal on the Series 2025A Bonds (other than amounts owing under the Loan Agreement solely as a result of such declaration) shall be paid or secured to the satisfaction of the Bond Trustee and the Corporation pays the Bond Trustee for all expenses it may have incurred resulting from such declaration. The Bond Trustee shall waive any such default if the conditions contained in the proviso to the immediately preceding sentence are satisfied if applicable and if directed to do so by a written request consented to by the holders of at least a majority of the Outstanding Bonds. The Bond Trustee may, by written notice to the Master Trustee, request that the Master Trustee declare the principal amount of the Series 2025A Obligation (if not then due and payable) to be due and payable immediately, subject to the provisions of the Master Indenture regarding waivers of events of default. The Bond Trustee shall have all rights, interests, powers, privileges and benefits accruing to the Bond Trustee as the holder of an Obligation which may be protected and enforced by the Bond Trustee for and on behalf of the Bondholders to the extent and in the manner provided by the Master Indenture.

II. The Bond Trustee, on behalf of and with the written consent of the Authority, may in its discretion proceed to protect and enforce its rights by pursuing any available remedy (which remedy is not inconsistent with the remedies then being exercised by the Master Trustee to enforce payments under the Loan Agreement if such Loan Agreement has been accelerated or if all Obligations outstanding under the Master Indenture have been accelerated) including a suit or suits in equity or at law, whether for damages or for the specific performance of any obligation, covenant or agreement contained in the Loan Agreement, or in aid of the execution of any power granted in the Loan Agreement, or for the enforcement of any other appropriate legal or equitable remedy, as the Bond Trustee on behalf of the Authority shall deem most effectual to collect the payments under the Loan Agreement then due and thereafter to become due under the Loan Agreement or on the Series 2025A Obligation, to enforce performance and observance of any obligation, agreement or covenant of the Corporation under the Loan Agreement or to protect and enforce any of the Authority's rights or duties under the Loan Agreement.

SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGES

The following information is a summary of certain provisions of each Mortgage. Reference is made to the Mortgages for a full and complete statement of their provisions. All capitalized terms used below which are not defined below shall be defined under the captions "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Definitions of Certain Terms" and "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE AND THE LOAN AGREEMENT – Definitions of Certain Terms."

GENERAL

The Mortgages will secure the obligation of the Members of the Obligated Group to pay all Obligations issued under the Master Indenture. Certain Members of the Obligated Group will enter into a Mortgage as mortgagor or trustor depending on the form of the respective Mortgages required under applicable state law, with respect to the Mortgaged Property to which it holds title. Those Members of the Obligated Group entering into such Mortgages are referred to individually as the "Mortgagor" herein.

REPRESENTATION AND WARRANTIES

The Mortgagor represents and warrants in the Mortgage that (1) it has good and marketable fee simple title to the real estate described in Exhibit A to the Mortgage (the *"Land"*) and is the lawful owner and is now lawfully seized and possessed of the Mortgaged Property (other than that not presently in existence), free and clear of all Liens whatsoever except Permitted Encumbrances; (2) it has full power and lawful authority to mortgage and grant a security interest in the Mortgaged Property to the Master Trustee and will preserve, warrant and defend the same unto the Master Trustee against the claims of all persons and parties; (3) the Mortgage constitutes (i) a valid first mortgage lien upon the Land, including the fixtures, subject only to Permitted Encumbrances, (ii) a security interest in the Machinery and Equipment, which security interest is (a) perfected to the extent the same may be perfected by filing under the Uniform Commercial Code and (b) prior to any other security interest by another third party in such Machinery and Equipment, subject only to Permitted Encumbrances, and (iii) a legal, valid and binding obligation of the Mortgagor, enforceable in accordance with its terms; and (4) the easements, rights-of-way, liens, encumbrances, covenants, conditions, restrictions, exceptions, minor defects, irregularities of title and encroachments on adjoining real estate which are Permitted Encumbrances, if any, now existing with respect to the Land do not and will not materially adversely affect the value of the facilities or the Property currently affected thereby, or materially impair or materially interfere with the operation and usefulness thereof for the purpose for which they were acquired or are held by the Mortgagor.

AFTER-ACQUIRED PROPERTY

All right, title and interest of the Mortgagor in and to all improvements, betterments, renewals, substitutions and replacements of the Mortgaged Property or any part thereof constructed or acquired by the Mortgagor after the execution of the Mortgage, immediately upon such construction or acquisition, and without any further mortgaging, conveyance or assignment, shall become and be part of the Mortgaged Property and shall be subject to the lien and security interest of the Mortgage as fully and completely and with the same effect as though now owned by the Mortgagor, but at any and all times the Mortgagor will execute and deliver to the Master Trustee all such further assurances, mortgages, conveyances or assignments therefor and other instruments with respect thereto as the Master Trustee may reasonably require for the purpose of expressly and specifically subjecting the same to the lien and security interest of the Mortgage.

MAINTENANCE OF LIEN

The Mortgagor will, at its own expense, take all necessary action to maintain and preserve the lien and security interest of the Mortgage as a first priority lien and security interest, subject only to Permitted Encumbrances, so long as the Obligations are outstanding.

INSPECTION OF MORTGAGED PROPERTY AND RECORDS

The Master Trustee, any Obligation holder and any Bondholder shall have the right to inspect the Mortgaged Property and all books, records and documents relating thereto at all reasonable times, and access thereto shall be permitted for that purpose.

EVENT OF DEFAULT DEFINED

Each and all of the terms and provisions of the Master Indenture relating to defaults and remedies have been and are incorporated into the Mortgage by reference to the same extent as though fully set out therein. The term "Event of Default" wherever used in the Mortgage shall mean (i) an Event of Default as defined in the Master Indenture, (ii) the failure of the Mortgagor to comply with any covenant, agreement or warranty contained in the Mortgage within 30 days after the Master Trustee shall have given written notice thereof to the Mortgagor and the Obligated Group Representative, *provided* that, if such default cannot with due diligence and dispatch be wholly cured within 30 days but can be wholly cured, it shall be cured within the time specified in the Master Indenture as summarized in subparagraph (b) under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Defaults and Remedies – Events of Default" above or (iii) the abandonment of the Mortgaged Property or any portion thereof by the Mortgagor for three consecutive days.

REMEDIES

When any Event of Default has occurred and is continuing, the Master Trustee may, in addition to the remedies described in the Mortgage, exercise any one or more or all, and in any order, of the remedies set forth in the Master Indenture, including without limitation the remedies provided therein with respect to real property; it being expressly understood that no remedy in the Mortgage or in the Master Indenture conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given in the Mortgage or now or after the execution of the Mortgage existing at law or in equity or by statute.

POSSESSION BY THE MASTER TRUSTEE

When any Event of Default has occurred and is continuing, the Master Trustee shall, if applicable law permits, have the right to enter into and upon the Mortgaged Property and take possession thereof or to appoint an agent or trustee for the collection of the rents, issues and profits of the Mortgaged Property.

FORECLOSURE

When any Event of Default has occurred and is continuing, the Master Trustee shall have the right to foreclose the lien of the Mortgage for the indebtedness secured thereby or any part thereof.

RECEIVER

Upon, or at any time after, the acceleration of any series of Obligations or the filing of a complaint to foreclose the Mortgages, a court of competent jurisdiction may, upon the application of the Master Trustee, appoint a receiver (at the Mortgagor's expense) of the Mortgaged Property. Such appointment may be made either before or after sale, without regard to solvency or insolvency of the Mortgagor at the time of application for such receiver, and without regard to the then value of the Mortgaged Property or whether the same shall be then occupied as a homestead or not; and the Master Trustee under the Mortgages or any employee or agent thereof may be appointed as such receiver.

SUPPLEMENTS AND AMENDMENTS TO THE MORTGAGES

The Mortgagor and the Master Trustee may from time to time enter into such supplements and amendments to the Mortgages as they may deem necessary or desirable to effectuate the purposes or intent thereof; *provided, however,* that no such amendment shall be effective if not adopted in accordance with the terms of the Master Indenture.

CONDITIONS FOR RELEASE

The Master Trustee shall release Mortgaged Property from the lien of the Mortgage upon receipt of the following:

(a) A Written Request and certificate of the Mortgagor for such release, with the following information:

(1) A description of the Mortgaged Property to be released (the *"Released Property"*), and a request that such Released Property be released from the lien of the Mortgage;

(2) The Fair Market Value of the Released Property, and if the value of the Released Property is more than $2,000,000, Fair Market Value shall be

determined with an appraisal as described in subparagraph (1) of the definition of Fair Market Value as defined above under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Definitions of Certain Terms";

(3) Evidence that immediately following the release of the Released Property, no Member would be in default in the performance or observance of any covenant or condition of the Mortgage or the Master Indenture; and

(4) Evidence that:

(i) the Mortgagor has met the test described in the provisions of the Master Indenture summarized in subparagraph (b) under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Sales, Lease or Other Disposition of Property"; or

(ii) the Mortgagor has met the test described in the provisions of the Master Indenture summarized in subparagraph (d) under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Sales, Lease or Other Disposition of Property"; or

(iii) immediately after the Released Property is released, the Long-Term Debt Service Coverage Ratio of the Obligated Group for the most recent Fiscal Year for which financial statements that have been reported upon by independent certified public accountants are available, if calculated on a pro forma basis not including the revenues and expenses associated with the Released Property, would have been not less than 1.35:1; or

(iv) a majority in aggregate principal amount of the holders of the outstanding Obligations issued under the Master Indenture have consented in writing to the release of the Mortgaged Property.

(b) A supplement to the Mortgage and to the Master Indenture, if necessary, and other documents reasonably requested by, and in form satisfactory to, the Master Trustee necessary to release the Released Property from the lien of the Mortgage.

(c) An opinion addressed to the Master Trustee from Independent Counsel satisfactory to the Master Trustee to the effect that:

(1) The release of the Property requested by the Mortgagor is authorized under the Mortgage and the Master Indenture;

(2) The execution and delivery of the requested release will not violate any provisions of the Mortgage or the Master Indenture; all necessary action required to be taken by the Mortgagor and the Master Trustee to effect the release of the Released Property has been taken; and

(3) The supplemental amendment to the Mortgage, the supplemental indenture to the Master Indenture, if required, and all other documents required to effect the release of the Released Property have been duly authorized, executed and delivered and are binding upon the parties executing and delivering the same in accordance with their respective terms (subject to customary exceptions for laws affecting creditors' rights and the applicability of equitable principles).

The foregoing notwithstanding, upon defeasance of the Master Indenture and Obligations thereunder in full, the Mortgage shall be deemed released and the Master Trustee shall cooperate with the Mortgagor to take any and all action appropriate to evidence such release.

CONFLICTS WITH MASTER INDENTURE

In the event any of the terms or provisions of the Mortgages conflict with the Master Indenture, the Master Indenture shall control, other than the provisions of the Mortgages summarized above under the captions "SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGES – Supplements and Amendments to the Mortgages" and "– Conditions for Release", which shall control as to the amendment of the Mortgages or release of the lien.

APPENDIX D

FORM OF OPINIONS OF BOND COUNSEL

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April 10, 2025

Colorado Health Facilities Authority
Denver, Colorado

B.C. Ziegler and Company
Chicago, Illinois

Computershare Trust Company, N.A., as bond trustee
Minneapolis, Minnesota

Re: $146,400,000 Colorado Health Facilities Authority
Revenue Bonds, Series 2025A
(Covenant Living Communities and Services)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Colorado Health Facilities Authority (the *"Authority"*) of its $146,400,000 Revenue Bonds, Series 2025A (Covenant Living Communities and Services) (the *"Series 2025A Bonds"*). The Series 2025A Bonds are issued under the provisions of the Colorado Health Facilities Authority Act, as amended (the *"Act"*), and under and pursuant to that certain Bond Trust Indenture dated as of April 1, 2025 (the *"Bond Indenture"*), between the Authority and Computershare Trust Company, N.A., as bond trustee (the *"Bond Trustee"*).

The proceeds of the Series 2025A Bonds are being loaned by the Authority to Covenant Living Communities and Services, an Illinois not for profit corporation (the *"Borrower"*), pursuant to the Loan Agreement dated as of April 1, 2025 (the *"Loan Agreement"*), between the Borrower and the Authority, for the purpose of providing funds to be used to (i) pay or reimburse the Borrower or certain of its affiliates for the payment of the costs of acquiring, constructing, remodeling, renovating and equipping long-term care facilities, including, without limitation, the acquisition, construction, equipping, remodeling and renovation of independent living and health care facilities owned and operated by the Borrower or one of its affiliates, (ii) current refund the $3,035,000 Illinois Finance Authority Revenue Bonds, Series 2013 (Three Crowns Park Project) (the *"Series 2013 Bonds"*), $3,035,000 of which are currently outstanding; (iii) current refund the $34,210,000 Illinois Finance Authority Revenue Refunding Bonds, Series 2017 (Three Crowns Park) (the *"Series 2017 Bonds"*), $12,700,000 of which are currently outstanding, (iv) current refund the $112,805,000 Colorado Health Facilities Authority Revenue Refunding Bonds, Series 2015A (Covenant Retirement Communities, Inc.) (the *"Series 2015A Bonds"* and, together with the Series 2013 Bonds and the Series 2017 Bonds, the *"Refunded Bonds"*), $67,010,000 of which are currently outstanding; and (v) pay certain expenses incurred in connection with the issuance of the Series 2025A Bonds and the refunding of the Refunded Bonds, all as permitted under the Act (collectively, the *"Financing Purposes"*).

In order to secure the payment of the Series 2025A Bonds, the Borrower, concurrently with the issuance and delivery of the Series 2025A Bonds, is issuing and delivering to the Bond Trustee, the $146,400,000 Direct Note Obligation, Series 2025A (Colorado Health Facilities Authority) (the *"Series 2025A Obligation"*). The Series 2025A Obligation is being issued by the Borrower pursuant to the Amended and Restated Master Trust Indenture dated as of September 1, 2012, as previously supplemented and amended (the *"Amended and Restated Master Indenture"*), among the Borrower and the other Members of the Obligated Group identified on Exhibit C to the Amended and Restated Master Indenture (collectively, the *"Members of the Obligated Group"*), and The Bank of New York Mellon Trust Company, N.A., as master trustee (the *"Master Trustee"*), as supplemented and amended further by Supplemental Master Trust Indenture Number 14 dated as of April 1, 2025 (*"Supplemental Master Indenture Number 14"* and, together with the Amended and Restated Master Indenture, as the same may hereafter be supplemented and amended from time to time, the *"Master Indenture"*) between the Borrower, as the representative of the Members of the Obligated Group (*"Obligated Group Representative"*), on behalf of and with the other Members of the Obligated Group, and the Master Trustee.

The Series 2025A Bonds have been sold to B.C. Ziegler and Company (the *"Underwriter"*), pursuant to the Bond Purchase Agreement dated March 25, 2025 (the *"Purchase Contract"*), among the Underwriter, the Authority and the Members of the Obligated Group.

In connection with the sale of the Series 2025A Bonds, the Borrower has executed and delivered an Official Statement dated March 25, 2025 (the *"Official Statement"*), relating to the Series 2025A Bonds.

In connection with the issuance of the Series 2025A Bonds, the Borrower, on behalf of itself and the other Users (as defined in the Bond Indenture), the Authority and the Bond Trustee have executed a Tax Exemption Certificate and Agreement dated the date hereof (the *"Tax Agreement"*). The Tax Agreement places certain restrictions on the investment of moneys held in the funds established by the Bond Indenture and which, under certain circumstances, would require the transfer of certain moneys held in such funds to a Rebate Fund created under the Tax Agreement.

As bond counsel, we have examined the following:

a. certified copies of the proceedings of the Authority authorizing or approving, among other things, the execution and delivery of the Bond Indenture, the Loan Agreement, the Purchase Contract and the Tax Agreement, the use and distribution of the Preliminary Official Statement dated March 19, 2025 and the Official Statement and the issuance and sale of the Series 2025A Bonds;

b. an executed Official Statement, the executed Series 2025A Obligation and executed counterparts of the Bond Indenture, the Loan Agreement, the Use Agreement dated as of April 1, 2025 among the Borrower and the Users (as defined therein), the Purchase Contract, Supplemental Master Indenture Number 14, and the Tax Agreement;

c. a specimen Series 2025A Bond;

d. executed opinions, each dated the date hereof, of Ballard Spahr LLP, counsel to the Authority; Peterson Cramer, counsel to the Members of the Obligated Group; and Dentons US LLP, counsel to the Underwriter;

e. a report of Robert Thomas CPA, LLC, independent certified public accountants, verifying the accuracy of certain mathematical computations relating to the Refunded Bonds (the *"Verification Report"*); and

f. such other documents and showings and related matters of law as we have deemed necessary in order to enable us to render this opinion.

Based upon the foregoing and in reliance upon certain documents and showings hereinafter referred to, we are of the opinion that:

1. The Bond Indenture, the Loan Agreement, the Purchase Contract and the Tax Agreement have been duly authorized by all necessary action on the part of the Authority, have been duly executed and delivered by authorized officers of the Authority and, assuming the due authorization, execution and delivery thereof by the other parties thereto, constitute the legal, valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms, except to the extent limited by bankruptcy, reorganization or other similar laws affecting creditors' rights generally and by the availability of equitable remedies, and except to the extent that the enforcement of the indemnification provisions of the Loan Agreement and the Purchase Contract may be limited by federal or state securities laws.

2. The Series 2025A Bonds have been duly authorized by all necessary action on the part of the Authority, have been duly executed by authorized officers of the Authority, authenticated by the Bond Trustee and validly issued by the Authority and constitute, under the laws of the State of Colorado now in force, the legal, valid and binding limited obligations of the Authority enforceable in accordance with their terms, except to the extent limited by bankruptcy, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by the availability of equitable remedies, and the Series 2025A Bonds are entitled to the benefits and security of the Bond Indenture.

3. Subject to compliance by the Authority, the Borrower and the Users with certain covenants with respect to the Series 2025A Bonds, under present law, interest on the Series 2025A Bonds is excludable from gross income of the owners thereof for federal income tax purposes, and is not includible as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the *"Code"*). Interest on the 2025A Bonds may affect the corporate alternative minimum tax for

certain corporations. Failure to comply with certain of such covenants of the Authority, the Borrower and the Users could cause the interest on the Series 2025A Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2025A Bonds. Ownership of the Series 2025A Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2025A Bonds.

4. Under the laws of the State of Colorado, as presently enacted and construed, so long as interest on the Series 2025A Bonds is not included in gross income for federal income tax purposes, interest on the Series 2025A Bonds will not be included in Colorado taxable income for purposes of the income tax imposed by the State of Colorado pursuant to Article 22 of Title 39 of the Colorado Revised Statutes, as amended, upon individuals, corporations and estates and trusts. No opinion is expressed regarding taxation of interest on the Series 2025A Bonds under any other provisions of Colorado law. Ownership of the Series 2025A Bonds may result in other Colorado tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2025A Bonds.

5. The Bond Indenture creates a valid assignment to the Bond Trustee of the rights of the Authority in and to the Loan Agreement (with certain limited exceptions referred to in the Bond Indenture).

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2025A Bonds.

In rendering our opinion on tax exemption, we have relied on the opinion of Peterson Cramer, counsel to the Members of the Obligated Group, referred to in paragraph (d) above, with respect to, among certain other matters, (i) the status of each Member of the Obligated Group as a 501(c)(3) organization that is exempt from federal income taxation under Section 501(a) of the Code and (ii) the validity and binding effect upon and enforceability against each Member of the Obligated Group, as the case may be, of the Loan Agreement, the Series 2025A Obligation, the Master Indenture, the Tax Agreement, the Use Agreement and the Purchase Contract, subject to the exceptions set forth in said opinion.

In rendering the opinions in paragraphs 3 and 4 hereof, we have relied (i) upon certificates of even date herewith of the Borrower and the Users with respect to certain material facts within the knowledge of the Borrower and the Users relating to the property financed or refinanced with the proceeds of the Series 2025A Bonds and the application of the proceeds of the Series 2025A Bonds and (ii) the Verification Report.

In rendering this opinion, we have also relied upon certifications of the Authority with respect to certain material facts within the knowledge of the Authority.

Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

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APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "***Disclosure Undertaking***") is executed and delivered by Covenant Living Communities and Services, an Illinois not-for-profit corporation duly organized and existing under the laws of the State of Illinois (the "***Corporation***"), Covenant Living of Colorado, a Colorado nonprofit corporation; Covenant Living of Florida, Inc., a Florida nonprofit corporation; Covenant Living of Golden Valley, a Minnesota nonprofit corporation; Covenant Home, an Illinois not for profit corporation; Covenant Home of Chicago, an Illinois not for profit corporation; Covenant Living at the Holmstad, an Illinois not for profit corporation; Covenant Health Care Center, Inc., an Illinois not for profit corporation; Covenant Living of Cromwell, Inc., a Connecticut non-stock corporation; Covenant Living West, a California nonprofit public benefit corporation; Covenant Living of the Great Lakes, a Michigan nonprofit corporation; Covenant Living at Windsor Park, an Illinois not for profit corporation; Covenant Living of Keene, a New Hampshire corporation; and Tulsa Hills Community, Inc., an Oklahoma nonprofit corporation (individually a "***Member***" and collectively, the "***Obligated Group***") in connection with the issuance of the Colorado Health Facilities Authority Revenue Bonds, Series 2025A (Covenant Living Communities and Services) (the "***Bonds***"). The Bonds are being issued pursuant to that certain Bond Trust Indenture (the "***Bond Indenture***"), dated as of April 1, 2025 between the Colorado Health Facilities Authority (the "***Authority***") and Computershare Trust Company, as trustee (the "***Bond Trustee***"). The proceeds of the Bonds are being loaned to the Corporation pursuant to that certain Loan Agreement dated as April 1, 2025 between the Authority and the Corporation (the "***Loan Agreement***").

SECTION 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the Obligated Group for the benefit of the Bondholders (including any beneficial owners thereof when the Bonds are held in a book-entry system) and in order to assist the Underwriter (defined below) in complying with the Rule (defined below). The Obligated Group acknowledges that the Authority has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Undertaking, and has no liability to any person, including any Bondholder, with respect to any such reports, notices or disclosures.

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Indenture or Master Indenture (as defined below), which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section 2 or elsewhere herein, the following capitalized terms shall have the following meanings:

"***Annual Financial Information***" means, with respect to the prior fiscal year, the financial information, which shall be based on consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States ("***GAAP***") or accompanied by a quantified explanation of material deviations from GAAP or a full explanation of the accounting principles used, and the material operating data of the Obligated Group of the same general nature as that contained in the front of the Official Statement under the headings in APPENDIX A under the captions "**THE MEMBERS OF THE OBLIGATED GROUP – Summary of Facilities and Census**" (only Occupancy Chart and Entrance Fees Chart), " – **Residency Agreements**," " – **Contract Mix**" and – **Third Party Payors**," "**FINANCIAL INFORMATION – The Obligated Group – Percentages of Total Revenues**," "**– Debt Service Coverage Ratio Information**" (two year Historical Annual Debt Service Coverage Ratio only), " – **Days Cash on Hand**" (two years) and " – **Cash to Debt Ratio**" (two years). Such Annual Financial Information shall include, among other things, separate audited financial statements of each Member of the Obligated Group or audited consolidated financial statements including the Members of the Obligated Group, provided, however, that if audited financial statements for or including the Members of the Obligated Group are not available by the deadline for filing the Annual Financial Information, they shall be promptly provided when and if available and unaudited separate or consolidated financial statements shall be included in the Annual Financial Information. Such Annual Financial Information has also include an update of Centers for Medicare & Medicaid Services ("***CMS***") star status for each CMS-reviewed facility in the Obligated Group, and the debt service schedules for any bonds issued for the benefit of the Obligated Group in the prior year, if not already available on EMMA.

"***Bondholder***" shall mean the registered owner of any Bond.

"***Disclosure Representative***" shall mean Covenant Living Communities and Services, or such other person as the Obligated Group Representative shall designate in writing to the Bond Trustee in accordance with Section 6 hereof.

"***Dissemination Agent***" means any Dissemination Agent designated as such in writing by the Disclosure Representative pursuant to the terms hereof. None is designated on the date hereof.

"***EMMA***" shall mean the Electronic Municipal Market Access system, operated by MSRB and found at http://www.emma.msrb.org.

"***Listed Event***" means any of the following events with respect to the Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment-related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancement reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

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

(vii) modifications to rights of holders of the Bonds, if material;

(viii) (a) Bond calls, if material, and (b) tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of any Bond, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of any obligated person (it being understood that this Listed Event occurs upon the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);

(xiii) consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a Financial Obligation (as defined in the Rule) of an obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

"***Listed Event Notice***" means written or electronic notice of a Listed Event.

*"**Master Indenture**"* shall mean the Amended and Restated Master Trust Indenture dated as of September 1, 2012 between the Corporation and The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, as it may from time to time be amended or supplemented in accordance with its terms.

"***MSRB***" means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314.

"***NRMSIR***" means a nationally recognized municipal securities information repository, as recognized from time to time by the Securities and Exchange Commission for the purposes referred to in the Rule. Effective July 1, 2009, the sole NRMSIR is as follows:

MSRB
1900 Duke Street, Suite 600
Alexandria, Virginia 22314
http://www.emma.msrb.org

*"**Obligated Group Representative**"* shall mean the Corporation, or any other entity appointed as such under the Master Indenture.

"***Official Statement***" means the Official Statement dated March 25, 2025 delivered in connection with the issuance of the Bonds, as supplemented and amended.

"***Rule***" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"***SID***" means any state information depository as operated or designated by the State of Colorado as such for the purposes referred to in the Rule. As of the date of this Disclosure Undertaking, no SID has been established in the State of Colorado.

"***Underwriter***" means B.C. Ziegler and Company.

SECTION 3. Undertaking to Provide Ongoing Disclosure.

(a) This Disclosure Undertaking constitutes the written undertaking of each Member of the Obligated Group for the benefit of the Bondholders (including any beneficial owners thereof when the Bonds are held in a book-entry system) as required by the Rule. It is the express intention of each Member of the Obligated Group that each Bondholder (including any beneficial owners thereof when the Bonds are held in a book-entry system) be a beneficiary of this Disclosure Undertaking with the right to enforce this Section 3 directly against the Members of the Obligated Group.

(b) Each Member of the Obligated Group, as an "obligated person" within the meaning of the Rule, undertakes to provide the following information:

(1) Annual Financial Information; and

(2) Listed Event Notices.

(c) The Obligated Group, or the Disclosure Representative on behalf of the Members of the Obligated Group, shall, while any Bonds are outstanding, provide Annual Financial Information to each then existing NRMSIR and the SID, if any, not later than 150 days after the end of the Obligated Group's fiscal year (the "***Report Date***"). On or before the Report Date (the "***Submission Date***"), the Disclosure Representative shall submit the Annual Financial Information to the Dissemination Agent. The Disclosure Representative shall include with each submission of Annual Financial Information to the Dissemination Agent a written representation addressed to the Dissemination Agent to the effect that the Annual Financial Information is the Annual Financial Information required by this Section 3 and that it complies with the applicable requirements of this Section 3. The Disclosure Representative may adjust the Submission Date and the Report Date if the Obligated Group changes its fiscal year by providing written notice of the change of fiscal year and the new Submission Date and Report Date to the Dissemination Agent, if any, the Authority, each then existing NRMSIR and the SID, if any; provided that the new Report Date shall be 150 days after the end of the new fiscal year and the new Submission Date shall be on or prior to the Report Date, and provided further that the period between the final Report Date relating to the former fiscal year and the initial Report Date relating to the new fiscal year shall not exceed one year in duration. It shall be sufficient if the Disclosure Representative provides to each then existing NRMSIR and the SID, if any, the Annual Financial Information by specific reference to documents previously provided to NRMSIRs and the SID, if any, or filed with the Securities and Exchange Commission and, if such a document is a final official statement within the meaning of the Rule, available from the MSRB. The Dissemination Agent shall have no duty to review or analyze any financial statements delivered to it hereunder or verify the accuracy thereof and shall hold such financial statements solely as a repository for the benefit of the Bondholders; the Dissemination Agent shall not be deemed to have notice of any information contained therein or event of default which may be disclosed therein in any manner.

(d) If a Listed Event occurs while any Bonds are outstanding, the Disclosure Representative, on behalf of the Members of the Obligated Group, shall provide a Listed Event Notice to the Dissemination Agent within 10 business days of the occurrence of such Listed Event and the Dissemination Agent shall then distribute the Listed Event Notice to each then existing NRMSIR, the Authority and the SID, if any, not later than the 10th business day after the occurrence of such Listed Event. Each Listed Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Bonds.

(e) The Disclosure Representative shall provide notice in a timely manner to the Bond Trustee, the Authority, each then existing NRMSIR and to the SID, if any, of any failure while any Bonds are outstanding to provide Annual Financial Information on or before the Report Date (for any reason) as provided herein.

(f) The Disclosure Representative may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If no Dissemination Agent has been appointed or engaged or if a Dissemination Agent resigns or is otherwise removed and no successor Dissemination Agent is appointed or engaged, the Disclosure Representative shall perform all of the duties and assume all of the obligations of the Dissemination Agent hereunder.

(g) If a Dissemination Agent has been designated, the Dissemination Agent shall:

(i) without further direction or instruction from the Disclosure Representative or the Obligated Group, provide in a timely manner to the Authority, each then existing NRMSIR and to the SID, if any, notice of any failure while any Bonds are outstanding by the Dissemination Agent to provide to each then existing NRMSIR and the SID, if any, Annual Financial Information on or before the Report Date (whether caused by failure of the Disclosure Representative to provide such information to the Dissemination Agent by the Submission Date or for any other reason). For the purposes of determining whether information received from the Disclosure Representative is Annual Financial Information, the Dissemination Agent shall be entitled conclusively to rely on the Disclosure Representative's written representation made pursuant to subsection (c) hereof.

(ii) If the Disclosure Representative or the Bond Trustee provides to the Dissemination Agent information relating to the Obligated Group or the Bonds, which information is not designated as a Listed Event Notice, and directs the Dissemination Agent in writing to provide such information to information repositories, provide such information in a timely manner to the Authority, each then existing NRMSIR and the SID, if any.

(iii) If by the Submission Date, the Dissemination Agent has not received a copy of the Annual Financial Information, contact the Disclosure Representative to determine if the Obligated Group is in compliance with subsection (c).

(iv) If the Dissemination Agent has not itself provided or received the representation from the Disclosure Representative that it has provided the Annual Financial Information to each then existing NRMSIR and the SID, if any, send a notice to such parties in substantially the form attached as Exhibit A.

(v) File a report with the Disclosure Representative certifying that the Annual Financial Information has been provided pursuant to this Disclosure Undertaking, stating the date it was provided, and listing all the parties to which it was provided.

(h) The Dissemination Agent shall determine each year prior to the date for providing the Annual Financial Information, the name and address of each NRMSIR and SID, if any.

(i) In addition, each Member of the Obligated Group covenants to provide to the Disclosure Representative and the Dissemination Agent, if any, Annual Financial Information and Listed Event Notices with respect to such Member of the Obligated Group from time to time to the extent that such Member continues to constitute an "obligated person" in respect of the Bonds within the meaning of the Rule.

(j) Unless otherwise required by law and subject to technical and economic feasibility, the Disclosure Representative and the Dissemination Agent, if any, shall employ such methods of information transmission as shall be required or recommended by the designated recipients of the Obligated Group's information.

(k) Any filing under this Disclosure Undertaking may be made solely by transmitting such filing to the MSRB through EMMA, or as otherwise permitted or required under the Rule.

(l) Upon receipt of a written request, the Disclosure Representative shall provide any Bondholder with a copy of the most recent Annual Financial Information and any Listed Event Notice filed with the NRMSIRs or the SID, if any. In addition, the Disclosure Representative shall provide the Dissemination Agent with copies of unaudited internally prepared quarterly financial statements including the Obligated Group, within 45 days of the end of the first three fiscal quarters and within 60 days of the end of the fourth fiscal quarter and occupancy statistics of the Obligated Group (including assisted living units (with memory care broken out) and SNF (with memory care broken out)), SNF payor mix for the Obligated Group, and an update on the construction for the projects financed with proceeds of the Bonds and notice of construction of any new, definitive construction project which individually has a construction budget in excess of $10 million. Such quarterly consolidated financial statements shall be prepared in accordance with GAAP, except that footnotes will not be provided on a quarterly basis. Any deviation from GAAP will be set forth in a quantified explanation of material deviations from GAAP accompanying the quarterly consolidated financial statements. In addition, internal quarterly financial statements (which are not prepared in accordance with GAAP) compared to budget will be provided. The Dissemination Agent shall promptly file such quarterly consolidated financial statements with each then existing NRMSIR and the SID, if any. Upon receipt of a written request, the Disclosure Representative shall also provide any Bondholder with a copy of the most recent quarterly consolidated financial statements filed with the NRMSIRs and the SID, if any.

SECTION 4. Obligated Persons.

(a) In the event that any other person subsequently desires to become a Member of the Obligated Group, the Obligated Group shall require such person to enter into a written undertaking to comply with the provisions set forth in this Disclosure Undertaking as a condition of such person becoming a Member of the Obligated Group.

(b) Any Member of the Obligated Group reserves the right to terminate its obligation to provide Annual Financial Information and notices of Listed Events, as set forth above, if and when such person is no longer a Member of the Obligated Group or an obligated person with respect to the Bonds within the meaning of the Rule. The Disclosure Representative will provide notice of any such termination to the Authority, each then existing NRMSIR and the SID, if any.

(c) If the Corporation's obligations under the Loan Agreement are assumed in full by some other entity and the Corporation is no longer a Member of the Obligated Group or an obligated person with respect to the Bonds within the meaning of the Rule, such other entity shall be responsible for compliance with this Disclosure Undertaking in the same manner as if it were the Corporation and the Corporation shall have no further responsibility hereunder.

(d) By executing this Disclosure Undertaking, each Member of the Obligated Group hereby agrees to be bound by the provisions of this Disclosure Undertaking and the provisions of any other continuing disclosure agreement entered into prior to the date hereof by the Obligated Group.

SECTION 5. Termination of Reporting Obligation. The continuing obligation of the Members of the Obligated Group to provide Annual Financial Information, Listed Event Notices and quarterly consolidated financial statements hereunder shall terminate immediately once the Bonds are no longer outstanding or may terminate in accordance with Section 7 hereof.

SECTION 6. Disclosure Representative. The Obligated Group Representative shall, from time to time, appoint or engage a Disclosure Representative to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Disclosure Representative, upon appointment of a successor Disclosure Representative. If at any time there is not any other designated Disclosure Representative, the Corporation shall be the Disclosure Representative. The Obligated Group Representative hereby appoints the Corporation as the initial Disclosure Representative and the Corporation hereby accepts such appointment.

SECTION 7. Amendment; Waiver. The provisions of this Disclosure Undertaking, including but not limited to the provisions relating to the accounting principles pursuant to which the consolidated financial statements of or including the Obligated Group are prepared, may be amended as deemed appropriate by the Obligated Group; provided, however, that any such amendment must be adopted procedurally and substantively in a manner consistent with the Rule, including any interpretation thereof made from time to time by the Securities and Exchange Commission. Such interpretations currently include the requirements that (a) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Obligated Group or the type of activities conducted thereby, (b) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) the amendment does not materially impair the interest of Bondholders, as determined by parties unaffiliated with the Obligated Group (such as independent legal counsel). The foregoing interpretations may be changed in the future.

In the first Annual Financial Information to which an amendment changing the Annual Financial Information applies, the Annual Financial Information shall explain the reason for the amendment and the impact of the amendment on the type of operating data or financial information being provided. If an amendment to this Disclosure Undertaking is made specifying the accounting principles to be followed in preparing consolidated financial statements, the Annual Financial Information for the first year in which the amendment is made should present a comparison between the consolidated financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison should include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent reasonably feasible, the comparison also should be quantitative. The Disclosure Representative shall provide notice of such amendment to the NRMSIR and the SID, if any. In the event that the Rule is amended in the future, and such amendment would apply to the Bonds and no exemption exists, the Obligated Group and the Dissemination Agent hereby agree that this Disclosure Undertaking will be amended, in accordance with the provisions of this Section 7, to cause the undertaking contained in this Disclosure Undertaking to comply with the requirements of the Rule, as amended.

SECTION 8. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Obligated Group from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking.

SECTION 9. Default. In the event of a failure of the Members of the Obligated Group or the Disclosure Representative, on behalf of the Obligated Group, to comply with any provision of this Disclosure Undertaking, the Dissemination Agent, if any, may (and, at the request of the Underwriter or the Bondholders or beneficial owners of at least 25% aggregate principal amount of outstanding Bonds and upon being indemnified to its satisfaction, shall), or any Bondholder may take such actions as may be necessary and appropriate to seek specific performance by court order, to cause the Obligated Group, or the Disclosure Representative, on behalf of the Obligated Group, to comply with their obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Master Indenture, the Bond Indenture or the Loan Agreement, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Obligated Group, or the Disclosure Representative, on behalf of the Obligated Group to comply with this Disclosure Undertaking shall be an action to compel performance.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent. Any Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Undertaking and no implied covenants or obligations shall be read into this Disclosure Undertaking against the Dissemination Agent, and the Members of the Obligated Group agree to jointly and severally indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees, costs and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Obligated Group under this Section 10 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. In the absence of bad faith on its part, the Dissemination Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Dissemination Agent and conforming to the requirements of this Disclosure Undertaking. In the case of any Annual Financial Information disclosure, quarterly consolidated financial statements disclosure or any Listed Event disclosure, or any opinions which, by any provision hereof, are specifically required to be furnished to the Dissemination Agent, the Dissemination Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Disclosure Undertaking, but shall be under no duty to verify independently or investigate the accuracy or completeness of any information contained therein or the correctness of any opinion furnished hereunder. No provision of this Disclosure Undertaking shall require the Dissemination Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, provided that the Dissemination Agent shall pay such reasonable expenses, disbursements and advances necessary to perform its obligations hereunder, which expenses, disbursements and advances are expected to be reimbursed under Section 12 hereof.

SECTION 11. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Obligated Group, the Dissemination Agent, the Bond Trustee, the Underwriter, and the Bondholders (including any beneficial owners thereof when the Bonds are held in a book-entry system) from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. Compensation. The Members of the Obligated Group hereby jointly and severally agree to compensate any Dissemination Agent for the services provided and the expenses incurred pursuant to this Disclosure Undertaking, in an amount to be agreed upon from time to time hereunder, and to reimburse any Dissemination Agent upon its request for all reasonable expenses, disbursements and advances incurred by the Dissemination Agent hereunder (including any reasonable compensation and cost and expenses of counsel) except any such expense, disbursement or advance that may be attributable to the Dissemination Agent's negligence or willful misconduct.

SECTION 13. Governing Law. This Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Illinois without regard to conflict of law principles.

SECTION 14. Counterparts. This Disclosure Undertaking may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: April 10, 2025

COVENANT LIVING COMMUNITIES AND SERVICES
COVENANT LIVING OF COLORADO
COVENANT LIVING OF FLORIDA, INC.
COVENANT LIVING OF GOLDEN VALLEY
COVENANT HOME
COVENANT HOME OF CHICAGO
COVENANT LIVING AT THE HOLMSTAD
COVENANT HEALTH CARE CENTER, INC.
COVENANT LIVING OF CROMWELL, INC.
COVENANT LIVING WEST
COVENANT LIVING OF THE GREAT LAKES
COVENANT LIVING AT WINDSOR PARK
COVENANT LIVING OF KEENE
TULSA HILLS COMMUNITY, INC.

By: ____

Chief Financial Officer of
Covenant Living Communities and Services
and the other Members of the Obligated Group

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL FINANCIAL INFORMATION

Name of Authority:	Colorado Health Facilities Authority
Name of Bond Issues:	Colorado Health Facilities Authority Revenue Bonds, Series 2025A (Covenant Living Communities and Services)

Name of Obligated Persons: Covenant Living Communities and Services, Covenant Living of Colorado, Covenant Living of Florida, Inc., Covenant Living of Golden Valley, Covenant Home, Covenant Home of Chicago, Covenant Living at the Holmstad, Covenant Health Care Center, Inc., Covenant Living of Cromwell, Inc., Covenant Living West, Covenant Living of the Great Lakes, Covenant Living at Windsor Park, Covenant Living of Keene, Tulsa Hills Community, Inc.

NOTICE IS HEREBY GIVEN that the **[***Insert name of applicable Obligated Person(s)***]** has/have not provided an Annual Report with respect to the above-named Bonds as required by Section 3(c) of the Continuing Disclosure Undertaking dated April 10, 2025, from, the Obligated Persons listed above. The **[***Insert name of applicable Obligated Person(s)***]** anticipate/s that the Annual Report will be filed by ________________________.

Dated: __________________________________

cc: Disclosure Representative
[if notice is sent by Dissemination Agent.**]**

By: ____________________________________

Its: ____________________________________

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APPENDIX F

BOOK-ENTRY SYSTEM

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BOOK-ENTRY SYSTEM

The following information has been furnished by DTC for use in this Official Statement. Neither the Authority nor the Corporation is responsible for its accuracy or completeness.

The Depository Trust Company ("***DTC***"), New York, New York, will act as securities depository for the Series 2025 Bonds. The Series 2025 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Series 2025 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of the Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of the Series 2025 Bonds ("***Beneficial Owner***") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025 Bonds are to be accomplished by entries made on the books of such Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2025 Bonds, except in the event that use of the book-entry system for the Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent by the Bond Trustee to DTC. If less than all of the Series 2025 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2025 Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Bond Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, and principal of, premium, if any and interest on the Series 2025 Bonds to Cede & Co. is the responsibility of the Authority or the Bond Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and the disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2025 Bonds at any time by giving reasonable notice to the Authority or the Bond Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered. The Corporation may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

THE INFORMATION PROVIDED ABOVE HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE AUTHORITY, ANY MEMBER OF THE OBLIGATED GROUP OR THE UNDERWRITER AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

NEITHER THE AUTHORITY, THE UNDERWRITER, ANY MEMBER OF THE OBLIGATED GROUP, NOR THE BOND TRUSTEE HAS ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS OR THE PERSONS FOR WHOM PARTICIPANTS ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF PORTIONS OF THE SERIES 2025 BONDS FOR REDEMPTION.

covenant living

COMMUNITIES & SERVICES

COLORADO HEALTH FACILITIES AUTHORITY • REVENUE BONDS, SERIES 2025A (COVENANT LIVING COMMUNITIES AND SERVICES)

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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