NEW ISSUE **RATING: Fitch: "BBB-"**
Book-Entry-Only

*Subject to compliance by the Authority and the Borrower with certain covenants, in the opinion of Bond Counsel, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals. Interest on the Bonds is not exempt from present Illinois income taxes. See "**TAX EXEMPTION**" herein for a more complete discussion.*

Smith CROSSING
A Smith Senior Living Community

$58,415,000
ILLINOIS FINANCE AUTHORITY
REVENUE REFUNDING BONDS, SERIES 2022
(SMITH CROSSING)

Dated: Date of Issuance **Interest Rates, Prices, Maturities and CUSIPs as shown on the inside cover**

The Bonds are issuable in the denomination of $5,000 or any integral multiple thereof. Principal of and interest on the Bonds will be paid from moneys available therefor under the Bond Indenture described herein with UMB Bank, N.A., as Bond Trustee. Principal on the Bonds is payable each October 15, commencing October 15, 2022. Interest on the Bonds is payable on each April 15 and October 15, commencing October 15, 2022.

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

The Bonds are limited obligations of the Illinois Finance Authority, secured under the provisions of the Master Indenture and Bond Indenture, as further described herein, and will be equally and ratably payable from payments to be made by the Borrower named herein under the Loan Agreement described herein and certain funds held under the Bond Indenture and, when applicable, the Master Indenture.

THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS AND OTHER COSTS INCIDENTAL THERETO ONLY FROM THE SOURCES SPECIFIED IN THE BOND INDENTURE, AND EXCEPT TO SUCH LIMITED EXTENT, THE BONDS AND THE INTEREST THEREON DO NOT CONSTITUTE AN INDEBTEDNESS OR AN OBLIGATION, GENERAL OR MORAL, OR A PLEDGE OF THE FULL FAITH OR A LOAN OF CREDIT OF THE AUTHORITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE PURVIEW OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR PROVISION. THE BONDS AND THE INTEREST THEREON ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY OUT OF THE RECEIPTS, REVENUES AND INCOME SPECIFIED IN THE BOND INDENTURE. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS OF THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS OR OTHER COSTS INCIDENTAL THERETO. NO OWNER OF ANY SERIES 2022 BOND SHALL HAVE THE RIGHT TO COMPEL THE TAXING POWER OF THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE AUTHORITY DOES NOT HAVE THE POWER TO LEVY TAXES FOR ANY PURPOSES WHATSOEVER.

There are certain risks associated with the purchase of the Bonds. See "**BONDHOLDERS' RISKS**."

The Bonds are offered when, as and if issued by the Authority and received by the Underwriter, subject to approval as to legality by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, and certain other conditions. Certain legal matters with respect to the Bonds will be passed upon for the Authority by its special counsel, Sanchez Daniels & Hoffman LLP, Chicago, Illinois. Certain legal matters will be passed upon for the Borrower by its special counsel, Quarles & Brady LLP, Madison, Wisconsin, and for the Underwriter by its counsel, Gilmore & Bell, P.C., Kansas City, Missouri. It is expected that the delivery of the Bonds will occur through DTC on or about March 24, 2022.

Ziegler

This Official Statement is dated March 9, 2022.

\$58,415,000
ILLINOIS FINANCE AUTHORITY
REVENUE REFUNDING BONDS, SERIES 2022
(SMITH CROSSING)

MATURITY SCHEDULE

\$18,950,000 Serial Bonds

Due October 15,	Principal Amount	Interest Rate (%)	Price (%)	Yield (%)	CUSIP‡
2022	\$1,450,000	4.000	101.087	2.030	45204FPH2
2023	1,650,000	4.000	102.632	2.270	45204FPJ8
2024	1,715,000	4.000	103.668	2.510	45204FPK5
2025	1,785,000	4.000	104.346	2.710	45204FPL3
2026	1,860,000	4.000	104.969	2.830	45204FPM1
2027	1,935,000	4.000	105.345	2.950	45204FPN9
2028	2,010,000	4.000	105.545	3.060	45204FPP4
2029	2,095,000	4.000	105.813	3.130	45204FPQ2
2030	2,180,000	4.000	105.792	3.220	45204FPR0
2031	2,270,000	4.000	105.780	3.290	45204FPS8

\$15,700,000 4.000% Term Bonds due October 15, 2037, Priced: 103.434% to yield 3.590%+; CUSIP‡: 45204FPT6
\$9,375,000 4.000% Term Bonds due October 15, 2040, Priced: 102.922% to yield 3.650%+; CUSIP‡: 45204FPU3
\$14,390,000 4.000% Term Bonds due October 15, 2044, Priced: 101.824% to yield 3.780%+; CUSIP‡: 45204FPV1

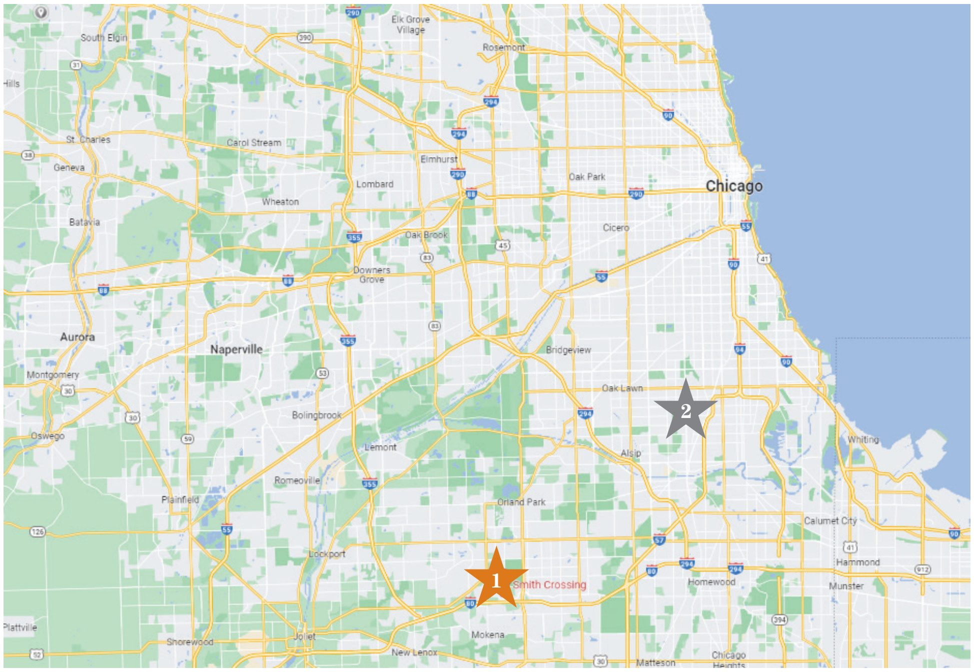
\+ Yield calculated to April 15, 2032, the optional par call date.

‡ CUSIP is a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Capital IQ, a division of McGraw-Hill Financial, Inc. Neither the Authority, the Obligated Group nor the Underwriter is responsible for the selection or correctness of the CUSIP numbers set forth above.

Smith CROSSING

A Smith Senior Living Community

Location Map



Key:

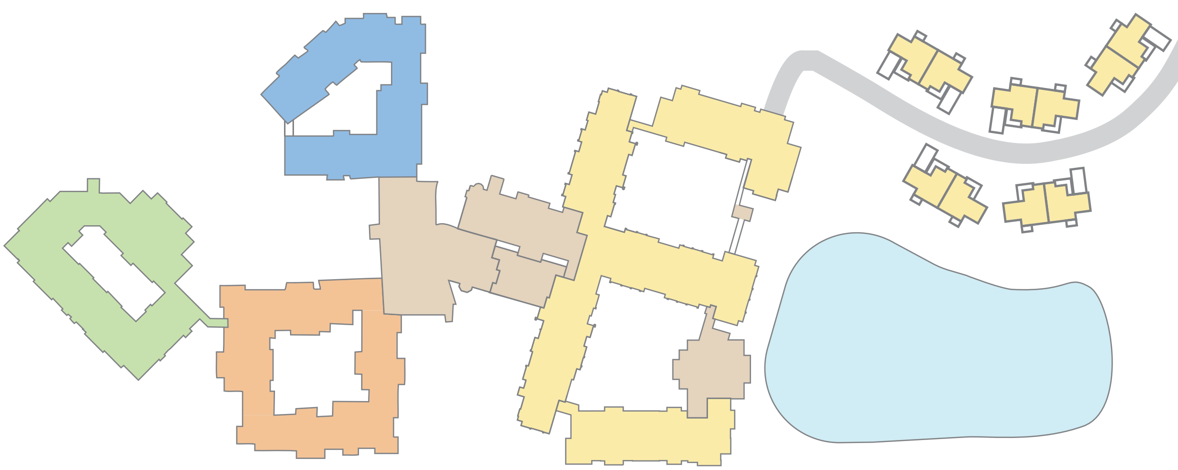
Borrower:

1 **Smith Crossing**

Related Communities:

2 **Smith Village**

Site Plan



Independent Living

Common Areas

Assisted Living

Skilled Nursing

Greenleaf Rehabilitation

Smith Crossing

Smith Crossing

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the Authority, the Borrower 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. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of fact. The information and expressions of opinion contained 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 Member of the Obligated Group since the date hereof.

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

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

The Underwriter has provided the following sentence for inclusion in this Official Statement: 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.

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

THE BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAVE THE BOND INDENTURE OR THE MASTER INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BORROWER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

TABLE OF CONTENTS

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

This Official Statement contains "forward-looking statements." These forward-looking statements include statements about the Borrower's future plans and strategies, and other statements that are not historical in nature. These forward-looking statements are based on the current expectations of management of the Borrower. Forward-looking statements involve future risks and uncertainties that could cause actual results and experience to differ materially from the anticipated results or other expectations expressed in forward-looking statements. These future risks and uncertainties include those discussed in the **"BONDHOLDERS' RISKS"** section of this Official Statement and the discussions of the COVID-19 public health crisis throughout 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 that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Included in such risks and uncertainties are (i) the continuing uncertainties associated with the COVID-19 public health crisis and particularly the impact of the crisis on long-term care organizations like the Borrower; (ii) those relating to the possible invalidity of the underlying assumptions and estimates, (iii) possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances, (iv) conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials, and (v) the risks set forth under the caption **"BONDHOLDERS' RISKS."** Assumptions related to the foregoing involve judgements with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately. For these reasons, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Undue reliance should not be placed on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Borrower on the date hereof, and the Borrower does not assume any obligation to update any such forward-looking statements if or when the expectations or events, conditions or circumstances on which such statements are based occur or fail to occur, other than as indicated under the caption "FINANCIAL INFORMATION AND CONTINUING DISCLOSURE – Continuing Disclosure."

SUMMARY STATEMENT

The information set forth in this Summary Statement is subject in all respects to more complete information set forth elsewhere in this Official Statement, which should be read in its entirety. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this Summary Statement from this Official Statement or otherwise to use it without this entire Official Statement. For the definitions of certain words and terms used in this Summary Statement, see **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – Definitions of Certain Terms"** in ***Appendix C*** and "**SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE AND THE LOAN AGREEMENT – Definitions of Certain Terms"** in ***Appendix D***.

The Authority

The Illinois Finance Authority (the ***"Authority"***) is a body politic and corporate of the State of Illinois. The Authority was created under the Illinois Finance Authority Act, as amended (the ***"Act"***).

The Bonds

The Authority proposes to issue its Revenue Refunding Bonds, Series 2022 (Smith Crossing) in the aggregate principal amount of $58,415,000 (the ***"Bonds"*** or ***"Series 2022 Bonds"***).

The Bonds will be issued and secured under a Bond Trust Indenture, dated as of March 1, 2022 (the ***"Bond Indenture"***), between the Authority and UMB Bank, N.A., as bond trustee (the ***"Bond Trustee"***). The Authority will loan the proceeds of the Bonds to Washington and Jane Smith Community – Orland Park, d/b/a Smith Crossing, an Illinois not for profit corporation (the ***"Borrower"***) pursuant to a Loan Agreement, dated as of March 1, 2022 (***"Loan Agreement"***), between the Authority and the Borrower.

Purpose of the Bonds

The Borrower will use the proceeds of the Bonds, together with other funds of the Borrower, (i) to (a) refund the Authority's Variable Rate Revenue Bonds, Series 2018A (Smith Crossing Project) in the outstanding principal amount of $24,230,000, Variable Rate Revenue Refunding Bonds, Series 2018B (Smith Crossing Project) in the outstanding principal amount of $16,711,000 and Variable Rate Revenue Refunding Bonds, Series 2018C (Smith Crossing Project) in the outstanding principal amount of $13,585,997 (collectively, the ***"Refunded Bonds"***), and (b) pay costs associated with termination of certain related interest rate swap agreements, and (ii) to pay costs of issuance of the Bonds and refunding the Refunded Bonds. The principal amounts shown for the Refunding Bonds is after the scheduled March 10, 2022 principal payments to be made by the Borrower prior to issuance of the Bonds. The proceeds of the Refunded Bonds financed and refinanced the costs of various improvements to the Smith Crossing life plan community owned and operated by the Borrower (***"Smith Crossing"***). See **"PLAN OF FINANCE"** for a description of the plan of finance relating to the Bonds.

The Borrower

The Borrower is the Obligated Group Representative and the sole Member of the Obligated Group created pursuant to the Master Indenture, as defined below. The sole corporate member of the Borrower is The Washington and Jane Smith Home, d/b/a Smith Senior Living, an Illinois not for profit corporation (***"Smith Senior Living"***). ***Smith Senior Living and various affiliates of Smith Senior***

Living, other than the Borrower, are not obligated, directly or indirectly, to make any payments with respect to the Bonds. The Borrower will provide the audited financial statements for Smith Senior Living for the fiscal years ended June 30, 2021 and 2020 to any prospective purchaser of the Series 2022 Bonds requesting the same. The provision of financial information for Smith Senior Living is for general background information only and should not be viewed as any suggestion or implication that Smith Senior Living is or will be obligated, directly or indirectly, to make any payments with respect to the Series 2022 Bonds.

Impact of COVID-19 Public Health Crisis on the Borrower

See the discussion beginning on page 2 of this Official Statement under the caption **"IMPACT OF COVID-19 PUBLIC HEALTH CRISIS ON THE BORROWER."**

Security for the Bonds

General. The Authority is obligated to pay the principal of and interest on the Bonds and other costs incidental thereto only from the sources specified in the Bond Indenture, and except to such limited extent, the Bonds and the interest thereon do not constitute an indebtedness or an obligation, general or moral, or a pledge of the full faith or a loan of credit of the Authority, the State of Illinois or any political subdivision thereof, within the purview of any constitutional or statutory limitation or provision. The Bonds and the interest thereon are special, limited obligations of the Authority payable solely out of the receipts, revenues and income specified in the Bond Indenture. Neither the full faith and credit nor the taxing powers of the State of Illinois or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, and interest on the Bonds or other costs incidental thereto. No owner of any Series 2022 Bond shall have the right to compel the taxing power of the State of Illinois or any political subdivision thereof to pay the principal of, premium, if any, or interest on the Bonds. The Authority does not have the power to levy taxes for any purposes whatsoever.

The Bond Indenture. The Bonds will be issued by the Authority pursuant to the Bond Indenture. Under the Bond Indenture, the Authority will pledge and assign to the Bond Trustee as security for the payment of principal of, premium, if any, and interest on the Bonds, all of its right, title and interest in and to (i) the Loan Agreement and all payments derived by the Authority from the Borrower under the Loan Agreement (excluding the Authority's Unassigned Rights), (ii) the Series 2022 Obligation described herein, and (iii) the funds created under the Bond Indenture and amounts held therein, including investment earnings (but excluding amounts on deposit in the Rebate Fund). See **"SECURITY FOR THE BONDS – The Bond Indenture."**

The Loan Agreement. The Loan Agreement will provide that the Borrower shall make designated payments to the Bond Trustee in amounts sufficient to pay the principal of, premium, if any, and interest on the Bonds when due. The Obligated Group's obligation to make payments on the Series 2022 Obligation shall be satisfied to the extent payments are made by the Borrower under the Loan Agreement. The Loan Agreement will also impose certain restrictions on the actions of the Borrower for the benefit of the Authority and the holders of the Bonds. See **"SECURITY FOR THE BONDS – The Loan Agreement."**

The Master Indenture. The Bonds will be secured by a Direct Note Obligation, Series 2022 (Illinois Finance Authority) (the ***"Series 2022 Obligation"***) to be issued by the Borrower, as Obligated Group Representative, pursuant to the Master Trust Indenture dated as of March 1, 2022 (the ***"Master Indenture"***) between the Borrower, as Obligated Group Representative and the sole Member of the Obligated Group created thereunder, and UMB Bank, N.A., as master trustee (the ***"Master Trustee"***).

The Borrower together with any future Members of the Obligated Group are referred to as the ***"Obligated Group."***

The Master Indenture permits the Members of the Obligated Group to issue Additional Obligations on the terms and subject to the conditions set forth in the Master Indenture, which will be secured on a parity basis under the Master Indenture with the Series 2022 Obligation, which will be the only Obligation outstanding under the Master Indenture as of the date of issuance of the Bonds and the application of the proceeds thereof. The Series 2022 Obligation and any Additional Obligations hereafter issued under the Master Indenture are referred to as the ***"Obligations."***

The Series 2022 Obligation and all Additional Obligations hereafter issued under the Master Indenture are secured on a parity basis by a pledge of the Gross Revenues described below and a mortgage on the Smith Crossing campus described below.

Pursuant to the Master Indenture, the Borrower has granted a security interest in its Gross Revenues (subject to Permitted Encumbrances) as security for the payment of the Series 2022 Obligation and all Additional Obligations hereafter issued under the Master Indenture. See **"SECURITY FOR THE BONDS"** and **"BONDHOLDERS' RISKS – Certain Matters Relating to Enforceability of the Master Indenture."**

"Gross Revenues" means all receipts, revenues, rentals, income, insurance proceeds (including, without limitation, all Medicaid, Medicare and other third-party payments), condemnation awards and other moneys received by or on behalf of any Obligated Group Member, including (without limitation) revenues derived from (a) the ownership, operation or leasing of any portion of the Facilities (including, without limitation, fees payable by or on behalf of residents of the Facilities) and all rights to receive the same (other than the right to receive Medicaid and Medicare payments), whether in the form of accounts, general intangibles or other rights, and the proceeds of such accounts, general intangibles and other rights, whether now existing or hereafter coming into existence or whether now owned or held or hereafter acquired, and (b) gifts, grants, bequests, donations and contributions heretofore or hereafter made that are legally available to meet any of the obligations of the Obligated Group Member; provided, however, that there shall be excluded from Gross Revenues (i) any amounts received by an Obligated Group Member as a billing agent for another entity, except for fees received for serving as billing agent, (ii) gifts, grants, bequests, donations and contributions to an Obligated Group Member heretofore or hereafter made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payments required under the Master Indenture, (iii) any moneys received by any Obligated Group Member from prospective residents or commercial tenants in order to pay for customized improvements to those Independent Living Units or other areas of the Facilities to be occupied or leased to such residents or tenants, (iv) payments or deposits under a Residency Agreement that by its terms or applicable law are required to be held in escrow or trust for the benefit of a resident until the conditions for the release of such payment or deposit have been satisfied, and (v) all deposits and/or advance payments made in connection with any leases of the Independent Living Units or other areas of the Facilities to be leased to residents or tenants and received prior to receipt of such certificate and licenses for occupancy of such units (provided that such deposits and payments shall be included in Gross Revenues upon the issuance of the certificates or licenses for occupancy).

The Mortgage. Pursuant to an Amended and Restated Mortgage and Security Agreement dated as of March 1, 2022 (the ***"Mortgage"***), the Borrower has granted to the Master Trustee a first mortgage lien on the Smith Crossing campus in Orland Park, Illinois to secure the Series 2022 Obligation and all Additional Obligations hereafter issued in accordance with the Master Indenture. The Mortgage also grants a security interest in certain personal property of the Borrower, including the machinery and equipment located on the mortgaged campus.

For further information concerning the security for the Bonds, see **"SECURITY FOR THE BONDS – The Mortgage."** See **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGE"** in ***Appendix C***.

Redemption Prior to Maturity

Pursuant to the terms of the Bond Indenture, the Bonds are subject to redemption prior to maturity. See **"THE BONDS – Optional and Mandatory Redemption of the Bonds."**

Certain Covenants of the Obligated Group

Rate Covenant. Each Member of the Obligated Group agrees in the Master Indenture that it will operate its Facilities on a revenue-producing basis and to charge such fees and rates for its Facilities and services and to exercise such skill and diligence, including obtaining payment for services provided, as to provide income from its Property together with other available funds sufficient to pay promptly all payments of principal and interest on its Indebtedness, all expenses of operation, maintenance and repair of its Property and all other payments required to be made by it under the Master Indenture to the extent permitted by law. See **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Rates and Charges"** in ***Appendix C*** for more detail.

If (i) the Historical Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than **1.20** but at least **1.10**, and (ii) the Days Cash on Hand of the Obligated Group as of the last day of such Fiscal Year was not less than **250**, the Obligated Group Representative shall, within 30 days after delivery of the Officer's Certificate required to be delivered with the annual audited financial statements, deliver an Officer's Certificate to the Master Trustee setting forth in reasonable detail the reasons for that the Historical Debt Service Coverage Ratio was below 1.20 and adopting a specific plan setting forth steps to be taken designed to raise the Historical Debt Service Coverage Ratio was at least 1.20 for future periods.

If (i) the Historical Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than **1.20** for such year and the Days Cash on Hand of the Obligated Group as of the last day of such Fiscal Year was less than **250**, or (ii) the Historical Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than **1.10**, the Obligated Group is required to select a Consultant, within 30 days after delivery of the Officer's Certificate required to be delivered with the annual audited financial statements, 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 Historical Debt Service Coverage Ratio to at least the **1.20** for the following Fiscal Year.

The Obligated Group will not be obligated to retain a Consultant to make such recommendations if (a) there is filed with the Master Trustee a written report of a Consultant which contains an opinion of such Consultant that Industry Restrictions have prevented the Obligated Group from generating Income Available for Debt Service during such Fiscal Year sufficient to meet the 1.20 requirement, and, if requested by the Master Trustee, such report is accompanied by a concurring opinion of Independent Counsel as to any conclusions of law supporting the opinion of such Consultant; (b) the report of such Consultant indicates that the rates charged by the Obligated Group are such that, in the opinion of the Consultant, the Obligated Group has generated the maximum amount of Revenues reasonably practicable given such laws or regulations; and (c) the Historical Debt Service Coverage Ratio of the Obligated Group for such Fiscal Year was at least 1.00. The Obligated Group shall not be required to cause the Consultant's report referred to in the preceding sentence to be prepared more frequently than once every two Fiscal Years if at the end of the first of such two Fiscal Years the Obligated Group provides to the Master Trustee an opinion of Independent Counsel to the effect that the Industry Restrictions underlying the Consultant's report delivered in respect of the previous Fiscal Year have not changed in any material way.

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

(i) the Obligated Group fails to achieve a Historical Debt Service Coverage Ratio of at least **1.20** and fails to take all necessary action to comply with the procedures set forth in this section of the Master Indenture for providing an Officer's Certificate or obtaining a Consultant's report and following all recommendations contained in such Consultant's report to the extent feasible (as determined by the Governing Body of the Obligated Group Representative) and permitted by law;

(ii) the Obligated Group fails to achieve a Historical Debt Service Coverage Ratio of at least **1.00** 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 **250**, or

(iii) the Obligated Group fails to achieve a Historical Debt Service Coverage Ratio of at least **1.00** for two consecutive Fiscal Years.

Notwithstanding any other provisions of the Master Indenture, in the event that any Member of the Obligated Group incurs any Additional Indebtedness for a Capital Addition, the Debt Service Requirements on such Additional Indebtedness and the Revenues and Expenses relating to the Capital Addition financed with the proceeds of such Additional Indebtedness shall be excluded from the calculation of the Historical Debt Service Coverage Ratio of the Obligated Group to the extent provided in the Master Indenture. See **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Rates and Charges"** in ***Appendix C***.

For specific information regarding the process under the Master Indenture for selection of certain Consultants, see ***"Approval of Consultants"*** below and **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Approval of Consultants"** in ***Appendix C.***

Liquidity Covenant. Each Member of the Obligated Group agrees in the Master Indenture that it will conduct its business so that the Obligated Group will have not less than **180** Days Cash on Hand (the ***"Liquidity Requirement"***) on June 30 and December 31 of each Fiscal Year (or as of the last day of the second and fourth Fiscal Quarters), commencing June 30, 2022 (each such date being a ***"Testing Date"***). If the number of Days Cash on Hand as of any Testing Date is less than the Liquidity Requirement, the Obligated Group Representative shall, within 30 days after delivery of the Officer's Certificate disclosing such deficiency, deliver an Officer's Certificate 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 raise the level of the Days Cash on Hand to the Liquidity Requirement for future periods.

If the Obligated Group has not raised the level of Days Cash on Hand to the Liquidity Requirement by the Testing Date immediately subsequent to the delivery of the Officer's Certificate required in the preceding paragraph, the Obligated Group Representative shall, within 30 days after delivery of the Officer's Certificate disclosing such deficiency, select a 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 number of Days Cash on Hand to the Liquidity Requirement for future periods. A copy of the Consultant's report and recommendations, if any, shall be filed with each Member and the Master Trustee within 60 days after the date such Consultant is retained and a summary of the Consultant's report will be delivered to each Required Information Recipient. Each Member of the Obligated Group shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of an Authorized Officer or the Governing Body of the Obligated Group Representative) and permitted by law.

Notwithstanding any other provision of the Master Indenture, failure of the Obligated Group to achieve the Liquidity Requirement for any Testing Date will not constitute an event of default under the Master Indenture if the Obligated Group takes all action necessary to comply with the requirements set forth in the Master Indenture as described above and under ***"Approval of Consultants"*** below for adopting a plan or obtaining a Consultant's report (whichever is required) and follows each recommendation contained in such plan or Consultant's report to the extent feasible (as determined in the reasonable judgment of an Authorized Officer or the Governing Body of the Obligated Group Representative) and permitted by law.

For specific information regarding the process under the Master Indenture for the selection of certain Consultants, see ***"Approval of Consultants"*** below and **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Approval of Consultants"** in ***Appendix C.***

See **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Liquidity Covenant"** in ***Appendix C***.

Incurrence of Additional Indebtedness. The Members of the Obligated Group agree in the Master Indenture to restrictions on the incurrence of Additional Indebtedness, as more fully described under **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Permitted Additional Indebtedness"** in ***Appendix C***. To the extent that the conditions provided in the Master Indenture are met, such Additional Indebtedness may be secured under the Master Indenture and the Mortgage on a parity basis with the Series 2022 Obligation.

Disposition of Property. The Members of the Obligated Group agree in the Master Indenture to restrictions on the disposition of its Property, as more fully described under **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Sale, Lease or Other Disposition of Property"** in ***Appendix C.***

Lock-Box Provisions. Upon the occurrence and during the continuance of an event of default under the Master Indenture, the Master Trustee shall give to the Obligated Group Representative a notice (the ***"Lock-Box Notice"***). Upon receipt of a Lock-Box Notice, (a) each Obligated Group Member will immediately commence depositing all Gross Revenues with the Master Trustee and will continue to do so on a daily basis as and when it receives or collects any moneys constituting Gross Revenues and (b) within 30 days the Obligated Group Representative will (i) select a Consultant to review the operating budget of the Obligated Group and (ii) submit to such Consultant and the Master Trustee a proposed operating budget for the Consultant's approval or modification. The proposed operating budget shall include on a month-by-month basis all operating expenses to be paid by each Obligated Group Member. Upon review of the proposed budget, the Consultant will notify the Obligated Group Representative and the Master Trustee whether such budget is approved as submitted or of any modifications the Consultant will impose. A copy of the budget, as approved or modified (the ***"Lock-Box Budget"***), will be sent to the Obligated Group Representative and the Master Trustee. In the event that the Obligated Group Representative fails to submit a proposed operating budget to the Consultant and the Master Trustee, the Consultant will modify the operating budget last submitted as the Consultant deems appropriate under the then existing circumstances and such modified operating budget will constitute the Lock-Box Budget. The Lock-Box Budget may be amended and modified by the Consultant at any time and from time to time as the Consultant in its discretion determines is necessary or appropriate under the then existing circumstances. A copy of any amendment or modification to the Lock-Box Budget will be sent by the Consultant to the Obligated Group Representative and the Master Trustee. The Master Trustee agrees that, upon receipt of a Lock-Box Notice, unless otherwise directed in writing by the holders of a majority in aggregate principal amount of the Obligations then outstanding, it will make disbursements (from amounts deposited with it by each Obligated Group Member as provided above) in each month to the Obligated Group Representative to pay operating expenses only in accordance with the Lock-Box Budget.

Clause (a) of the immediately preceding paragraph notwithstanding, immediately following receipt of a Lock-Box Notice but prior to the approval of the Lock-Box Budget by the Consultant, the Obligated Group may retain a reasonable amount of working capital outside the Lock Box in an amount that the Obligated Group Agent, in written notice submitted to the Master Trustee, determines is necessary in order to provide cash and working capital sufficient to sustain operations and meet obligations to residents until the Lock-Box Budget is approved provided that such amount shall not exceed 15% of annual budgeted operating expenses of the Obligated Group for any month such amounts are retained.

If at any time following a Lock-Box Notice all amounts due to the Master Trustee have been paid in full and all events of default hereunder have been cured, the Master Trustee will notify the Obligated Group Representative in writing that the lock-box provisions are suspended. Additionally, the Master Trustee may in its discretion at any time agree to suspend such lock-box provisions by so notifying the Obligated Group Representative in writing. Thereafter, unless and until any subsequent Lock-Box Notice is received by the Obligated Group Representative, Gross Revenues need not be deposited with the Master Trustee. See **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Lock-Box Provisions"** in ***Appendix C***.

Approval of Consultants. Upon selecting a Consultant due to a failure to meet the rate covenant, the Liquidity Requirement, or in conjunction with establishing a Lock-Box budget, as required under the Master Indenture, 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 such notice, notify the holders of all Obligations outstanding under the Master Indenture of such selection and the Obligated Group Representative will post a copy of such notice (or cause a copy of such notice to be posted) on EMMA. Such notice shall (i) include the name of the Consultant and a brief description of the Consultant, (ii) state the reason that the Consultant is being engaged including a description of the covenant(s) of the Master Indenture that require the Consultant to be engaged, and (iii) state that the holder of the Obligation will be deemed to have consented to the selection of the Consultant named in such notice unless such Obligation Holder submits an objection to the selected Consultant in writing (in a manner not objected to by the Master Trustee) to the Master Trustee within 15 days after 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 or more in aggregate principal amount of the holders of the Outstanding Obligations have consented or have been deemed to have consented to the selection of the Consultant, the Obligated Group Representative may engage the Consultant. If more than one third in aggregate principal amount of the holders of the Obligations Outstanding have objected to the Consultant selected, the Obligated Group Representative shall select another Consultant.

When the Master Trustee notifies the holders of Obligations of such selection, the Master Trustee will also request any Related Bond Trustee send a notice containing the information required by the immediately preceding paragraph to the holders 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 Consultant in accordance with the response of the holders of such Related Bonds. If two-thirds or more in aggregate principal amount of the Related Bonds have been deemed to have consented to the selection of the Consultant, the Bond Trustee shall approve the Consultant. If one-third or more in aggregate principal amount of the holders of the Related Bonds have objected to the Consultant selected, the Bond Trustee shall not approve the Consultant.

The 15-day notice period described in the second paragraph above under this sub-heading may be extended by the Master Trustee in order to permit each Related Bond Trustee to give the holders 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 sub-heading.

All Consultant reports required under the Master Indenture shall be prepared in accordance with the then effective industry appropriate standards.

See **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Approval of Consultants"** in ***Appendix C.***

Financial Statements

The audited financial statements of the Borrower as of and for the Fiscal Years ended June 30, 2021 and 2020, and June 30, 2020 and 2019, appearing in ***Appendix B*** have been audited by CliftonLarsonAllen LLP, independent certified public accountants, as set forth in their reports also appearing in ***Appendix B***. Certain unaudited financial information as of and for the six months ended December 31, 2021 and 2022 is included in ***Appendix A***. CliftonLarsonAllen LLP has not reviewed or audited such interim financial information.

Financial Disclosure and Reporting Requirements

Pursuant to the Master Indenture, the Obligated Group Representative has agreed to furnish, or cause to be furnished, to the Master Trustee, each Related Bond Trustee, EMMA and the Authority (collectively, ***"Required Information Recipients"***), the following:

Quarterly Financial Information. Within 45 days after the end of each Fiscal Quarter, commencing June 30, 2022, quarterly unaudited financial statements of the Obligated Group which, if applicable, shall include combined or consolidated statement of financial position, statement of activities, statement of functional expenses and statement of cash flows for such period and shall designate Initial

Entrance Fees, and which, in each case, shall include (1) a combining or consolidating statement of financial position, statement of activities, statement of functional expenses and statement of cash flows as of the end of such Fiscal Quarter, (2) comparisons to the annual budget of the Obligated Group provided pursuant to subsection (vi) below, and (3) a year to date entrance fee cash flow, designating Initial Entrance Fees, turnover entrance fees and related entrance fees.

Quarterly Compliance Certificate. Within 45 days after the end of each Fiscal Quarter commencing June 30, 2022, an Officer's Certificate of the Obligated Group Representative (A) stating that the Obligated Group is in compliance with all of the terms, provisions and conditions of the Master Indenture or if not, specifying all such defaults and the nature thereof, (B) a calculation of Days Cash on Hand as of the last day of such Fiscal Quarter and the Historical Debt Service Coverage Ratio of the Obligated Group on a rolling twelve month basis, (C) information with respect to the payor mix for the Obligated Group's licensed nursing beds and (D) occupancy levels of all of the Facilities operated by the Obligated Group by level of care as of the end of each such Fiscal Quarter, (E) a schedule showing debt service requirements for any Funded Indebtedness of the Obligated Group incurred during such Fiscal Quarter including all scheduled payments of principal and interest on such Funded Indebtedness, and (F) a summary of the status of any construction projects with respect to the Facilities of a Member of the Obligated Group which summaries shall be delivered commencing with the Fiscal Quarter in which work on the construction project commenced and ending with the Fiscal Quarter during which such project was completed; all prepared in reasonable detail and certified, subject to year-end adjustment by an officer of the Obligated Group Representative.

If the Historical Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.20 or the Days Cash on Hand is less than 180, the Obligated Group will deliver the financial information described in the preceding paragraph, together with the calculations described in the preceding paragraph, on a monthly basis, with the Historical Debt Service Coverage Ratio calculated on a year-to-date basis each month and the Days Cash on Hand as of the end of each month, within 45 days after the end of each month until the Historical Debt Service Coverage Ratio of the Obligated Group is at least 1.20 and the Days Cash on Hand is at least equal to 180.

Annual Audited Financial Statements. Within 150 days after the end of each Fiscal Year commencing with the Fiscal Year ending June 30, 2022, an annual audited financial report of the Obligated Group prepared by a firm of certified public accountants, including a consolidated (or combined, if applicable~~,~~) and an unaudited consolidating (or combining, applicable) balance sheet as of the end of such Fiscal Year and a consolidated (or combined, if applicable) and an unaudited consolidating (or combining, applicable) statement of changes in fund balances for such Fiscal Year and a combined and an unaudited combining statement of revenues and expenses for such Fiscal Year, showing in each case in comparative form~~,~~ the financial figures for the preceding Fiscal Year.

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 quarterly and annual financial reporting requirements described above 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 consolidated 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 hereof or for any agreement, document or certificate executed and delivered in connection with or pursuant to the Master Indenture.

Annual Compliance Certificate. On or before the date of delivery of the annual financial statements described above, an Officer's Certificate of the Obligated Group Representative (A) stating that the Obligated Group is in compliance with all of the terms, provisions and conditions of the Master Indenture or if not, specifying all such defaults and the nature thereof, (B) calculating and certifying the Days Cash on Hand and Historical Debt Service Coverage Ratio as of the end of such Fiscal Year, as appropriate, (C) an executive summary of any actuarial reports received by the Obligated Group during the preceding Fiscal Year, if any, as required below, and (D) providing any five-star quality rating assigned to the Facilities of Members of the Obligated Group by the Centers for Medicare and Medicaid Services.

Operating and Capital Budgets, etc. Within 45 days after the end of each Fiscal Year, the Obligated Group Representative shall deliver a summary of the operating and capital budgets for the Fiscal Year then started. Copies of (A) any board approved revisions to the annual budget provided pursuant to the preceding sentence, or (B) any correspondence to or from the Internal Revenue Service questioning or contesting the status of a Member as an organization described in Section 501(c)(3) of the Code or with respect to the tax-exempt status of any Related Bonds the interest on which is excludable from the gross income of the owners thereof for federal income tax purposes, promptly upon receipt.

Actuarial Reports. An executive summary of an actuarial report regarding the obligations of the Members of the Obligated Group to provide life care services to residents of the Members' communities every three years commencing with the Fiscal Year ending June 30, 2024.

Consultant's Reports. 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 Consultant's report (or a summary thereof as required by the Master Indenture) or counsel's opinion required to be prepared under the terms of the Master Indenture relating to the rate covenant, the liquidity covenant, or the lock-box provisions; provided that the Obligated Group Representative may redact any such copy provided to EMMA to the extent appropriate or necessary to protect confidential or sensitive information.

Change in Accountants. The Obligated Group Representative shall give prompt written notice of a change of accountants by the Obligated Group to each Required Information Recipient. 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 Required Information Recipient may reasonably request.

Continuing Disclosure

The Borrower and the Bond Trustee, as dissemination agent, will enter into a Continuing Disclosure Agreement dated as of March 1, 2022 (the ***"Continuing Disclosure Agreement"***) for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission (the ***"Rule"***). The Borrower is the only "obligated persons" with responsibility for continuing disclosure, and the Authority has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under the Continuing Disclosure Agreement, and has no liability to any person, including any owner or Beneficial Owner of the Bonds, with respect to the Rule. Pursuant to the Continuing Disclosure

Agreement, the Borrower has agreed to provide certain annual and quarterly financial information and operating data. For further information concerning the Borrower's obligations under the Continuing Disclosure Agreement, see **"FINANCIAL INFORMATION AND CONTINUING DISCLOSURE – Continuing Disclosure."**

Bondholders' Risks

An investment in the Bonds involves a certain degree of risk. See **"BONDHOLDERS' RISKS"** for a discussion of certain of these risks.

Definitions and Summaries of Legal Documents

Definitions of certain words and terms used in this Official Statement are set forth in ***Appendices C*** and ***D*** of this Official Statement. Summaries of the Master Indenture, the Bond Indenture, the Loan Agreement and the Mortgage are also included in this Official Statement in ***Appendices C*** and ***D.*** Such definitions and summaries do not purport to be comprehensive or definitive. All references herein to the specified documents are qualified in their entirety by reference to the definitive forms of such documents, copies of which may be viewed at the offices of B.C. Ziegler and Company, at One North Wacker Drive, Suite 2000, Chicago, Illinois, and will be provided without charge to any prospective purchaser requesting the same.

OFFICIAL STATEMENT

$58,415,000
ILLINOIS FINANCE AUTHORITY
REVENUE REFUNDING BONDS, SERIES 2022
(SMITH CROSSING)

INTRODUCTION

Purpose of this Official Statement

The purpose of this Official Statement, including the cover page, the inside cover page and the Appendices hereto, is to set forth information relating to (1) the offering by the Illinois Finance Authority (the ***"Authority"***) of $58,415,000 aggregate principal amount of its Revenue Refunding Bonds, Series 2022 (Smith Crossing) (the ***"Bonds"*** or ***"Series 2022 Bonds"***), and (2) the Borrower described herein.

The Authority

The Illinois Finance Authority is a body politic and corporate of the State of Illinois. The Authority was created under the Illinois Finance Authority Act, as amended (the ***"Act"***).

The Bonds

The Bonds will be issued and secured under a Bond Trust Indenture, dated as of March 1, 2022 (***"Bond Indenture"***), between the Authority and UMB Bank, N.A., as bond trustee (the ***"Bond Trustee"***). The Authority will loan the proceeds of the Bonds to Washington and Jane Smith Community – Orland Park, d/b/a Smith Crossing, an Illinois not for profit corporation (the ***"Borrower"***) pursuant to a Loan Agreement, dated as of March 1, 2022 (***"Loan Agreement"***), between the Authority and the Borrower.

The Borrower will use the proceeds of the Bonds, together with other funds of the Borrower, (i) to (a) refund the Authority's Variable Rate Revenue Bonds, Series 2018A (Smith Crossing Project) in the outstanding principal amount of $24,230,000, Variable Rate Revenue Refunding Bonds, Series 2018B (Smith Crossing Project) in the outstanding principal amount of $16,711,000 and Variable Rate Revenue Refunding Bonds, Series 2018C (Smith Crossing Project) in the outstanding principal amount of $13,585,997 (collectively, the ***"Refunded Bonds"***), and (b) pay costs associated with termination of certain related interest rate swap agreements, and (iii) to pay costs of issuance of the Bonds and refunding the Refunded Bonds. The proceeds of the Refunded Bonds financed and refinanced the costs of various improvements to the Smith Crossing life plan community owned and operated by the Borrower (***"Smith Crossing"***). See **"PLAN OF FINANCE"** for a description of the plan of finance relating to the Bonds.

The Borrower

The Borrower is the Obligated Group Representative and the sole Member of the Obligated Group created pursuant to the Master Indenture defined below. The sole corporate member of the Borrower is The Washington and Jane Smith Home, d/b/a Smith Senior Living, an Illinois not for profit corporation (***"Smith Senior Living"***). ***Smith Senior Living and various affiliates of Smith Senior Living, other than the Borrower, are not obligated, directly or indirectly, to make any payments with respect to the Bonds.*** The Borrower will provide the audited financial statements for Smith Senior Living for the fiscal years ended June 30, 2021 and 2020 to any prospective purchaser of the Series 2022 Bonds requesting the same. The provision of financial information for Smith Senior Living is for general background information only and should not be viewed as any suggestion or implication that Smith Senior Living is or will be obligated, directly or indirectly, to make any payments with respect to the Series 2022 Bonds.

The Master Indenture

The Bonds will be secured a Direct Note Obligation, Series 2022 (Illinois Finance Authority) (the ***"Series 2022 Obligation"***) to be issued by the Borrower as Obligated Group Representative to the Authority pursuant to the Master Trust Indenture dated as of March 1, 2022 (the ***"Master Indenture"***) between the Borrower and UMB Bank, N.A., as master trustee (the ***"Master Trustee"***).

The Mortgage

Pursuant to an Amended and Restated Mortgage and Security Agreement dated as of March 1, 2022 (the ***"Mortgage"***), the Borrower has granted to the Master Trustee a first mortgage lien on the Smith Crossing campus to secure the Series 2022 Obligation and all Additional Obligations hereafter issued in accordance with the Master Indenture. The Mortgage also grants a security interest in certain personal property of the Borrower, including the machinery and equipment on the mortgaged property. See **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGE"** in ***Appendix C***.

IMPACT OF COVID-19 PUBLIC HEALTH CRISIS ON THE BORROWER

The Borrower has been addressing the numerous challenges associated with the COVID-19 public health crisis since March 2020. The responses of management have varied throughout the past two years as the pandemic evolved, resources became more available, and the science and thinking of public officials related to effective COVID-19 responses evolved. The severity of the economic challenge and duration of the public health crisis is still not fully known. While the availability of vaccines beginning in December 2020 led to a different experience nationwide and at Smith Crossing communities in 2021 than 2020, the emergence of new strains of COVID-19 has created new challenges for the nation and the Borrower.

Throughout the COVID-19 public health crisis, the Borrower has remained focused on the following priorities and the resources necessary to achieve them:

- Ensuring the safety and health of all residents, particularly those at higher risk.
- Ensuring the safety and health of all employees, particularly those in direct contact with residents.
- Maximizing family interactions with residents to the extent practicable with the safety and health goals and consistent with State of Illinois and local health orders.
- Supporting ongoing sales and marketing activities that sustain the Borrower's revenues.
- A fast and effective rollout of the vaccine as it became available to residents and employees.

- Extraordinary pay for the Smith Crossing staff most directly involved in care of at risk residents during the pandemic.
- Purchases of personal protective equipment for staff and residents.
- Implementation of changing guidance and recommendations by Centers of Disease Control and Prevention (***"CDC"***), Centers of Medicare and Medicaid Services (***"CMS"***) and state and local health departments.
- Emergency preparedness and backup planning for staffing in case of COVID-19 spread.
- Monitoring and tracking systems (screening and contact tracing).

As of the date of this Official Statement, only three Smith Crossing residents have died from COVID-19-related complications since the outbreak of the pandemic. All staff and 98% of residents have received a COVID-19 vaccination, and vaccination is a requirement for residents of and employment at Smith Crossing (other than residents who cannot receive a vaccination due to their individual health circumstances).

A variety of federal, state, and local government efforts have been initiated in response to the COVID-19 outbreak. The Borrower received an aggregate of approximately $1.64 million under various federal coronavirus relief programs from April 2020 to December 31, 2021, including approximately $920,000 from a forgiven Paycheck Protection Program loan. See Note 8 of the Notes to Financial Statements included as ***Appendix B*** for a further discussion of financial relief the Borrower has received since the onset of the pandemic under various federal coronavirus relief programs. See also **"WASHINGTON AND JANE SMITH COMMUNITY – ORLAND PARK, D/B/A SMITH CROSSING – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCES AND OPERATIONS"** in ***Appendix A***.

In response to the adverse financial risks to the Borrower and as required at various times by federal, state, and local regulation and guidance, the Borrower implemented the following steps at various times throughout the past two years (some of which are continuing):

- In March 2020, prior to any state or local mandated lock-down, the Borrower implemented a campus-wide lock-down at Smith Crossing to protect its residents and its staff until the scope of the pandemic could be ascertained.
- Regular testing of all residents, employees, vendors, and certain visitors when widespread testing became available.
- Frequent communication with stakeholders (initially on a weekly and in some instances daily basis) on new cases and restrictions related to COVID-19.
- Quarantine protocols for residents and employees who contracted COVID-19 or had a suspected or known exposure to COVID-19.
- Expanded virtual activities for residents to replace certain in person group events and activities not permitted by COVID-19 restrictions.
- Limits on, including periods of complete prohibition of, campus visits by family members and other non-essential persons.
- In fall 2021, implemented a mandatory vaccination policy for all employees and residents.

The Borrower's management continues to actively monitor the public health crisis and is following guidelines from the CDC and CMS to help protect the campuses, residents, employees and visitors at those campuses, and the surrounding communities. See **"BONDHOLDERS' RISKS – Impact of COVID-19 Public Health Crisis,"** and **"WASHINGTON AND JANE SMITH COMMUNITY – ORLAND PARK, D/B/A SMITH CROSSING – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCES AND OPERATIONS"** in ***Appendix A*** for additional information regarding the impacts of the COVID-19 public health crisis on the Borrower.

THE AUTHORITY

Description of the Authority

The Authority is a body politic and corporate created under the laws of the State of Illinois (the ***"State"***). The Authority was created under the Illinois Finance Authority Act, as amended from time to time (the ***"Act"***), which consolidated seven of the State's previously existing financing authorities (the ***"Predecessor Authorities"***). All bonds, notes or other evidences of indebtedness of the Predecessor Authorities were assumed by the Authority effective January 1, 2004. Under the Act, the Authority may not have outstanding at any one time bonds for any of its corporate purposes in an aggregate principal amount exceeding \$28,150,000,000 (subject to change, from time to time, by acts of the State Legislature), excluding bonds issued to refund bonds of the Authority or bonds of the Predecessor Authorities. Pursuant to the Act, the Authority is governed by up to a 15-member board appointed by the Governor of the State with the advice and consent of the State Senate. The members receive no compensation for the performance of their duties but are entitled to reimbursement for all necessary expenses incurred in connection with the performance of such duties.

The offices of the Authority are located at 160 North LaSalle Street, Suite S-1000, Chicago, Illinois 60601, and its telephone number is (312) 651-1300.

Bonds of the Authority

The Authority may from time to time issue bonds as provided in the Act for the purposes set forth in the Act. The Bonds of the Authority as described herein are special, limited obligations of the Authority payable solely from the specific sources and revenues of the Authority specified in the resolution and the Bond Indenture authorizing the issuance of such Bonds. The Bonds (and any premium or interest thereon) do not constitute indebtedness or an obligation, general or moral, or a pledge of the full faith or a loan of credit of the State of Illinois or any political subdivision thereof, within the purview of any constitutional or statutory limitation or provision. No owner of any Series 2022 Bond shall have the right to compel any taxing power of the State of Illinois or any political subdivision thereof to pay the principal of, premium, if any or interest on the Bonds. The Authority has no taxing power. The Authority makes no warranty or representation, whether express or implied, with respect to the Project or the location, the use, operation, design, workmanship, merchantability, fitness, suitability or use for particular purpose, condition or durability thereof or title thereto.

The Authority has not prepared any material for inclusion in this Official Statement, except that material under the headings **"THE AUTHORITY"** and **"LITIGATION – The Authority."** The distribution of this Official Statement has been duly approved and authorized by the Authority. Such approval and authorization does not, however, constitute a representation or approval by the Authority of the accuracy or sufficiency of any information contained herein except to the extent of the material under the headings referenced in this paragraph.

Authority Counsel

Certain legal matters with respect to the Bonds will be passed upon for the Authority by its special counsel, Sanchez Daniels & Hoffman LLP, Chicago, Illinois.

PLAN OF FINANCE

General

The Borrower will use the proceeds of the Bonds, together with other funds, (i) to refund the Refunded Bonds and pay costs of termination of three related swap agreements, and (ii) to pay costs of issuance of the Bonds and refunding the Refunded Bonds.

The Refunded Bonds

The Refunded Bonds in the aggregate outstanding principal amount of $54,526,997 (after giving effect to the scheduled March 10, 2022 principal payments by the Borrower) will be current refunded with a portion of the proceeds of the Bonds and certain other funds of the Borrower at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest thereon through the redemption date.

In conjunction with the refunding of the Refunded Bonds, the Borrower will terminate three associated swap agreements that were entered into at the time of issuance of the various series of the Refunded Bonds to afford the Borrower an effective fixed rate of interest on the Refunded Bonds bearing interest at variable rates.

The Refunded Bonds are expected to be paid in full and the related swap agreements are expected to be terminated on the date of issuance of the Bonds. A portion of the proceeds of the Bonds will be used to pay the costs of terminating the three swap agreements related to the three series of Refunded Bonds. Thereafter, the Borrower will not have any interest rate swap or similar hedge agreements in place.

Sources and Uses of Funds

The following is a summary of the estimated sources of funds, including the proceeds of the Bonds and expected contributions by the Borrower, and the uses of such funds in connection with the plan of financing:

Sources of Funds:	
Par Amount	$58,415,000
Original Issue Premium	1,961,779
Total sources of funds	$60,376,779
Uses of Funds:	
Redemption of Refunded Bonds [(1)]	$54,526,997
Swap Termination Payments	4,733,435
Costs of Issuance [(2)]	1,116,347
Total uses of funds	$60,376,779

(1) Consists of outstanding principal amount of the Refunded Bonds to be paid from Bond proceeds. Accrued and unpaid interest on the Refunded Bonds to the redemption date will be paid by the Borrower and is not reflected in the Borrower's contribution to the sources of funds set forth above.

(2) Includes costs of issuance of the Bonds, including Underwriter's discount.

DEBT SERVICE REQUIREMENTS

The following table sets forth the annual amounts (rounded to the nearest dollar) required to pay scheduled principal, including mandatory sinking fund payments, and interest on the Bonds, which will be the only long-term indebtedness of the Borrower that will remain outstanding after the refunding of the Refunded Bonds.

Debt Service Requirements

Period Ending June 30,	Principal	Interest	Total
2023	1,450,000	$2,443,902	$3,893,902
2024	1,650,000	2,245,600	3,895,600
2025	1,715,000	2,178,300	3,893,300
2026	1,785,000	2,108,300	3,893,300
2027	1,860,000	2,035,400	3,895,400
2028	1,935,000	1,959,500	3,894,500
2029	2,010,000	1,880,600	3,890,600
2030	2,095,000	1,798,500	3,893,500
2031	2,180,000	1,713,000	3,893,000
2032	2,270,000	1,624,000	3,894,000
2033	2,360,000	1,531,400	3,891,400
2034	2,460,000	1,435,000	3,895,000
2035	2,560,000	1,334,600	3,894,600
2036	2,665,000	1,230,100	3,895,100
2037	2,770,000	1,121,400	3,891,400
2038	2,885,000	1,008,300	3,893,300
2039	3,000,000	890,600	3,890,600
2040	3,125,000	768,100	3,893,100
2041	3,250,000	640,600	3,890,600
2042	3,385,000	507,900	3,892,900
2043	3,525,000	369,700	3,894,700
2044	3,665,000	225,900	3,890,900
2045	3,815,000	76,300	3,891,300
Total	**$58,415,000**	**$31,127,002**	**$89,542,002**

THE BONDS

The following is a summary of certain terms and provisions of the Bonds. Reference is hereby made to the Bonds and the provisions with respect thereto in the Bond Indenture and the Loan Agreement for the detailed terms and provisions thereof.

The Bonds will be issued pursuant to the Bond Indenture and the proceeds of the Bonds will be loaned to the Borrower pursuant to the Loan Agreement. Contemporaneously with the issuance of the Bonds and to secure repayment of the loan made by the Authority to the Borrower under the Loan Agreement, the Borrower will issue and deliver to the Authority the Series 2022 Obligation.

General

The Bonds will be issued only in fully registered form in denominations of $5,000 or any integral multiple thereof (***"Authorized Denominations"***). The Bonds will bear interest (based on a 360-day year of twelve 30-day months) at the respective rates per annum and will mature, subject to earlier redemption, on October 15 in the years and in the amounts set forth on the inside cover page of this Official Statement. The Bonds will bear interest from their dated date, payable on April 15 and October 15 (the ***"Interest Payment Dates"***) of each year, commencing October 15, 2022. The Bonds, as initially issued, will be dated their date of issuance. Except as described in the next sentence, subsequently issued Bonds will be dated as of the later of their date of issuance or the most recent preceding Interest Payment Date to which interest has been paid thereon. Bonds issued on an Interest Payment Date to which interest has been paid will be dated as of such date.

Book-Entry-Only Bonds

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (***"DTC"***). DTC will act as securities depository (the ***"Securities Depository"***) for the Bonds. So long as Cede & Co. is the registered owner, the Bond Trustee will pay such principal of, premium, if any, and redemption price, if any, and interest on the Bonds to DTC, which will remit such principal, premium, if any, redemption price, if any, and interest to the Beneficial Owners (as hereinafter defined) of the Bonds, as described under the heading **"BOOK-ENTRY-ONLY SYSTEM."** Individual purchases of interests in the Bonds will be made in book-entry form only, in Authorized Denominations. Purchasers of such interests will not receive certificates representing their interest in the Bonds. For a description of the method of payment of principal, premium, if any, redemption price, if any, and interest on the Bonds and matters pertaining to transfers and exchanges while in the book-entry only system, see the information herein under the heading **"BOOK-ENTRY-ONLY SYSTEM."**

In the event the book-entry only system is discontinued, the following provisions would apply. The principal of, premium, if any, and interest on the 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. The principal and premium, if any, on the Bonds shall be payable upon surrender of such Bonds (i) at the designated corporate trust office of the Bond Trustee, initially in Chicago, Illinois, or its agent or successor as Bond Trustee, or at the office of any alternate Paying Agent, if any, named in any such Bond or (ii) as to any registered owner of $500,000 or more in aggregate principal amount of Bonds who so elects by wire transfer of funds to such wire transfer address within the continental United States as such registered owner shall have furnished to the Bond Trustee in writing on or prior to the Record Date and upon compliance with the reasonable requirements of the Bond Trustee. Except as provided below with respect to Defaulted Interest, payment of the interest on the Bonds shall be made to the person appearing on the registration books of the Authority kept by the Bond Trustee to evidence the registration and transfer of the Bonds (the ***"Bond Register")*** as the registered owner thereof at the close of business of the Bond Trustee on the Record Date for such interest payment and shall be paid (i) by check mailed to such registered owner on the applicable Interest Payment Date at such owner's address as it appears on the Bond Register or at such other address as is furnished to the Bond Trustee in writing by the applicable Record Date by such owner, or (ii) as to any registered owner of $500,000 or more in aggregate principal amount of Bonds who so elects, by wire transfer of funds to such wire transfer address within the continental United States as such registered owner shall have furnished to the Bond Trustee in writing by the Record Date and upon compliance with the reasonable requirements of the Bond Trustee. The ***"Record Date"*** means the April 1 or October 1 (whether or not a Business Day) next preceding an Interest Payment Date. In the event of default in the payment of interest due on such Interest Payment Date, defaulted interest will be payable to the person in whose name such Series 2022 Bond is registered at the close of business on a special record date established by the Bond Trustee which special record date must not be more than 15 days nor less than 10 days preceding the date of the proposed payment and not less than 10 days after the receipt by the Bond Trustee of the notice of the proposed payment (the ***"Special Record Date"***). The Bond Trustee is required to cause notice of the proposed payment and the Special Record Date therefor to be delivered to each registered owner of Bonds, not less than 10 days prior to such Special Record Date.

Optional, Extraordinary and Mandatory Redemption of the Bonds

The Bonds will be subject to optional and mandatory redemption, all as described below.

Optional Redemption. The Bonds maturing on and after October 15, 2029 are subject to optional redemption, in whole or in part at any time prior to maturity on or after April 15, 2029 at the redemption prices set forth below, plus accrued interest to the date of redemption.

Redemption Date	Redemption Price
April 15, 2029 through April 14, 2030	103%
April 15, 2030 through April 14, 2031	102%
April 15, 2031 through April 14, 2032	101%
April 15, 2032 and thereafter	100%

Each such redemption shall be at the option of the Borrower on behalf of the Authority out of amounts prepaid on the Series 2022 Obligation and deposited in the Optional Redemption Fund established under the Bond Indenture, in whole or in part, and if in part, by maturities or portions thereof designated by the Borrower (less than all of a maturity to be randomly selected utilizing such method as may be designated by the Bond Trustee).

Extraordinary Redemption. The Bonds are callable for redemption prior to maturity in the event of damage to or destruction of the Facilities or any part thereof or condemnation or sale consummated under threat of condemnation of the Facilities or any part thereof, if the net proceeds of insurance, condemnation or sale received in connection therewith exceed the greater of (i) 3% of the Book Value, or at the option of the Obligated Group Representative, the Current Value of the Property, Plant and Equipment of the Obligated Group or (ii) $1,000,000 plus an amount equal to $1,000,000 multiplied by a percentage equal to the aggregate percentage increase or decrease in the Construction Index from its level as of March 1, 2022, but only to the extent of the Net Proceeds available under the Master Indenture and applied to prepay the Series 2022 Obligation. If called for redemption in such event, the Bonds shall be subject to redemption by the Authority at any time, in whole or in part, and if in part by maturities or portions thereof designated by the Borrower (and if less than all of a maturity is being redeemed, by lot in such random manner as the Bond Trustee shall deem appropriate) at the principal amount thereof plus accrued interest to the redemption date and without premium; provided, however, that in no event shall the principal amount of Bonds so redeemed exceed the amount of such Net Proceeds applied for such purpose.

Bond Sinking Fund Redemption. The Bonds maturing October 15, 2037, 2040, and 2044 are subject to mandatory bond sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date, without premium, as follows:

Bonds Maturing October 15, 2037

Redemption Date	Principal Amount
October 15, 2032	$2,360,000
October 15, 2033	2,460,000
October 15, 2034	2,560,000
October 15, 2035	2,665,000
October 15, 2036	2,770,000
October 15, 2037†	2,885,000

†Maturity.

Bonds Maturing October 15, 2040

Redemption Date	Principal Amount
October 15, 2038	$3,000,000
October 15, 2039	3,125,000
October 15, 2040†	3,250,000

†Maturity.

Bonds Maturing October 15, 2044

Redemption Date	Principal Amount
October 15, 2041	$3,385,000
October 15, 2042	3,525,000
October 15, 2043	3,665,000
October 15, 2044†	3,815,000

†Maturity.

The deposits described above shall be reduced (i) by the amount of Bonds acquired and delivered in the open market at a price not exceeding the redemption price in accordance with the provisions of the Bond Indenture in satisfaction of such Bond Sinking Fund requirements and (ii) in connection with a partial redemption of Bonds if the Borrower elect to reduce mandatory Bond Sinking Fund redemptions for the Bonds in the manner provided in the Bond Indenture.

In lieu of redeeming Bonds, the Bond Trustee may, at the Written Request of the Borrower, use such funds otherwise available under the Bond Indenture for redemption of Bonds to purchase for cancellation Bonds specifically designated by the Borrower 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 Bonds, the Authority shall receive credit against its required Bond Sinking Fund deposits with respect to the Bonds of the same maturity in such order as the Borrower elect in writing prior to such optional or extraordinary redemption or purchase and cancellation or, if no such election is made, in the inverse order thereof.

Selection for Redemption. No optional or extraordinary redemption of less than all of the Bonds at the time outstanding shall be made unless the aggregate principal amount of Bonds to be redeemed is equal to or more than $100,000 and is an Authorized Denomination and the aggregate principal amount of Bonds outstanding after the redemption is an Authorized Denomination.

Notice of Redemption; Effect. Notice of the call for any redemption of 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, not less than 20 nor more than 60 days prior to the redemption date to the registered owners of the Bonds to be redeemed at the address shown on the Bond Register; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing, will not affect the validity of any proceedings for the redemption of Bonds as to which notice has been properly given. Except for mandatory bond sinking fund redemptions, prior to the date that a redemption notice is first mailed, funds shall be placed with the Bond Trustee to pay the Bonds to be redeemed and the accrued interest thereon to the redemption date and the premium, if any, or such notice shall state that the redemption is conditional on such funds being deposited on the redemption date and that failure to make such a deposit shall not constitute an event of default under the Bond Indenture. If notice of redemption has been given and if funds have been placed with the Bond Trustee to pay the principal of such Bonds, accrued interest thereon to the redemption date and the premium, if any, on or prior to the redemption date, as applicable, then the Bonds, or portions thereof, thus called for redemption will not bear interest after such redemption date, will no longer be protected by the Bond Indenture and will not be deemed to be outstanding under the Bond Indenture.

Optional Purchase of Bonds in Lieu of Redemption. The Authority and, by their acceptance of the Bonds, the Bondholders, irrevocably grant to the Borrower and any assigns of the Borrower with respect to this right, the option to purchase, at any time and from time to time, any Series 2022 Bond which is subject to optional redemption as described above under **"Optional and Mandatory Redemption of the Bonds – *Optional Redemption*"** at a purchase price equal to the optional redemption price therefor. To exercise such option, the Borrower shall give the Bond Trustee a Written Request exercising such option within the time period specified in the Bond Indenture as though such Written Request were a written request of the Borrower for redemption, and the Bond Trustee shall thereupon give the holders of the Bonds to be purchased notice of such mandatory tender and purchase in the same manner as a notice of redemption as described immediately above under " ***– Notice of Redemption; Effect.*"** The purchase of such Bonds shall be mandatory and enforceable against the Bondholders and the Bondholders will not have the right to retain their Bonds. On the date fixed for purchase pursuant to any exercise of such option, the Borrower shall pay or cause to be paid the purchase price of the Bonds then being purchased to the Bond Trustee in immediately available funds not later than 10:00 a.m. Chicago time on the purchase date, and the Bond Trustee shall pay the same to the sellers of such Bonds against delivery thereof. Following such purchase, the Bond Trustee shall cause such Bonds to be registered in the name of the Borrower or their nominee or as otherwise directed by the Borrower and shall deliver them to the Borrower or their nominee or as otherwise directed by the Borrower. In the case of the purchase of less than all of the Bonds, the particular Bonds to be purchased shall be selected in accordance with the selection process for redemption of Bonds as described above under **"*– Selection for***

***Redemption.*"** No purchase of the Bonds as described in this paragraph shall operate to extinguish the indebtedness of the Authority evidenced thereby. Notwithstanding the foregoing, no such purchase of the Bonds pursuant to the terms of the Bond Indenture summarized under this subheading shall be made unless the Borrower shall have delivered to the Bond Trustee and the Authority concurrently with such purchase an Opinion of Bond Counsel to the effect that such purchase and any resale thereof will not affect the validity of the Bonds or any exemption from federal income taxation to which the interest on the Bonds would otherwise be entitled.

Exchange and Transfer

Upon surrender for transfer of any Series 2022 Bond at the designated corporate trust office of the Bond Trustee, the Authority shall execute and the Bond Trustee shall authenticate and deliver in the name of the transferee or transferees a new fully registered Series 2022 Bond or Bonds in Authorized Denominations of the same maturity for a like aggregate principal amount which the registered owner is entitled to receive. Bonds may be exchanged at said office of the Bond Trustee for a like aggregate principal amount of registered Bonds of other Authorized Denominations of the same maturity which the registered owner is entitled to receive. All Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Bond Trustee, duly executed by the registered owner or by such owner's duly authorized attorney.

No service charge shall be made to the owner of any Series 2022 Bond requesting an exchange or transfer of any Series 2022 Bond, but the Authority and the Bond Trustee may require the payment by the Bondholder, requesting an exchange or transfer, of any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, except in the case of the issuance of a Series 2022 Bond or Bonds for the unredeemed portion of a Series 2022 Bond surrendered for redemption in part.

The Authority and the Bond Trustee shall not be required to register the transfer of or exchange of any Series 2022 Bond after notice calling such Series 2022 Bond or portion thereof for redemption has been mailed or during the period of 15 days next preceding mailing of a notice of redemption of any Bonds of the same maturity.

As to any Series 2022 Bond, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, whether or not such Series 2022 Bond shall be overdue, and shall not be bound by any notice to the contrary, and payment of or on account of the principal of, premium, if any, and/or interest on any such Series 2022 Bond, shall be made only to or upon the written order of the registered owner thereof or such owner's legal representative, but such registration may be changed only as described in the Bond Indenture. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2022 Bond to the extent of the sum or sums so paid.

Advance Refunding of the Bonds

All or any portion of the Bonds may be advance refunded through the deposit in escrow of cash or noncallable Government Obligations for the benefit of the holders of such refunded Bonds. See "**SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE AND THE LOAN AGREEMENT – SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE – Defeasance**" in ***Appendix D***.

Retained Call Rights

All or a portion of the Bonds may, in the future, be refunded or defeased to any redemption date or maturity for the Bonds. In connection with the issuance of the Bonds, the Authority, the Bond Trustee and the Borrower have reserved all of the call rights pertaining thereto. Therefore, subject to certain requirements in the Bond Indenture, subsequent to the date that cash and/or noncallable Government Obligations are deposited with the Bond Trustee to provide for the payment of all or any portion of the Bonds at the respective maturity dates therefor, the Authority may, if directed by the Borrower, elect to call such Bonds (or any portions thereof) on any earlier redemption date applicable to such Bonds unless, in connection with making such deposits, the Authority, at the direction of the Borrower, has irrevocably elected to waive any future right to call the Bonds or portions thereof for redemption prior to maturity. Subsequent to the date that cash and/or noncallable Government Obligations are deposited with the Bond Trustee to provide for the payment of all or any portion of the Bonds at any redemption date or dates applicable to such Bonds (but prior to the giving of any notice of redemption with respect to such Bonds pursuant to the Bond Indenture), the Authority may, if directed by the Borrower, elect to pay such Bonds (or any portion thereof) at the respective maturity dates therefor unless, in connection with making such deposits, the Authority, at the direction of the Borrower shall have irrevocably elected to waive the right to provide for the payment of such Bonds on their respective maturity dates. See "**THE BONDS – Optional and Mandatory Redemption of the Bonds –** ***Optional Redemption***" above, and "**SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE AND THE LOAN AGREEMENT – SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE – Redemption After Satisfaction of Bond Indenture**" in ***Appendix D***.

BOOK-ENTRY-ONLY SYSTEM

The information provided immediately below concerning DTC and the Book-Entry-Only System, as it currently exists, has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter, the Authority, or the Borrower.

General

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

DTC and its Participants

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, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, 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 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 both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing Obligated Groups that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (***"Indirect Participants"*** and, collectively with the Direct Participants, the ***"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.

Purchase of Ownership Interests

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (***"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 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

Transfers

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue 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.

Voting

Neither DTC nor Cede & Co. nor any other DTC nominee will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal and Interest

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the 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 nor its nominee, 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, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Bond Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Discontinuation of Book-Entry-Only System

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Bond Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

Under the Bond Indenture, (a) the Authority or the Borrower may determine that (a) DTC is incapable of discharging its responsibilities described in the Bond Indenture or (b) that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds. In that event, the use of the system of book-entry transfers through DTC (or a successor securities depository) will be discontinued and Bond certificates will be printed and delivered.

The information in this Section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority and the Borrower believe to be reliable, but neither the Authority nor the Borrower takes any responsibility for the accuracy thereof.

Neither the Authority, the Underwriter, nor the Borrower will have any responsibility or obligations to any Direct Participants or Indirect Participants or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or any such Direct Participant or Indirect Participant; (ii) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of, premium, if any, or interest on the Bonds; (iii) the delivery by any such Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Bond Indenture to be given to Bondholders; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (v) any consent given or other action taken by DTC as Bondholder.

SECURITY FOR THE BONDS

General

The Bonds will be special, limited obligations of the Authority and will be payable solely from (i) payments or prepayments on the Series 2022 Obligation; (ii) payments or prepayments made under the Loan Agreement (other than payments with respect to Unassigned Rights); (iii) monies held by the Bond Trustee under, and to the extent provided in, the Bond Indenture; (iv) in certain circumstances, proceeds from insurance and condemnation awards or proceeds of sales made under the threat of condemnation and (v) income from the temporary investment of any of the foregoing. Certain investment earnings on monies held by the Bond Trustee under the Bond Indenture may be transferred to a Rebate Fund established pursuant to the Tax Exemption Agreement related to the Bonds. Amounts held in such Rebate Fund will not be part of the "trust estate" pledged to secure the Bonds, and consequently will not be available to make payments on the Bonds.

The Bonds, any premium thereon and the interest thereon constitute special, limited obligations of the Authority and, except to such limited extent, do not constitute indebtedness or an obligation, general or moral, or a pledge of the full faith or a loan of credit of the Authority, the State of Illinois or any political subdivision thereof, within the purview of any constitutional or statutory limitation or provision. The Authority is obligated to pay the principal of, premium, if any, and interest on the Bonds and other costs incidental thereto only from the sources specified in the Bond Indenture. Neither the full faith and credit nor the taxing powers of the State of Illinois or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, and interest on the Bonds. No owner of any Series 2022 Bond shall have the right to compel the taxing power of the State of Illinois or any political subdivision thereof to pay the principal of, premium, if any, or interest on the Bonds. The Authority does not have the power to levy taxes for any purposes whatsoever.

The Bond Indenture

The Bonds will be issued by the Authority pursuant to the Bond Indenture. Under the Bond Indenture, the Authority will pledge and assign to the Bond Trustee as security for the payment of principal of, premium, if any, and interest on the Bonds, all of its right, title and interest in and to (i) the Loan Agreement and all payments derived by the Authority from the Borrower under such Loan Agreement (excluding the Authority's Unassigned Rights), (ii) the Series 2022 Obligation, and (iii) the funds created under the Bond Indenture and amounts held therein, including investment earnings (but excluding amounts on deposit in the Rebate Fund). See **"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE AND THE LOAN AGREEMENT – SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE"** in ***Appendix D***.

The Loan Agreement

The Loan Agreement will provide that the Borrower shall make designated payments to the Bond Trustee in amounts sufficient to pay the principal of, premium, if any, and interest on the Bonds when due. The Obligated Group's obligation to make payments on the Series 2022 Obligation shall be satisfied to the extent payments are made by the Borrower under the Loan Agreement. The Loan Agreement will also impose certain restrictions on the actions of the Borrower for the benefit of the Authority and the holders of the Bonds. See **"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE AND THE LOAN AGREEMENT – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT"** in ***Appendix D***.

The Master Indenture

The Borrower's obligations under the Loan Agreement will be secured by the Series 2022 Obligation, which will be issued and secured under the Master Indenture. The Series 2022 Obligation will entitle the Bond Trustee, as the holder of the Series 2022 Obligation, to the protection and benefit of the covenants, restrictions and other obligations imposed on the Obligated Group by the Master Indenture. As of the date of issuance of the Bonds, the Series 2022 Obligation will be the sole Obligation issued and outstanding under the Master Indenture.

The Master Indenture provides that payments on the Series 2022 Obligation and any Additional Obligations hereafter issued under the Master Indenture will be the joint and several obligations of the Borrower and any future Members of the Obligated Group. The accounts of the Borrower and any future Members of the Obligated Group will be combined for financial reporting purposes and will be used in determining whether various covenants and tests contained in the Master Indenture (including tests relating to the issuance of Additional Indebtedness) are satisfied. See **"BONDHOLDERS' RISKS – Certain Matters Relating to Enforceability of the Master Indenture."**

The Series 2022 Obligation and any Additional Obligations hereafter issued under the Master Indenture are secured on a parity basis by a security interest in the Gross Revenues of each Member of the Obligated Group, subject only to Permitted Encumbrances. See **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – DEFINITIONS OF CERTAIN TERMS – Gross Revenues"** in ***Appendix C***.

The Master Indenture permits additional Persons to become Members of the Obligated Group and permits Members to leave the Obligated Group, in each case, upon satisfaction of certain conditions set forth in the Master Indenture. See **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – DEFINITIONS OF CERTAIN TERMS – Entrance into the Obligated Group" " – Cessation of Status as a Member of the Obligated Group"** in ***Appendix C***.

"Gross Revenues" means all receipts, revenues, rentals, income, insurance proceeds (including, without limitation, all Medicaid, Medicare and other third-party payments), condemnation awards and other moneys received by or on behalf of any Obligated Group Member, including (without limitation) revenues derived from (a) the ownership, operation or leasing of any portion of the Facilities (including, without limitation, fees payable by or on behalf of residents of the Facilities) and all rights to receive the same (other than the right to receive Medicaid and Medicare payments), whether in the form of accounts, general intangibles or other rights, and the proceeds of such accounts, general intangibles and other rights, whether now existing or hereafter coming into existence or whether now owned or held or hereafter acquired, and (b) gifts, grants, bequests, donations and contributions heretofore or hereafter made that are legally available to meet any of the obligations of the Obligated Group Member; provided, however, that there shall be excluded from Gross Revenues (i) any amounts received by an Obligated Group Member as a billing agent for another entity, except for fees received for serving as billing agent, (ii) gifts, grants, bequests, donations and contributions to an Obligated Group Member heretofore or hereafter made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payments required under the Master Indenture, (iii) any moneys received by any Obligated Group Member from prospective residents or commercial tenants in order to pay for customized improvements to those Independent Living Units or other areas of the Facilities to be occupied or leased to such residents or tenants, (iv) payments or deposits under a Residency Agreement that by its terms or applicable law are required to be held in escrow or trust for the benefit of a resident until the conditions for the release of such payment or deposit have been satisfied, and (v) all deposits and/or advance payments made in connection with any leases of the Independent Living Units or other areas of the Facilities to be leased to residents or tenants and received prior to receipt of such certificate and licenses for occupancy of such units (provided that such deposits and payments shall be included in Gross Revenues upon the issuance of the certificates or licenses for occupancy).

The Mortgage

All Obligations issued under the Master Indenture, including the Series 2022 Obligation, are secured by the Mortgage. Pursuant to the Mortgage, the Borrower has granted a first mortgage lien on the Smith Crossing campus, subject only to Permitted Encumbrances. The Mortgage also grants a security interest in certain personal property of the Borrower, including the Machinery and Equipment on the mortgaged campus. For a summary of certain provisions of the Mortgage, see **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGE"** in ***Appendix C***.

Additional Indebtedness

As of the date of issuance of the Bonds, the Series 2022 Obligation will be the only Obligation outstanding under the Master Indenture. The Master Indenture permits the Obligated Group to incur Additional Indebtedness (including Guaranties) which may, but need not, be evidenced or secured by an Additional Obligation issued under the Master Indenture. Under certain conditions specified therein, the Master Indenture will permit the Members of the Obligated Group to issue Additional Obligations that will not be pledged under the Bond Indenture but will be equally and ratably secured by the Master Indenture with the Series 2022 Obligation. In addition, the Master Indenture will permit such Additional Obligations to be secured by security (including Liens on the Property, including Smith Crossing and letters and lines of credit and insurance), which additional security or Liens need not be extended to secure any other Obligations (including the Series 2022 Obligation). See **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Liens on Property"** and **" – Permitted Additional Indebtedness"** in ***Appendix C***.

In determining compliance with a number of provisions of the Master Indenture, including the provisions governing the incurrence of Additional Indebtedness, the Obligated Group may assume that certain types of Indebtedness which bear interest at varying rates and which may not be payable over an extended term will bear interest over time at interest rates approximating current or recent long term fixed rates, will remain outstanding for a term longer than the actual term of such Indebtedness and will be amortized on a level debt service basis. The actual interest rates and payments on such Indebtedness may vary from such assumptions, and such variance may be material. See **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Calculation of Debt Service and Debt Service Coverage"** in ***Appendix C***.

Amendments to the Master Indenture

The Master Indenture provides that certain amendments may be made to the Master Indenture with the consent of the holders of not less than a majority in aggregate principal amount of the Obligations which are Outstanding under the Master Indenture. Such amendments may be material and the Obligation holders providing the requisite consents to such amendments may be comprised entirely of the holders of Obligations other than the Series 2022 Obligation. See **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Supplemental Master Indentures and Amendments of the Mortgage Requiring Consent of Obligation Holders"** in ***Appendix C***.

Certain Covenants of the Obligated Group

For the definitions of certain words and terms used in this section, see **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – DEFINITIONS OF CERTAIN TERMS"** in ***Appendix C***.

Rate Covenant. Each Member of the Obligated Group agrees in the Master Indenture that it will operate its Facilities on a revenue-producing basis and to charge such fees and rates for its Facilities and services and to exercise such skill and diligence, including obtaining payment for services provided, as to provide income from its Property together with other available funds sufficient to pay promptly all payments of principal and interest on its Indebtedness, all expenses of operation, maintenance and repair of its Property and all other payments required to be made by it under the Master Indenture to the extent permitted by law. See **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Rates and Charges"** in ***Appendix C*** for more detail.

If (i) the Historical Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than **1.20** but at least **1.10**, and (ii) the Days Cash on Hand of the Obligated Group as of the last day of such Fiscal Year was not less than **250**, the Obligated Group Representative shall, within 30 days after delivery of the Officer's Certificate required to be delivered with the annual audited financial statements, deliver an Officer's Certificate to the Master Trustee setting forth in reasonable detail the reasons for that the Historical Debt Service Coverage Ratio was below 1.20 and adopting a specific plan setting forth steps to be taken designed to raise the Historical Debt Service Coverage Ratio was at least 1.20 for future periods.

If (i) the Historical Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than **1.20** for such year and the Days Cash on Hand of the Obligated Group as of the last day of such Fiscal Year was less than **250,** or (ii) the Historical Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than **1.10**, the Obligated Group is required to select a Consultant, within 30 days after delivery of the Officer's Certificate required to be delivered with the annual audited financial statements, 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 Historical Debt Service Coverage Ratio to at least the **1.20** for the following Fiscal Year.

The Obligated Group will not be obligated to retain a Consultant to make such recommendations if (a) there is filed with the Master Trustee a written report of a Consultant which contains an opinion of such Consultant that Industry Restrictions have prevented the Obligated Group from generating Income Available for Debt Service during such Fiscal Year sufficient to meet the 1.20 requirement, and, if requested by the Master Trustee, such report is accompanied by a concurring opinion of Independent Counsel as to any conclusions of law supporting the opinion of such Consultant; (b) the report of such Consultant indicates that the rates charged by the Obligated Group are such that, in the opinion of the Consultant, the Obligated Group has generated the maximum amount of Revenues reasonably practicable given such laws or regulations; and (c) the Historical Debt Service Coverage Ratio of the Obligated Group for such Fiscal Year was at least 1.00. The Obligated Group shall not be required to cause the Consultant's report referred to in the preceding sentence to be prepared more frequently than once every two Fiscal Years if at the end of the first of such two Fiscal Years the Obligated Group provides to the Master Trustee an opinion of Independent Counsel to the effect that the Industry Restrictions underlying the Consultant's report delivered in respect of the previous Fiscal Year have not changed in any material way.

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

(i) the Obligated Group fails to achieve a Historical Debt Service Coverage Ratio of at least **1.20** and fails to take all necessary action to comply with the procedures set forth in this section of the Master Indenture for providing an Officer's Certificate or obtaining a Consultant's report and following all recommendations contained in such Consultant's report to the extent feasible (as determined by the Governing Body of the Obligated Group Representative) and permitted by law;

(ii) the Obligated Group fails to achieve a Historical Debt Service Coverage Ratio of at least **1.00** 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 **250**; or

(iii) the Obligated Group fails to achieve a Historical Debt Service Coverage Ratio of at least **1.00** for two consecutive Fiscal Years.

Notwithstanding any other provisions of the Master Indenture, in the event that any Member of the Obligated Group incurs any Additional Indebtedness for a Capital Addition, the Debt Service Requirements on such Additional Indebtedness and the Revenues and Expenses relating to the Capital Addition financed with the proceeds of such Additional Indebtedness shall be excluded from the calculation of the Historical Debt Service Coverage Ratio of the Obligated Group to the extent provided in the Master Indenture. See **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Rates and Charges"** in ***Appendix C***.

For specific information regarding the process under the Master Indenture for selection of Consultants, see ***"Approval of Consultants"*** below and **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Approval of Consultants"** in ***Appendix C.***

Liquidity Covenant. Each Member of the Obligated Group agrees in the Master Indenture that it will conduct its business so that the Obligated Group will have not less than 180 Days Cash on Hand (the ***"Liquidity Requirement"***) on June 30 and December 31 of each Fiscal Year (or as of the last day of the second and fourth Fiscal Quarters), commencing June 30, 2022 (each such date being a ***"Testing Date"***). If the number of Days Cash on Hand as of any Testing Date is less than the Liquidity Requirement, the Obligated Group Representative shall, within 30 days after delivery of the Officer's Certificate disclosing such deficiency, deliver an Officer's Certificate 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 raise the level of the Days Cash on Hand to the Liquidity Requirement for future periods.

If the Obligated Group has not raised the level of Days Cash on Hand to the Liquidity Requirement by the Testing Date immediately subsequent to the delivery of the Officer's Certificate required in the preceding paragraph, the Obligated Group Representative shall, within 30 days after delivery of the Officer's Certificate disclosing such deficiency, select a 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 number of Days Cash on Hand to the Liquidity Requirement for future periods. A copy of the Consultant's report and recommendations, if any, shall be filed with each Member and the Master Trustee within 60 days after the date such Consultant is retained and a summary of the Consultant's report will be delivered to each Required Information Recipient. Each Member of the Obligated Group shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of an Authorized Officer or the Governing Body of the Obligated Group Representative) and permitted by law.

Notwithstanding any other provision of the Master Indenture, failure of the Obligated Group to achieve the Liquidity Requirement for any Testing Date shall not constitute an event of default under the Master Indenture if the Obligated Group takes all action necessary to comply with the requirements set forth in the Master Indenture as described under ***"Rate Covenant"*** above and ***"Approval of Consultants"*** below for adopting a plan or obtaining a Consultant's report (whichever is required) and follows each recommendation contained in such plan or Consultant's report to the extent feasible (as determined in the reasonable judgment of an Authorized Officer or the Governing Body of the Obligated Group Representative) and permitted by law.

For specific information regarding the process under the Master Indenture for the selection of Consultants, see ***"Approval of Consultants"*** below and **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Approval of Consultants"** in ***Appendix C.***

See **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Liquidity Covenant"** in ***Appendix C***.

Incurrence of Additional Indebtedness. The Members of the Obligated Group agree in the Master Indenture to restrictions on the incurrence of Additional Indebtedness, as more fully described under **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Permitted Additional Indebtedness"** in ***Appendix C***. To the extent that the conditions provided in the Master Indenture are met, such Additional Indebtedness may be secured under the Master Indenture and the Mortgage on a parity basis with the Series 2022 Obligation.

Disposition of Property. The Members of the Obligated Group agree in the Master Indenture to restrictions on the disposition of its Property, as more fully described under **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Sale, Lease or Other Disposition of Property"** in ***Appendix C.***

Lock-Box Provisions. Upon the occurrence and during the continuance of an event of default under the Master Indenture, the Master Trustee shall give to the Obligated Group Representative a notice (the ***"Lock-Box Notice"***). Upon receipt of a Lock-Box Notice, (a) each Obligated Group Member will immediately commence depositing all Gross Revenues with the Master Trustee and will continue to do so on a daily basis as and when it receives or collects any moneys constituting Gross Revenues and (b) within 30 days the Obligated Group Representative will (i) select a Consultant to review the operating budget of the Obligated Group and (ii) submit to such Consultant and the Master Trustee a proposed operating budget for the Consultant's approval or modification. The proposed operating budget shall include on a month-by-month basis all operating expenses to be paid by each Obligated Group Member. Upon review of the proposed budget, the Consultant will notify the Obligated Group Representative and the Master Trustee whether such budget is approved as submitted or of any modifications the Consultant will impose. A copy of the budget, as approved or modified (the ***"Lock-Box Budget"***), will be sent to the Obligated Group Representative and the Master Trustee. In the event that the Obligated Group Representative fails to submit a proposed operating budget to the Consultant and the Master Trustee, the

Consultant will modify the operating budget last submitted as the Consultant deems appropriate under the then existing circumstances and such modified operating budget will constitute the Lock-Box Budget. The Lock-Box Budget may be amended and modified by the Consultant at any time and from time to time as the Consultant in its discretion determines is necessary or appropriate under the then existing circumstances. A copy of any amendment or modification to the Lock-Box Budget will be sent by the Consultant to the Obligated Group Representative and the Master Trustee. The Master Trustee agrees that, upon receipt of a Lock-Box Notice, unless otherwise directed in writing by the holders of a majority in aggregate principal amount of the Obligations then outstanding, it will make disbursements (from amounts deposited with it by each Obligated Group Member as provided above) in each month to the Obligated Group Representative to pay operating expenses only in accordance with the Lock-Box Budget.

Clause (a) of the immediately preceding paragraph notwithstanding, immediately following receipt of a Lock-Box Notice but prior to the approval of the Lock-Box Budget by the Consultant, the Obligated Group may retain a reasonable amount of working capital outside the Lock Box in an amount that the Obligated Group Agent, in written notice submitted to the Master Trustee, determines is necessary in order to provide cash and working capital sufficient to sustain operations and meet obligations to residents until the Lock-Box Budget is approved provided that such amount shall not exceed 15% of annual budgeted operating expenses of the Obligated Group for any month such amounts are retained.

If at any time following a Lock-Box Notice all amounts due to the Master Trustee have been paid in full and all events of default hereunder have been cured, the Master Trustee will notify the Obligated Group Representative in writing that the lock-box provisions are suspended. Additionally, the Master Trustee may in its discretion at any time agree to suspend such lock-box provisions by so notifying the Obligated Group Representative in writing. Thereafter, unless and until any subsequent Lock-Box Notice is received by the Obligated Group Representative, Gross Revenues need not be deposited with the Master Trustee. See **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Lock-Box Provisions"** in ***Appendix C***.

Approval of Consultants. If at any time the Members of the Obligated Group are required to engage a Consultant due to a failure to meet the rate covenant, the Liquidity Requirement, or in conjunction with establishing a Lock-Box budget, such Consultant shall be engaged in the manner set forth below.

Upon selecting a Consultant due to a failure to meet the rate covenant, the Liquidity Requirement, or in conjunction with establishing a Lock-Box budget, as required under the Master Indenture, 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 such notice, notify the holders of all Obligations Outstanding under the Master Indenture of such selection and the Obligated Group Representative will post a copy of such notice (or cause a copy of such notice to be posted) on EMMA (as defined below). Such notice shall (i) include the name of the Consultant and a brief description of the Consultant, (ii) state the reason that the Consultant is being engaged including a description of the covenant(s) of the Master Indenture that require the Consultant to be engaged, and (iii) state that the holder of the Obligation will be deemed to have consented to the selection of the Consultant named in such notice unless such Obligation Holder submits an objection to the selected Consultant in writing (in a manner not objected to by the Master Trustee) to the Master Trustee within 15 days after 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 or more in aggregate principal amount of the holders of the Outstanding Obligations have consented or have been deemed to have consented to the selection of the Consultant, the Obligated Group

Representative may engage the Consultant. If more than one third in aggregate principal amount of the holders of the Obligations Outstanding have objected to the Consultant selected, the Obligated Group Representative shall select another Consultant.

When the Master Trustee notifies the holders of Obligations of such selection, the Master Trustee will also request any Related Bond Trustee send a notice containing the information required by the immediately preceding paragraph to the holders 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 Consultant in accordance with the response of the holders of such Related Bonds. If two-thirds or more in aggregate principal amount of the Related Bonds have been deemed to have consented to the selection of the Consultant, the Bond Trustee shall approve the Consultant. If one-third or more in aggregate principal amount of the holders of the Related Bonds have objected to the Consultant selected, the Bond Trustee shall not approve the Consultant.

The 15-day notice period described in the second paragraph above under this sub-heading may be extended by the Master Trustee in order to permit each Related Bond Trustee to give the holders 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 sub-heading.

All Consultant reports required under the Master Indenture shall be prepared in accordance with the then effective industry appropriate standards.

See ***Appendix C*** – **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Approval of Consultants."**

BONDHOLDERS' RISKS

The following is a discussion of certain risks that could affect payments to be made by the Borrower with respect to the Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein and in ***Appendices C*** *and* ***D****, copies of which are available as described herein.*

General

The Bonds are limited obligations of the Authority payable by the Authority solely from payments to be made by the Borrower pursuant to the Loan Agreement and the Series 2022 Obligation and certain other funds held by the Bond Trustee under the Bond Indenture. No representation or assurance can be made that the Borrower will realize sufficient revenues to make such payments under the Loan Agreement and the Series 2022 Obligation with respect to the Bonds.

The Borrower's realization of future revenues is dependent upon, among other things, federal and state policies affecting the senior housing, long-term care and health care industries (including changes in reimbursement rates and policies), competition from other senior housing, long-term care and health care providers, the capability of the management of the Borrower and future economic and other conditions impossible to predict.

Uncertainty of Revenues

The ability of the Borrower to make payments under the Loan Agreement and the Series 2022 Obligation is dependent upon the generation of revenues by the Borrower in amounts necessary to pay the principal, premium, if any, and interest thereon, and to pay other operating and capital expenses. The success of the Borrower depends upon: the impact of government regulations; the maintenance of high occupancy levels at Smith Crossing by eligible residents who are able to pay the entrance fees, monthly service fees and health care fees; the capabilities of the management of Smith Crossing; and unpredictable future economic and other conditions. Any of these factors may affect revenues and payment of debt service on the Bonds. No representation or assurance can be made that revenues will be realized by the Borrower in amounts sufficient to make the required payments on the Bonds.

Failure to Achieve or Maintain Turnover or Occupancy

No representation or assurance can be made that revenues, including entrance fees, as presently estimated or otherwise, will be realized by the Borrower from the operation of Smith Crossing in the amounts necessary to make the required payments on the Bonds. The economic viability of Smith Crossing depends upon the ability of the Borrower to maintain substantial occupancy of Smith Crossing throughout the term of the Bonds. Smith Crossing currently include housing units for independent living, assisted living, memory care and skilled and intermediate nursing care units. See **"WASHINGTON AND JANE SMITH COMMUNITY – ORLAND PARK, D/B/A SMITH CROSSING – FACILITIES AND OPERATIONS"** in ***Appendix A*** for more information. As the residents die, withdraw from the independent units or transfer to either the assisted living or skilled nursing units, the vacated independent living units must be successfully remarketed and reoccupied by new residents. The failure by the Borrower to remarket and reoccupy the vacated units may adversely affect the Borrower's ability to generate sufficient revenues to make the required payments on the Bonds.

Utilization Demand

Several factors could, if implemented, affect demand for services of Smith Crossing, including: (i) the continuing effects of the COVID-19 public health crisis on the Borrower, (ii) efforts by insurers and governmental agencies to reduce utilization of skilled nursing home and long-term care facilities by such means as preventive medicine and home health care programs; (iii) advances in scientific and medical technology; (iv) a decline in the population, a change in the age composition of the population or a decline in the economic conditions of the Borrower's service area; and (v) increased or more effective competition from nursing home and long-term care facilities now or hereafter located in the service area of Smith Crossing. Decreased demand for Smith Crossing may adversely affect the Borrower's ability to generate sufficient revenues to make the required payments on the Bonds.

In addition, new and changing methods of care delivery, such as web-based home monitoring, telemedicine, mobile health and smartphone technology will likely change the way in which providers of health services to the elderly deliver home health, hospice and other community-based services. These developments will further the ability of the home health and hospice industry to care for patients in their homes. Proliferation and availability of technological changes are expected to increase the ability of the elderly to remain in their homes longer into their lives than has historically been feasible, which could result in significantly reduced demand for communities such as Smith Crossing. 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 entities, including hospitals and other health care organizations that are not currently providing home health and hospice care, to expand their services to include home health services, hospice care or similar services. The Borrower may encounter increased competition in the future that could limit the Borrower's ability to maintain or increase their market position and adversely affect the Borrower's ability to generate sufficient revenue to make the required payments on the Bonds.

Impact of COVID-19 Public Health Crisis

From the outset of the COVID-19 public health crisis, the Borrower's top priority has been the health and safety of its residents and employees, and by extension the community surrounding Smith Crossing. Smith Senior Living, the Borrower and Smith Village created a cross-organizational team, which initially was meeting daily, to discuss and monitor COVID-19 and the responses of the Borrower to the crisis. The team's goal has been to help ensure the Borrower has an effective preparedness and management systems in place. See **"IMPACT OF COVID-19 PUBLIC HEALTH CRISIS ON THE BORROWER"** for information about the Borrower's experience with COVID-19 cases and the status of vaccinations at the Smith Crossing, as well as information about steps taken by the Borrower to mitigate the impact of the COVID-19 public health crisis.

The continuing COVID-19 public health crisis, including the Delta variant surge in the third quarter of 2021 and the Omicron variant more recently, is having a significant adverse effect on the world, the nation, and the Borrower. The responses locally, in the State of Illinois, and nationally to the crisis are covered daily in local and national news. Significant risks to the Borrower and the Smith Crossing community include:

- A spike in COVID-19 cases or deaths at Smith Crossing or in Orland Park, Illinois could directly and adversely affect the efforts of the Borrower to return to a more normal operating environment and may impact the Borrower's financial results.
- New, renewed or extended vaccine mandates, mask mandates or "shelter in place" or similar state or local orders affecting the Borrower would directly affect the costs of operations, including personnel and health / safety expense of each of the Borrower' communities.
- The impacts of new variants of COVID-19, including most recently the Omicron variant, on illness of employees, which directly and adversely affects the ability of the Borrower to staff Smith Crossing at optimal levels to serve residents (as more fully discussed below).
- The occupancy of Smith Crossing has been and is continuing to be adversely affected by a number of factors, including (i) the impact of lower referrals to health centers due to fewer elective procedures at area hospitals, (ii) the inability to offer onsite tours during much of the past two years (or in the future) and resultant reliance on virtual tours and other distance marketing efforts, (iii) vaccine mandates, mask mandates and "shelter in place" orders that have ripple effects on marketing and occupancy; and (iv) COVID-19 surges in the workforce and surrounding communities that directly affect staffing availability (and create wage pressure for) Smith Crossing.
- The impact of public and consumer perceptions relating to the COVID-19 crisis on the safety and well-being of living in a senior community versus living in a personal residence.
- Continued increases in expenses relating to COVID-19, including increased personnel costs and increased costs for testing, safety, and personal protective equipment.
- Adverse impacts on equity markets and the value of the Borrower' investment securities due to a number of factors, including market reactions to increases or declines nationally in levels of COVID-19 cases or deaths, market reactions to the availability, safety, efficacy or rollout of the vaccines, and market reactions to the overall adverse impacts of the public health crisis on the global and national economies.

- Continued elevated demands on management and other personnel in responding to an evolving public health crisis and related changes in consumer preferences and federal or state guidelines and regulation.
- Availability of future federal funding for reimbursement or offset of COVID-19-related expenses due to a number of factors, including the inability of Congress to agree upon nature or level of any future relief programs.

As discussed immediately below under **"Availability of Health Care and Other Personnel,"** the Borrower has not been able to fully staff its skilled nursing unit in recent months because of staff illnesses associated with the most recent Omicron variant surge in the Chicago area. Staffing challenges may continue to be a risk to the Borrower and Smith Crossing notwithstanding the fact that all employees are required to be vaccinated.

Availability of Health Care and Other Personnel

Nursing staff is provided to the Borrower by Smith Cares, the affiliate of Smith Senior Living described in ***Appendix A***. For purposes of this Official Statement, no distinction is made between Smith Cares and the Borrower with respect to issues associated with staffing challenges and associated risks. The Borrower has historically experienced regular turnover in certain health care and dietary personnel, particularly, nurses' aides, dietary staff and certain housekeeping positions. Shortages of these personnel, particularly of nurses or nurses' aides, have had an adverse impact on the ability of the Borrower to fully staff the expanding skilled nursing unit, which opened in the first quarter of Fiscal Year 2021. Those challenges, and associated inflationary pressures, as described immediately below, have also adversely affected the overall labor costs of Smith Crossing, which cannot always be recovered from increased charges.

As discussed above, the pandemic and the Omicron variant surge in particular have dramatically increased the staffing pressures for Smith Crossing, particularly with nursing staff, resulting in a wing of the skilled nursing remaining closed due to staffing shortages. These pressures are continuing, and may continue to adversely affect the revenues and expenses of the Borrower. Although the Borrower has not had any meaningful levels of agency (or temporary) staffing at Smith Crossing in the last five years, there can be no assurance that the Borrower will be able to continue to attract sufficient numbers of full and part-time employees to meet its staffing needs.

Continuing Inflation

The Borrower, like the rest of the country, has recently experienced significant increases in costs of food and energy, in addition to associated wage and salary pressures. Many of these increased costs do not appear to be COVID-19 related, and thus might dissipate as the public health crisis subsides. Rather, the Borrower anticipates that inflation, particularly in wages, food and energy prices, will continue for the foreseeable future. The Borrower is permitted under its residency agreements to increase monthly service fees, but its ability to do so to cover these increased inflationary costs may be limited by competition and other factors. The inability of the Borrower to increase fees and charges to keep pace with inflation could adversely affect the financial condition and results of operations of the Borrower. The Borrower cannot predict the extent of inflationary pressures on its wages and salaries or other operating costs, including food and energy costs.

Cybersecurity Risks

As widely reported in the national press, individuals, criminal enterprises and others have sought to gain unauthorized access to digital systems of large organizations with the intent to misappropriate assets or information, to cause operational disruptions or for other malicious purposes. According to published reports, many of these efforts result in unauthorized access to IT systems and confidential information, including consumer information. The Borrower maintains and implements network security measures with respect to its information technology.

Despite these protective measures, the Borrower (or Smith Living Center, which provides most IT systems for the Borrower and Smith Village) may experience a cybersecurity breach in the future, which could claim and time and resources of the Borrower, its management team and outside consultants to access the scope of the breach, implement remedial actions, including required notifications of affected individuals, and implementation of additional security measures. Successful cybersecurity attacks or breaches could result in material harm to the Borrower, its operations and results of operations. The Borrower's information technology systems will always be subject to risk of breaches, attacks by hackers, computer viruses, physical or electronic break-ins and other similar negative technology events. Such events could lead to the disruption of services to residents, inadvertent disclosure of protected health or financial information of residents or the Borrower or the release of other confidential information. Any such events may have adverse financial impacts on the Borrower's revenues and may have an adverse financial impact on the ability of the Borrower to pay debt service on the Bonds.

State and local authorities are also increasingly focused on the importance of protecting the confidentiality of individuals' personal information, including patient health information. Many states have enacted laws requiring businesses to notify individuals of security preaches that result in the authorized release of personal information. State consumer protection laws may also provide the basis for legal action for privacy and security breaches and often, unlike HIPAA, authorize a private right of action.

Reliance upon Manager for Management Services

The Borrower has entered into a consulting services agreement with Smith Senior Living, under which Smith Senior Living provides the executive management of the Borrower and Smith Crossing. Other than the Executive Director of Smith Crossing and her direct reports, the Borrower does not have a separate executive management team and is wholly dependent upon Smith Senior Living to provide customary management services, including budgeting, investing and asset management, negotiating certain third-party agreements, accounting, legal and regulatory compliance, and insurance coverage review. While the Borrower retains ultimate authority for its operations, the Borrower does not have and is not expected to have the management personnel to perform the functions provided by Smith Senior Living. If the consulting services agreement were to be terminated for any reason, the Borrower may have substantial difficulty obtaining comparable management services within that timeframe and in sufficient time to provide an orderly transition.

Competition

The financial strength of the Borrower will depend in large part upon the ability of the Borrower to attract sufficient numbers of residents and to achieve and maintain substantial occupancy throughout the term of the Bonds. Because the services provided by Smith Crossing are at a high level of quality (and the charges therefor are commensurate), they compete for elderly persons seeking such level of services and accommodations. There are a limited number of these individuals in any community, including the Chicago metropolitan area, and additional facilities and services attractive to these prospective residents may have a significant adverse effect on the occupancy or revenues of Smith Crossing. See **"WASHINGTON AND JANE SMITH COMMUNITY – ORLAND PARK, D/B/A SMITH CROSSING – FACILITIES AND OPERATIONS – Service Area and Competition"** in ***Appendix A***. Additional competitive facilities are likely to be constructed in the Chicago metropolitan area in the future.

There may also exist competition from other forms of housing for the elderly or continuing care facilities, some of which are designed to offer similar facilities, or similar services, at lower prices or without entrance fees. Persons who might otherwise seek assisted living or independent living at Smith Crossing may determine that their needs will be better served by a stand-alone assisted living facility. Additionally, the Borrower may encounter competition from enhanced home care programs (which allow individuals to age longer in their personal residences), existing health care facilities or any new health care facilities in its service area providing similar or comparable services. Such competition may inhibit the extent to which the Borrower will be able to raise charges and maintain or increase occupancy.

The Mortgage

Pursuant to the Mortgage, the Borrower has granted to the Master Trustee a first mortgage lien on the Mortgaged Property as security for its obligations pursuant to the Master Indenture. In the event there is a default under the Master Indenture, the Master Trustee has the right to foreclose on the Mortgaged Property under certain circumstances. The Mortgaged Property consists exclusively of the Smith Crossing campus.

The Mortgaged Property under the Mortgage is 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 property.

All amounts collected upon foreclosure of the Mortgaged Property pursuant to the Mortgage will be used to pay certain costs and expenses incurred by, or otherwise related to, the foreclosure, the performance of the Master Trustee under the Mortgage to pay certain fees and expenses incurred by any Related Issuers related to the foreclosure, and then to pay amounts owing under the Master Indenture in accordance with the provisions of the Master Indenture. All such moneys shall be applied to the payment of the principal, premium, if any, and interest then due and unpaid upon the then outstanding Obligations without preference or priority of principal, premium or interest over the others, or of any installment of interest over any other installment of interest, or of any Obligation over any other Obligation, ratably, according to the amounts due respectively for principal, premium, if any, and interest to the persons entitled thereto without any discrimination or privilege, pursuant to the Master Indenture.

In the event that the Mortgage is actually foreclosed, then, in addition to the customary costs and expenses of operating and maintaining the Mortgaged Property under the Mortgage, the party or parties succeeding to the interest of the Borrower in the Mortgaged Property (including the Master Trustee, if such party was to acquire the interest of the Borrower 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 Mortgaged Property 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.

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 the Borrower because such purchaser may not enjoy the favorable financing rates associated with the 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. In addition, there can be no assurance that the Mortgaged Property could be sold at 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 upon the occurrence and continuance of an event of 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 bankruptcy of the Borrower), there are substantial risks that the exercise of such a remedy will not result in recovery of sufficient funds to satisfy all of the Borrower' obligations under the Master Indenture.

Sale of Personal Residences

Many prospective residents of Smith Crossing are required to sell their homes to pay the entrance fee prior to occupancy or to meet other financial obligations under the Residency and Services Agreements. If prospective residents encounter difficulties in selling their homes due to local or national economic conditions affecting the sale or financing of residential real estate, such prospective resident may not have sufficient funds to pay any required entrance fee or to meet other financial obligations under the Residency and Services Agreements, thereby causing a delay in scheduled occupancy of Smith Crossing or remarketing of vacated units, which would have an adverse impact on the occupancy of Smith Crossing and the revenues of the Borrower.

While the housing market in the primary and secondary service areas of Smith Crossing has been robust for many years, a downturn in the housing market, whether due to rising interest rates or other factors, could have a direct and adverse effect on the ability of prospective residents to sell their homes and thus the overall occupancy of Smith Crossing.

Regulation of Health Care and Long-Term Care Industries

General. The health care industry is highly dependent on a number of factors which may limit the ability of the Borrower to meet its obligations under the Loan Agreement, the Master Indenture and the Series 2022 Obligation. Among other things, participants in the health care industry (such as the Borrower) 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. Discussed below are certain of these factors which could have a significant effect on the future operations and financial condition of the Borrower. The Borrower is and will continue to be subject to certain governmental regulation. Illinois has enacted comprehensive legislation which regulates the Borrower.

Illinois Laws and Regulations Governing Life Care Facilities. A portion of the Illinois Life Care Facilities Act requires certain long-term contractual providers of nursing services, medical services or personal care services to maintain a debt service reserve escrow, which must be funded in an amount at least equal to aggregate principal and interest payments due during the next six months on account of any first mortgage or other long-term financing. The Borrower has established a debt service reserve escrow with a commercial bank to satisfy this requirement. The required deposit to this account will increase in conjunction with the issuance of the Bonds to satisfy the statutory requirements.

Illinois Laws Regulations Governing Assisted Living Facilities. Illinois assisted living facilities (licensed as ***"assisted living establishments"*** or ***"establishments"***) tend to provide residential living accommodations, communal meals and concierge services. In addition, assisted living facilities usually offer or arrange for some personal care assistance, including bathing, dressing and ambulating. Assisted living facilities in Illinois are subject to licensure as described below.

The Assisted Living and Shared Housing Act (the ***"ALSH Act"***) establishes a licensing and regulatory framework for "assisted living establishments" in Illinois. Failure to comply with Illinois law and regulating governing life care and assisted living facilities could have a material adverse effect on the operations of the Borrower and any future Member of the Obligated Group.

Illinois Licensure of Long-Term Care Facilities. The Illinois Department of Public Health (***"IDPH"***) licenses, regulates and inspects at least annually all long-term care facilities, which includes skilled nursing facilities or ***"SNFs"*** and referred to in Illinois as "nursing homes") within the state. IDPH also assists CMS with certifying these facilities for participation in federal payment reimbursement programs, including Medicare and Medicaid. IDPH's Bureau of Long-term Care is responsible for ensuring that nursing homes comply with the provisions of the Illinois Nursing Home Care Act. In addition, under a cooperative agreement with CMS, IDPH conducts certification surveys to ensure facilities receiving Medicaid or Medicare money for resident payment abide by applicable federal regulations. According to the IDPH website, IDPH conducts about 10,000 surveys each year, including annual licensure inspections, complaint investigations and re-inspections.

Nursing homes in Illinois are licensed, regulated, inspected and certified by a number of public and private agencies at the state and federal levels, including IDPH and CMS. Failure to obtain and maintain licensure with IDPH would have a material adverse effect upon the Borrower and any future Member of the Obligated Group's ability to operate its facilities.

While the Borrower has not had material issues arising from recent surveys of its facilities, any survey of the facilities could result in increased costs to correct any identified violations, increased costs to prevent future violations, or even threat of loss of licensure by IDPH.

Medicare and Medicaid Anti-Fraud and Abuse Provisions. The Medicare and Medicaid anti-fraud and abuse provisions of the Social Security Act (the ***"Anti-Kickback Statute" or "AKS"***) is a criminal law, subject to certain exceptions, that prohibits the knowing and willful payment of "remuneration" to induce or reward patient referrals or the generation of business involving any item or service payable by the Federal health care programs (e.g., drugs, supplies, or health care services for Medicare or Medicaid patients). Remuneration includes anything of value and can take many forms besides cash, such as free rent, expensive hotel stays and meals, and excessive compensation for medical directorships or consultancies in the long-term care sector. There are civil and criminal penalties for violating the AKS. Violation of the AKS constitutes a felony and may result in imprisonment and fines. In addition to criminal penalties, the U.S. Department of Health and Human Services (***"HHS"***) Office of Inspector General (***"OIG")*** has the authority to impose civil assessments and fines, and may exclude providers engaged in prohibited activities from participation in the Medicare and Medicaid programs, as well as certain other state and federal health care programs. The Secretary of HHS is required to exclude from such programs any providers convicted of a criminal offense relating to the delivery of Medicare or Medicaid services, for not less than five years. Exclusion from these programs would have a material adverse effect on the operations and financial condition of the Borrower. The scope of prohibited payments in the Anti-Kickback Statute is broad. HHS has published regulations which describe certain arrangements (exceptions, or "safe harbors") that will not be deemed to constitute violations of the Anti-Kickback Statute. The safe harbors described in the regulations are narrow and do not cover a wide range of economic relationships which many hospitals, physicians and other health care providers, including long term care facilities, consider to be legitimate business arrangements not prohibited by the statute. Because the regulations describe safe harbors and do not purport to describe comprehensively all lawful or unlawful economic arrangements or other relationships between health care providers and referral sources, health care providers having these arrangements or relationships may be required to alter them in order to ensure compliance with the Anti-Kickback Statute.

Management of the Borrower believes that it is currently in material compliance with the Anti-Kickback Statute. However, in light of the narrowness of the safe harbor regulations and the scarcity of case law or other guidance, such as OIG Advisory Opinions interpreting the Anti-Kickback Statute as generally applied to Borrower, there can be no assurances that the Borrower will not be found to have violated the Anti-Kickback Statute, and, if so, whether any sanction imposed would have a material adverse effect on the operations of Smith Crossing.

Restrictions on Physician Referrals. Current federal law (known as the ***"Physician Self-Referral Law"*** or commonly referred to as the ***"Stark"*** law) prohibits physicians from referring patients to receive "designated health services" or "DHS" payable by Medicare or Medicaid from entities with which the physician or an immediate family member has a financial relationship, unless an exception applies. Financial relationships include both ownership/investment interests and compensation arrangements. "Designated health services" include the following: clinical laboratory services; physical therapy services; occupational therapy services; radiology services, including magnetic resonance imaging, computerized axial tomography scans, and ultrasound services; radiation therapy services and supplies; durable medical equipment and services; parenteral and enteral nutrients, equipment and supplies; prosthetics, orthotics, and prosthetic devices and supplies; home health services; outpatient prescription drugs; and inpatient and outpatient hospital services. The Stark law is a strict liability statute and does not require a showing of intent. The sanctions under the Stark law include denial and refund of payments, civil monetary penalties and exclusions from the Medicare and Medicaid programs.

Management of the Borrower believes that it is currently in material compliance with the Stark law provisions. However, in light of the technical nature of the Stark law, the scarcity of case law or other guidance such as CMS Advisory Opinions interpreting the Stark provisions and generally applicable to Borrower, and the breadth and complexity of these provisions, there can be no assurances that the Borrower will not be found to have violated the Stark provisions, and if so, whether any sanction imposed would have a material adverse effect on the operations or the financial condition of the Borrower.

False Claims Act/Qui Tam Actions. The "***False Claims Act***" provides that any person who "knowingly presents, or causes to be presented" a "false or fraudulent claim for payment or approval" to the United States, and its agents and contractor is liable for a civil penalty plus three times the amount of damages sustained by the government. Under the False Claims Act's so-called "reverse false claims" section, liability could also arise in situations where one acts improperly – not to get money from the government, but to avoid having to pay money to the government. These requirements are numerous, technical and complex and may not be fully understood or implemented by billing or reporting personnel. While knowledge is required under the False Claims Act, it is defined broadly, with respect to certain types of required information, the False Claims Act may be violated by mere negligence or recklessness in the submission of information to the government even without any intent to defraud. New billing systems, new medical procedures and procedures for which there is not clear guidance may all result in liability. The penalties for violation include criminal or civil liability and may include, for serious or repeated violations, exclusion from participation in the Medicare program.

The False Claims Act provides that an individual may bring a civil action for a violation of the False Claims Act. These actions are referred to as *Qui Tam* actions. In this way, an employee would be able to sue on behalf of the U.S. government if he or she believes that a health care entity has committed fraud. If the government proceeds with an action brought by this individual, then he or she could receive as much as 25 percent of any money recovered. The potential exists that a *Qui Tam* action could be brought against the Borrower.

Other Sources of Liability for Health Care Providers. Health care providers may be subject to criminal prosecution and civil penalties under a variety of federal and state laws in addition to those discussed in the previous paragraphs. The confidentiality and security of patient medical records and other health information is subject to considerable regulation by state and federal governments. The administrative simplification provisions of the Health Insurance Portability and Accountability Act of 1996 ("***HIPAA***") as amended by the Health Information Technology for Economic and Clinical Health Act (the "***HITECH Act***") established programs under Medicare and Medicaid for privacy and security of personally identifiable patient information known as "protected health information," or "PHI" provided incentive payments for the "meaningful use" of certified electronic health records technology and mandated that standards and requirements be adopted for the electronic transmission of certain health information. HHS has issued a series of regulations to comport with these requirements.

Management of the Borrower believes that it is currently in material compliance with HIPAA. However, if the Borrower is found to have violated any state or federal statute or regulation with regard to the security, confidentiality, dissemination or use of personally identifiable information or PHI, it could be liable for damages, or civil or criminal penalties. These standards impose complex procedures and operational requirements with which the Borrower are required to comply. Because of the complexity of these regulations, there can be no assurances that the Borrower would not be reviewed, or found to violate these standards and assessed penalties for such violations.

Certificate of Need

The Illinois Health Facilities Planning Act, as amended (the ***"Illinois Planning Act"***), has among its purposes the establishment of procedures designed to reverse the trends of increasing costs of health care resulting from unnecessary construction or modification of health care facilities, the orderly and economical development of health care facilities in the State of Illinois, the avoidance of unnecessary duplication of such facilities and the promotion of planning for and development of such facilities. Pursuant to the Illinois Planning Act and the accompanying regulations, no health care facility (which, as defined in the Illinois Planning Act, includes hospitals, nursing homes and certain other facilities) may initiate a project that (i) requires a capital expenditure in excess of the capital expenditure minimum, or (ii) substantially changes the scope or functional operation of a health care facility, or (iii) results in the establishment or discontinuation of a health care facility, or (iv) increases or decreases the number of beds or redistributes the bed capacity among various categories of service or physical facilities by more than 20 beds or by more than 10% of the total bed capacity, whichever is less, over a two-year period, or (v) establishes or discontinues a regulated category of service, or (vi) involves the change of ownership of a health care facility unless the applicable approval or exemption has been granted by the Illinois Health Facilities and Services Review Board, the issuance of which is governed by the provisions of the Illinois Planning Act. If Management of the Borrower deems any of the above-described projects are necessary in order to maintain the quality and scope of care or remain competitive and the Borrower is unable to obtain approval for such capital expenditures, the Borrower's ability to generate revenues could be adversely affected.

Limited Value of Smith Crossing upon Default

Smith Crossing was designed and constructed for use as health care or senior living facilities. The number of entities that could be expected to purchase or lease Smith Crossing in the event of default by the Borrower are limited, and thus the ability of the Master Trustee to realize funds from the sale of Smith Crossing upon an event of default by the Borrower may be limited, which could result in a loss, in whole or in part, of a Bondholder's investment.

Limited Assets of the Borrower

The Borrower's sole business is the ownership and operation of Smith Crossing. Although the Borrower seeks and has received donations from groups and individuals, the Borrower has no guaranteed sources of funds if revenues from operation of Smith Crossing are not sufficient to cover expenses, including debt service on the Bonds. There can be no assurance that the Borrower will have sufficient revenues to make the payments under the Loan Agreement in amounts sufficient to pay debt service on the Bonds or that the Borrower will have revenues sufficient to pay amounts owing under the Series 2022 Obligation issued under the Master Indenture.

Certain Matters Relating to Enforceability of the Master Indenture

The obligations of the Members of the Obligated Group to make payments on the Series 2022 Obligation will be limited to the same extent as the obligations of debtors typically are affected by bankruptcy, insolvency and the application of general principles of creditors' rights and as additionally described below.

The accounts of the Obligated Group (currently only the Borrower) will be combined for financial reporting purposes and will be used in determining whether various covenants and tests contained in the Master Indenture (including tests relating to the incurrence of Additional Debt) are met, notwithstanding the uncertainties as to the enforceability of certain obligations of future Members of the Obligated Group contained in the Master Indenture, which bear on the availability of the assets and revenues of the Obligated Group to pay debt service on Obligations, including the Series 2022 Obligation pledged under the Bond Indenture as security for the Bonds. The obligations described herein of Members of the Obligated Group to make payments of debt service on Obligations issued under the Master Indenture (including transfers in connection with voluntary dissolution or liquidation) may not be enforceable to the extent (1) enforceability may be limited by applicable bankruptcy, moratorium, reorganization or similar laws affecting the enforcement of creditors' rights and by general equitable principles and (2) such payments (i) are requested with respect to payments on any Obligations issued by a Member other than the Member from which such payment is requested, issued for a purpose which is inconsistent with the charitable purposes of the Member of the Obligated Group from which such payment is requested or issued for the benefit of a Member of the Obligated Group which is not a Tax-Exempt Organization; (ii) are requested to be made from any moneys or assets that are donor-restricted or that are subject to a direct or express trust that does not permit the use of such moneys or assets for such a payment; (iii) 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 (iv) 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 (ii) and (iii) above with respect to the Series 2022 Obligation cannot now be determined. The amount of such assets which could fall within such categories could be substantial.

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 such Member of the Obligated Group to the extent that such payment would render such Member of the Obligated Group insolvent or which would conflict with or not be permitted by or which is subject to recovery for the benefit of other creditors of such Member of the Obligated Group under applicable laws. There is no clear precedent in the law as to whether such payments from any future Member of the Obligated Group in order to pay debt service on the Series 2022 Obligation may be voided by a trustee in bankruptcy in the event of bankruptcy of a Member of the Obligated Group, or by third-party creditors in an action brought pursuant to Illinois fraudulent conveyance statutes. Under the United States Bankruptcy Code, a trustee in bankruptcy and, under Illinois fraudulent conveyance statutes and common law, a creditor of a related guarantor, may avoid any obligation incurred by a related guarantor if, among other bases therefor, (1) the guarantor has not received fair consideration or reasonably equivalent value in exchange for the guaranty and (2) the guaranty renders the guarantor insolvent, as defined in the United States Bankruptcy Code or Illinois fraudulent conveyance statutes, or the guarantor is undercapitalized.

Application by courts of the tests of "insolvency," "reasonably equivalent value" and "fair consideration" has resulted in a conflicting body of case law. It is possible that, in an action to force a Member of the Obligated Group to pay debt service on an Obligation for which it was not the direct beneficiary, a court might not enforce such a payment in the event it is determined that the Member of the Obligated Group is analogous to a guarantor of the debt of the Member of the Obligated Group who directly benefited from the borrowing and that sufficient consideration for such Member's guaranty was not received and that the incurrence of such Obligation has rendered or will render the Member of the Obligated Group insolvent.

The effectiveness of the security interest in the Obligated Group's Gross Revenues granted in the Master Indenture may be limited by a number of factors, including without limitation: (i) present or future prohibitions against assignment contained in any applicable statutes or regulations; (ii) certain judicial decisions that cast doubt upon the right of the Master Trustee, in the event of the bankruptcy of any Member of the Obligated Group, to collect and retain accounts receivable from Medicare, Medicaid, General Assistance and other governmental programs; (iii) commingling of the proceeds of Gross Revenues with other moneys of a Member of the Obligated Group not subject to the security interest in Gross Revenues; (iv) statutory liens; (v) rights arising in favor of the United States of America or any agency thereof; (vi) constructive trusts, equitable or other rights impressed or conferred by a federal or state court in the exercise of its equitable jurisdiction; (vii) federal bankruptcy laws which may affect the enforceability of the Mortgage or the security interest in the Gross Revenues of the Obligated Group which are earned by the Obligated Group within 90 days preceding or, in certain circumstances with respect to related corporations, within one year preceding and after any effectual institution of bankruptcy proceedings by or against a Member of the Obligated Group; (viii) rights of third parties in Gross Revenues converted to cash and not in the possession of the Master Trustee; and (ix) claims that might arise if appropriate financing or continuation statements are not filed in accordance with the Illinois Uniform Commercial Code as from time to time in effect.

Pursuant to the Master Indenture, each Member of the Obligated Group that pledges its Gross Revenues under the Master Indenture covenants and agrees that, if an event of default should occur and be continuing, it will, upon the direction of the Master Trustee, deposit the proceeds of its Gross Revenues with the Master Trustee.

There exists, in addition to the foregoing, common law authority and authority under Illinois statutes pursuant to which the related 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 Illinois 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.

Future Expansion; Additional Indebtedness

The Borrower may construct or acquire additional new or existing facilities. Additionally, the Borrower may seek to expand existing facilities, although there is limited space on the Smith Crossing campus for any such expansion. It is likely that the Borrower would incur substantial new indebtedness in connection with either the acquisition of a new community or a major renovation or the expansion of Smith Crossing. Although the Borrower would undertake such an acquisition or expansion only if it determined that it was economically feasible and consistent with the Borrower's charitable mission, the incurrence of such additional indebtedness and the results of operations of the acquired or expanded community may have a material adverse effect upon the results of operations of the Borrower.

The Master Indenture permits the Members of the Obligated Group to issue or incur Indebtedness, which may be secured by Obligations on a parity with the Series 2022 Obligation. See **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Permitted Additional Indebtedness"** in ***Appendix C***. In the future, the issuance or incurrence of such obligations could increase the debt service and repayment requirements of the Obligated Group in a manner which would adversely affect debt service coverage on the Bonds.

Changes in the Composition of the Obligated Group

The Borrower is currently the only Member of the Obligated Group. Upon satisfaction of certain conditions in the Master Indenture, other organizations can become Members of the Obligated Group or Members of the Obligated Group can withdraw from the Obligated Group. See **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Entrance into the Obligated Group"** and **" – Cessation of Status as a Member of the Obligated Group"** in ***Appendix C***. If and when new Members are added to the Obligated Group, the Obligated Group's financial situation and operations will likely be altered, perhaps in a materially adverse manner, from that of the Obligated Group as currently constituted.

Insurance

The Master Indenture requires each Member of the Obligated Group to maintain professional liability, casualty and other insurance providing coverage in such amounts as, in the judgment of such Member of the Obligated Group, are adequate to protect it and its Properties and operations and as are customary for organizations engaged in the same or similar activities and similarly situated. The Obligated Group or any Member may self-insure if the Insurance Consultant or Insurance Consultants determine that such self-insurance meets the standards set forth in the preceding sentence of this paragraph and is reasonable under the circumstances; provided, however, that no Member of the Obligated Group shall self-insure any of its Property, Plant and Equipment. At various times in the past, the Borrower has experienced increases in premiums for professional liability coverage compared to prior periods, with certain periods of substantially higher premiums. In addition, the limits of certain coverages have declined and/or have become difficult to obtain even at the reduced levels, and the required risk retention levels for certain coverages have increased. The Borrower believes its experience is comparable to other long-term care communities and that the changes in coverage are due to an increase in the number of malpractice claims against long-term care providers generally. The malpractice insurance costs to the Members of the Obligated Group (premiums plus payments of retention on future claims) may substantially exceed the historical costs to the Members of the Obligated Group for that type of coverage. Likewise, to the extent malpractice and other claims exceed policy limits, such claims could adversely affect the finances of the Members of the Obligated Group. In addition, a substantial increase in the cost of malpractice insurance, or the costs of any other insurance which the Member of the Obligated Group may be required to obtain could have an adverse impact on the finances of such Member of the Obligated Group and its ability to meet its obligations, including the Borrower's obligations with respect to the Bonds, resulting in the loss, in whole or in part, of a Bondholder's investment.

Environmental Laws and Regulations

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 and 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, (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 health care facility, (e) requirements for training employees in the proper handling and management of hazardous materials and wastes, and (f) other requirements.

The Borrower, as owner of Smith Crossing, may be subject to liability for investigating and remedying any hazardous substances located on the property, including any such substances that may have migrated off its property. Typical health care operations include, but are not limited to, in various combinations, the handling, use, storage, transportation, disposal and discharge of medical and other hazardous, infectious, toxic, radioactive, and flammable materials, wastes, pollutants or contaminants. As such, health care operations are particularly susceptible to the practical, financial and legal risks associated with compliance with such laws and regulations. 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 Borrower will not encounter such risks in the future, and such risks may result in adverse consequences to the operation or financial condition of the Borrower.

The Borrower has covenanted in the Master Indenture and the Loan Agreement to comply with all applicable environmental laws.

At the present time, management of the Borrower is not aware of any pending or threatened claim, investigation or enforcement action regarding such environmental issues.

Intermediate Sanctions

The Taxpayers Bill of Rights, referred to for purposes of this Official Statement as the Intermediate Sanctions Law, allows the Internal Revenue Service (the ***"IRS"***) to impose "intermediate sanctions" against certain individuals in circumstances involving the violation by tax-exempt organizations of the prohibition against private inurement. Prior to the enactment of the Intermediate Sanctions Law, the only sanction available to the IRS was revocation of an organization's tax-exempt status. Intermediate sanctions may be imposed in situations in which a "disqualified person" (such as an "insider") (i) engages in a transaction with a tax-exempt organization on other than a fair market value basis, (ii) receives unreasonable compensation from a tax-exempt organization or (iii) receives payment in an arrangement that violates the prohibition against private inurement. These transactions are referred to as "excess benefit transactions." A disqualified person who benefits from an excess benefit transaction will be subject to an excise tax equal to 25% of the amount of the excess benefit. Organizational managers who participate in the excess benefit transaction knowing it to be improper are subject to an excise tax equal to 10% of the amount of the excess benefit, subject to a maximum penalty of $10,000. A second penalty, in the amount of 200% of the excess benefit, may be imposed on the disqualified person (but not upon the organizational manager) if the excess benefit is not corrected within a specified period of time.

Risks Related to Tax-Exempt Status

Tax Exemption for Nonprofit Health Care Providers. The possible modification or repeal of certain existing federal income or state tax laws or other loss by the Member 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 Member of the Obligated Group and thereby the revenues of the Obligated Group. As a Tax-Exempt Organization, the Member of the Obligated Group is subject to a number of requirements affecting its operations. The failure of the Borrower to remain qualified as Tax-Exempt Organizations would affect the funds available to the Borrower for payments to be made under the Obligations issued under the Master Indenture. Failure of the Borrower or the Authority to comply with certain requirements of the Code, or adoption of amendments to the Code to restrict the use of facilities financed with tax-exempt bond proceeds, could cause interest on the Bonds to be included in the gross income of owners or former owners for federal income tax purposes.

It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of nonprofit organizations. There can be, however, 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 Borrower by requiring them to pay income or real estate taxes.

The IRS has issued revenue rulings dealing specifically with the manner in which an organization providing residential services to the elderly must operate in order to maintain its exemption as an organization described in Section 501(c)(3). Revenue Ruling 61-72 holds that an organization providing residential services to the elderly qualified for exemption under Section 501(c)(3) where the organization: (1) was dedicated to providing care and housing to aged individuals who otherwise would be unable to provide for themselves without hardship; (2) rendered, to the extent of its financial ability, services to all or a reasonable proportion of its residents at rates substantially below actual cost; and (3) rendered services that ministered to the needs and the relief of hardship or distress among the elderly. Revenue Ruling 72-124 holds that an organization will qualify for exemption under Section 501(c)(3) if it meets the elderly's special needs for housing, health care, and financial security. The need for housing will be met if the facility is specifically designed to meet some combination of the physical, emotional, social, religious, and recreational needs of the elderly. The need for health care will be met if the organization provides or arranges for some form of health care. The need for financial security will be met if the organization is committed to an established policy of maintaining in residence any persons who become unable to pay their charges, and the organization provides its services at the lowest feasible cost. Revenue Ruling 79-18 holds that an organization providing residential services to the elderly may admit only those tenants who are able to pay full rental charges, provided that those charges are set at a level that is within the financial reach of a significant segment of the organization's elderly persons and that the organization maintains in residence those tenants who become unable to pay their monthly charges.

The IRS has audit guidelines which implement a policy to scrutinize more closely the activities of health care providers to ensure that they satisfy the requirements for tax-exempt status. Given these audit guidelines and other related pronouncements by the IRS, it may be more difficult for health care providers to maintain their tax-exempt status. Health care providers, such as the Borrower, may be forced to forgo otherwise favorable opportunities for certain joint ventures, recruitment and other arrangements to maintain their status as Tax-Exempt Organizations or to avoid other sanctions.

It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of 501(c)(3) organizations. Thus, 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 Borrower by requiring them to pay income or real estate taxes.

Internal Revenue Service Examination Program. The IRS may increase the frequency and scope of its examination and other enforcement activity regarding tax-exempt organizations and tax-exempt bonds. Currently, the primary penalties available to the IRS under the Code are the revocation of tax-exempt status of an organization and a determination that interest on tax-exempt bonds is subject to federal income taxation. Although the IRS has not frequently revoked the 501(c)(3) tax-exempt status of nonprofit organizations, it could do so in the future. Loss of tax-exempt status by the Member of the Obligated Group or improper use of property financed with proceeds of the Bonds could potentially result in loss of the tax exemption of the interest on the Bonds, and defaults in covenants regarding the Bonds could be triggered. Loss of such tax-exempt status could also result in substantial tax liabilities on income of the Obligated Group. In addition, although the IRS has only infrequently taxed the interest received by holders of bonds that were represented to be tax-exempt, the IRS has examined a number of bond issues and concluded that such bond issues did not comply with applicable provisions of the Code and related regulations. No assurance can be given that the IRS will not examine a purchaser, a Bondholder, the Member of the Obligated Group or the Bonds. If the Bonds are examined, it may have an adverse impact on their price and marketability. Based upon covenants, representations and warranties of the Authority and the Borrower as to the use of the proceeds of the Bonds and as to certain factual matters, Bond Counsel will deliver its opinion in the form attached as ***Appendix F***. See the captions "**TAX EXEMPTION**" and "**LEGAL MATTERS.**"

Tax-Exempt Status of the Bonds. The tax-exempt status of the Bonds is based on the continued compliance by the Authority and the Borrower with certain covenants relating generally to restrictions on the use of the facilities financed or refinanced with the proceeds of the Bonds, arbitrage limitations and rebate of certain excess investment earnings to the federal government. Failure to comply with such covenants with respect to the Bonds could cause interest on the Bonds to become subject to federal income taxation retroactive to the original date of issue of the Bonds. In such event, the Bonds are not subject to redemption solely as a consequence thereof, and the principal thereof is not required to be accelerated by the Bond Trustee. No additional interest or penalty is payable in the event of the taxability of interest on the Bonds.

It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of 501(c)(3) organizations. Thus, 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 Borrower by requiring them to pay income or additional real estate taxes.

Possible Future Federal Tax Legislation. 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 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 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.

Below-Market Loan Safe Harbor

Section 7872 of the Internal Revenue Code of 1986 (Treatment of Loans with Below-Market Interest Rates) provides for, in certain circumstances, the imputation of interest income to a lender when the rate of interest charged by the lender is below prevailing market rates (as determined under a formula) or, even if the below-market interest rate loan would otherwise be exempt from the provisions of Section 7872, when one of the principal purposes for such below-market rate loan is the avoidance of federal income taxation.

A refundable entrance fee payment made by a resident to certain continuing care facilities has been determined under Section 7872 to constitute a below-market interest rate loan by the resident to the facility to the extent that the resident is not receiving a market rate of interest on the refundable portion of the entrance fee. Section 7872(h) provides a "safe harbor" exemption for certain types of refundable entrance fees. The statutory language of Section 7872 does not permit a conclusive determination as to whether certain Continuing Care Contracts come within the scope of the continuing care facility safe harbor or within the statute itself. It will have to be determined whether the Continuing Care Contracts involve a "loan" for purposes of Section 7872. Any determination of applicability of Section 7872 could have an adverse effect on the willingness of residents to enter into the Continuing Care Contracts.

Amendments, Changes and Modifications to the Principal Financing Documents

Certain amendments to the Bond Indenture and the Loan Agreement may be made with the consent of the holders of a majority of the outstanding principal amount of the Bonds and certain amendments to the Master Indenture and the Mortgage may be made with the consent of the holders of a majority of the principal amount of outstanding Obligations. Upon the occurrence and continuation of an event of default under the Bond Indenture, certain amendments can be made to the Bond Indenture and the Bonds with the consent of the holders of not less than 80% of the principal amount of the Bonds outstanding. Such amendments may adversely affect the security of the Bondholders and, with respect to the Master Indenture and the Mortgage, such percentage may be composed wholly or partially of the holders of Obligations other than the Series 2022 Obligation.

See **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Supplemental Master Indentures and Amendments of the Mortgage Requiring Consent of Obligation Holders,"** in ***Appendix C***, **"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE AND THE LOAN AGREEMENT – SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE – Supplemental Bond Indenture,"** in ***Appendix D***, and **"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE AND THE LOAN AGREEMENT – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT – Supplements and Amendments to the Loan Agreement,"** in ***Appendix D***.

Interest Rate Swap and Other Hedge Risk

In the past, Smith Crossing has been a party to various interest rate swap agreements relating to previous bond issues. Swap agreements relating to the Refunded Bonds will be terminated in conjunction with the issuance of the Bonds. There are no other interest rate swap or other hedge agreement in place to which the Borrower is a party; however, the Borrower may enter into such agreements in the future.

Any interest rate swap or other hedge agreement to which the Borrower is a party may, at any time, have a negative value to the Borrower. If either a swap or other hedge counterparty or the Borrower terminates such an agreement when the agreement has a negative value to the Borrower, the Borrower 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 Borrower. A counterparty generally may only terminate such an agreement upon the occurrence of defined termination events such as nonpayment by the Borrower, a bankruptcy type event, cross-default to specified indebtedness or other swaps, other breaches of covenants in such agreements or the downgrade or withdrawal of the ratings assigned to the Borrower's indebtedness.

Many swap agreements require each party to provide additional security for its obligations in certain circumstances including without limitation a downgrade of the rating assigned to the long-term indebtedness issued on its behalf and the occurrence of certain other events. The Master Indenture permits the Obligated Group to grant a security interest and lien on collateral for this purpose.

Redemption or Acceleration Prior to Maturity

Pursuant to the terms of the Bond Indenture, the Bonds are subject to optional redemption prior to maturity. In addition, upon the occurrence of certain events, including damage to or condemnation of all or a part of Smith Crossing, the Bonds may be subject to acceleration or redemption in whole or in part at a price equal to 100% of the principal amount thereof (without premium), plus accrued interest, in accordance with the terms of the Bond Indenture and Loan Agreement. See **"THE BONDS – Optional and Mandatory Redemption of the Bonds –** ***Extraordinary Redemption*****."**

The default by the Obligated Group of its obligations under the Loan Agreement or the Master Indenture, including a default with respect to Obligations other than the Series 2022 Obligation, may result in acceleration of the Series 2022 Obligation and, as a result, the Bonds. See **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Acceleration"** in ***Appendix C***.

Secondary Market

If and when an owner of a Bond elects to sell a Bond prior to its maturity, there is no assurance that a market will be in existence for the purchase and sale of the Bonds. Subject to prevailing market conditions, the Underwriter intends, but is not obligated, to make a market in the Bonds. There is presently no secondary market for the Bonds, and there is no assurance that a secondary market will develop.

Other Considerations

In addition to the foregoing, one or more of the following additional factors may affect the net revenues of the Borrower available to make payments under the Loan Agreement and the Master Indenture. If one or more of these additional considerations occur, it would likely affect the operating results of the Borrower.

Negligent Care Claims. The number of claims against senior living facilities alleging negligent care of residents has been increasing nationally according to various sources. The Borrower has had negligent care claims made against it from time to time in the past, but has not had any negligent care claims against the Borrower in the past three years. Although the Borrower maintains malpractice insurance against these types of claims, there can be no assurance that the insurance will be sufficient to cover any future claims or that the number of claims will not increase in the future.

Changes in Management. Changes in key management personnel of Smith Senior Living or the Borrower could affect the capability of management of Smith Crossing. These changes could result from, among other causes, personnel voluntarily departing, death or disability, or termination of a senior executive.

Labor Relations. Nonprofit health care providers and their employees are under the jurisdiction of the National Labor Relations Board. Although none of the employees of the Borrower is represented by a labor union or a collective bargaining unit, efforts to organize the employees of the Borrower into a collective bargaining unit could result in adverse labor relations and increased costs. Nationally and in the Midwest, there have been increasing reports of successes by labor unions in organizing health care personnel, particularly at senior living facilities.

Changes in Tax Policy. Taxing authorities in certain jurisdictions have sought to impose or increase taxes related to the property and operations of not for profit organizations, including nursing and independent living care centers, particularly where such authorities are dissatisfied with the amount of service provided to indigents. It is possible that future administrative or judicial proceedings will have the effect of requiring the Borrower to increase services to indigent patients in order to retain its status as Tax-Exempt Organizations, or future administrative or judicial action may limit favorable property or sales or use tax treatment currently afforded the Borrower, which would have an adverse effect on the revenues of the Borrower and its ability to repay the Bonds.

Future Legislation. Adoption of other federal, state or local legislation or regulations may have an adverse effect on the future operation or financial performance of the Borrower.

Adverse Economic Conditions. Increased unemployment or other adverse economic conditions in the Borrower's service area may increase the proportion of patients who are unable to fully pay for the cost of their care.

Adverse Public Relations. Adverse community relations or publicity involving the Borrower may affect the demand for the services provided by the Borrower or the generation of revenues by the Borrower.

Natural Disasters. Smith Crossing is located in an area that could suffer a natural disaster, such as a tornado. While the Borrower believes it maintains adequate insurance to cover any loss arising from such natural disasters, there can be no assurance that in severe circumstances such insurance will be adequate to rebuild such facilities. Additionally, there can be no assurance that, after experiences with natural disasters, residents will choose to continue to live to the Smith Crossing community. Such decisions could have a material adverse impact on the Borrower.

NO REPRESENTATION OR ASSURANCE CAN BE MADE OR GIVEN THAT REVENUES WILL BE REALIZED BY THE BORROWER IN AMOUNTS NECESSARY TO MAKE THE PAYMENTS REQUIRED UNDER THE LOAN AGREEMENT OR TO MAKE OTHER PAYMENTS IN AMOUNTS SUFFICIENT TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS AND AMOUNTS DUE UNDER THE MASTER INDENTURE. FUTURE REVENUES AND EXPENSES ARE SUBJECT TO, AMONG OTHER THINGS, THE CAPABILITIES OF THE BORROWER AND FUTURE ECONOMIC AND OTHER CONDITIONS WHICH ARE UNPREDICTABLE. IF THE BORROWER IS UNABLE TO GENERATE REVENUES SUFFICIENT TO FULFILL ITS OBLIGATIONS, THE MASTER TRUSTEE MAY TAKE POSSESSION OF THE MORTGAGED PROPERTY AND SELL OR LEASE THE SAME ON TERMS THAT WILL PAY MATURING PRINCIPAL AND INTEREST ON THE OBLIGATIONS OUTSTANDING UNDER THE MASTER INDENTURE, INCLUDING THE SERIES 2022 OBLIGATION. IT IS POSSIBLE THAT THE BONDHOLDERS COULD SUFFER A LOSS OF PART OR ALL OF THEIR INVESTMENTS IF THE ASSETS OF THE BORROWER ARE INSUFFICIENT TO ENABLE IT TO PERFORM IN FULL UNDER THE LOAN AGREEMENT AND THE MASTER INDENTURE AND THE MASTER TRUSTEE IS UNABLE TO SELL OR LEASE SMITH CROSSING AT AN AMOUNT WHICH, WHEN ADDED TO WHATEVER OTHER ASSETS OF THE BORROWER MAY BE AVAILABLE, IF ANY, IS SUFFICIENT TO PAY MATURING PRINCIPAL OF AND INTEREST ON THE BONDS AND ANY OTHER OBLIGATIONS THEN OUTSTANDING UNDER THE MASTER INDENTURE AS THEY BECOME DUE.

THE FOREGOING STATEMENTS REGARDING BONDHOLDERS' RISKS SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE BONDS. Prospective purchasers of the Bonds should analyze carefully the information contained in this Official Statement and additional information in the form of the complete documents summarized herein, copies of which are available and may be obtained from the Underwriter at One North Wacker Drive, Suite 2000, Chicago, Illinois 60606.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the 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 therewith, and certain other matters. The Authority and the Borrower have covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to compliance by the Authority and the Borrower with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included 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"***).

In rendering its opinion, Bond Counsel will rely upon certifications of the Authority and the Borrower with respect to certain material facts within the Authority's and the Borrower's knowledge and will rely on an opinion of Quarles & Brady LLP, special counsel to the Borrower, that the Borrower is a Tax-Exempt Organization. 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 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 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 Bonds is the price at which a substantial amount of such maturity of the 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 Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

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

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity (the ***"Revised Issue Price"***), the purchaser will be treated as having purchased a 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 Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Series 2022 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a 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 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 Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 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 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 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 Internal Revenue Service (the ***"Service"***) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, 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 Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the Authority as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 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 Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bondholder who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bondholder who is notified by the Service 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.

Interest on the Bonds is not exempt from present Illinois income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

LITIGATION

The Authority

There is not now pending (as to which the Authority has received service of process) or, to the actual knowledge of the Authority, threatened, any litigation against the Authority restraining or enjoining the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings or authority under which the Bonds are to be issued. Neither the creation, organization or existence of the Authority nor the title of any of the present members or other officials of the Authority to their respective offices is being contested. There is no litigation against the Authority pending (as to which the Authority has received service of process) or, to the Authority's actual knowledge, threatened, which in any manner questions the right of the Authority to enter into the Bond Indenture, the Bond Purchase Agreement or the Loan Agreement or to secure the Bonds in the manner provided in the Bond Indenture, the Resolution and the Act.

The Borrower

The Borrower has advised that no litigation, proceedings or investigations are pending for which service of process or written notice has been received or, to its knowledge, threatened against it as of the date of this Official Statement. The Borrower also has advised that there is no litigation pending for which service of process or written notice has been received or, to the knowledge of management, threatened, which in any manner questions the right of the Borrower to enter into the financing described herein.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel (***"Bond Counsel"***), who has been retained by the Borrower. 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 Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except as stated in this paragraph. In its capacity as Bond Counsel, Chapman and Cutler LLP has, at the request of the Borrower, supplied the information under the heading "**TAX EXEMPTION.**" This information was supplied solely at the request and for the benefit of the Borrower and did not include any obligation to establish or confirm factual matters set forth herein. Additionally, in its capacity as Bond Counsel, Chapman and Cutler LLP has, at the request of the Borrower, reviewed only those sections of this Official Statement involving the description of the Bonds, the security for the Bonds and the description of the federal tax exemption of interest on the Bonds. This review was undertaken solely at the request and for the benefit of the Borrower and did not include any obligation to establish or confirm factual matters set forth herein. Certain legal matters with respect to the Bonds will be passed upon for the Authority by its special counsel, Sanchez Daniels & Hoffman LLP, Chicago, Illinois, for the Borrower by its special counsel, Quarles & Brady LLP, Madison, Wisconsin, and for the Underwriter by its counsel, Gilmore & Bell, P.C., Kansas City, Missouri.

FINANCIAL STATEMENTS

The audited financial statements of the Borrower as of and for the Fiscal Years ended June 30, 2021 and 2020, and June 30, 2020 and 2019, appearing in ***Appendix B*** have been audited by CliftonLarsonAllen LLP, independent certified public accountants, as set forth in their reports also appearing in ***Appendix B***. Certain unaudited financial information as of and for the six months ended December 31, 2021 and 2022 is included in ***Appendix A***. CliftonLarsonAllen LLP has not reviewed or audited such interim financial information.

Under the Master Indenture, the Obligated Group may satisfy any financial reporting requirement by the provision of the audited financial statements of persons that are not Members of the Obligated Group so long as certain consolidating schedules for the Borrower and other Members of the Obligated Group are included in those financial statements. See **"FINANCIAL INFORMATION AND CONTINUING DISCLOSURE – Financial Reporting."**

FINANCIAL INFORMATION AND CONTINUING DISCLOSURE

Financial Reporting

Pursuant to the Master Indenture, the Obligated Group Representative has agreed to furnish, or cause to be furnished, to the Master Trustee, each Related Bond Trustee, EMMA and the Authority (collectively, ***"Required Information Recipients"***), the following:

Quarterly Financial Information. Within 45 days after the end of each Fiscal Quarter, commencing June 30, 2022, quarterly unaudited financial statements of the Obligated Group which, if applicable, shall include combined or consolidated statement of financial position, statement of activities, statement of functional expenses and statement of cash flows for such period and shall designate Initial Entrance Fees, and which, in each case, shall include (1) a combining or consolidating statement of financial position, statement of activities, statement of functional expenses and statement of cash flows as of the end of such Fiscal Quarter, (2) comparisons to the annual budget of the Obligated Group provided pursuant to subsection (vi) below, and (3) a year to date entrance fee cash flow, designating Initial Entrance Fees, turnover entrance fees and related entrance fees.

Quarterly Compliance Certificate. Within 45 days after the end of each Fiscal Quarter, commencing June 30, 2022, an Officer's Certificate of the Obligated Group Representative (A) stating that the Obligated Group is in compliance with all of the terms, provisions and conditions of the Master Indenture or if not, specifying all such defaults and the nature thereof, (B) a calculation of Days Cash on Hand as of the last day of such Fiscal Quarter and the Historical Debt Service Coverage Ratio of the Obligated Group on a rolling twelve month basis, (C) information with respect to the payor mix for the Obligated Group's licensed nursing beds and (D) occupancy levels of all of the Facilities operated by the Obligated Group by level of care as of the end of each such Fiscal Quarter, (E) a schedule showing debt service requirements for any Funded Indebtedness of the Obligated Group incurred during such Fiscal Quarter including all scheduled payments of principal and interest on such Funded Indebtedness, and (F) a summary of the status of any construction projects with respect to the Facilities of a Member of the Obligated Group which summaries shall be delivered commencing with the Fiscal Quarter in which work on the construction project commenced and ending with the Fiscal Quarter during which such project was completed; all prepared in reasonable detail and certified, subject to year-end adjustment by an officer of the Obligated Group Representative.

If the Historical Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.20 or the Days Cash on Hand is less than 180, the Obligated Group will deliver the financial information described in the preceding paragraph, together with the calculations described in the preceding paragraph, on a monthly basis, with the Historical Debt Service Coverage Ratio calculated on a year-to-date basis each month and the Days Cash on Hand as of the end of each month, within 45 days after the end of each month until the Historical Debt Service Coverage Ratio of the Obligated Group is at least 1.20 and the Days Cash on Hand is at least equal to 180.

Annual Audited Financial Statements. Within 150 days after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2022, an annual audited financial report of the Obligated Group prepared by a firm of certified public accountants, including a consolidated (or combined, if applicable,) and an unaudited consolidating (or combining, applicable) balance sheet as of the end of such Fiscal Year and a consolidated (or combined, if applicable) and an unaudited consolidating (or combining, applicable) statement of changes in fund balances for such Fiscal Year and a combined and an unaudited combining statement of revenues and expenses for such Fiscal Year, showing in each case in comparative form the financial figures for the preceding Fiscal Year.

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 quarterly and annual financial reporting requirements described above 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 consolidated 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 hereof or for any agreement, document or certificate executed and delivered in connection with or pursuant to the Master Indenture.

Annual Compliance Certificate. On or before the date of delivery of the annual financial statements described above, an Officer's Certificate of the Obligated Group Representative (A) stating that the Obligated Group is in compliance with all of the terms, provisions and conditions of the Master Indenture or if not, specifying all such defaults and the nature thereof, (B) calculating and certifying the Days Cash on Hand and Historical Debt Service Coverage Ratio as of the end of such Fiscal Year, as appropriate, (C) an executive summary of any actuarial reports received by the Obligated Group during the preceding Fiscal Year, if any, as required below, and (D) providing any five-star quality rating assigned to the Facilities of Members of the Obligated Group by the Centers for Medicare and Medicaid Services.

Operating and Capital Budgets, etc. Within 45 days after the end of each Fiscal Year, the Obligated Group Representative shall deliver a summary of the operating and capital budgets for the Fiscal Year then started. Copies of (A) any board approved revisions to the annual budget provided pursuant to the preceding sentence, or (B) any correspondence to or from the Internal Revenue Service questioning or contesting the status of a Member as an organization described in Section 501(c)(3) of the Code or with respect to the tax exempt status of any Related Bonds the interest on which is excludable from the gross income of the owners thereof for federal income tax purposes, promptly upon receipt.

Actuarial Reports. An executive summary of an actuarial report regarding the obligations of the Members of the Obligated Group to provide life care services to residents of the Members' communities every three years commencing with the Fiscal Year ending June 30, 2024.

Consultant's Reports. 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 Consultant's report (or a summary thereof as required by the Master Indenture) or counsel's opinion required to be prepared under the terms of the Master Indenture relating to the rate covenant, the liquidity covenant, or the lock-box provisions; provided that the Obligated Group Representative may redact any such copy provided to EMMA to the extent appropriate or necessary to protect confidential or sensitive information.

Change in Accountants. The Obligated Group Representative shall give prompt written notice of a change of accountants by the Obligated Group to each Required Information Recipient. 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 Required Information Recipient may reasonably request.

Continuing Disclosure

The Borrower and the Bond Trustee, as dissemination agent, will enter into a Continuing Disclosure Agreement dated as of March 1, 2022 (the ***"Continuing Disclosure Agreement"***) for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission (the ***"Rule"***). The Borrower is the only "obligated person" with responsibility for continuing disclosure, and the Authority has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under the Continuing Disclosure Agreement, and has no liability to any person, including any owner or Beneficial Owner of the Bonds, with respect to the Rule.

Annual Reports. Pursuant to the Continuing Disclosure Agreement, the Borrower will, or will cause the Dissemination Agent (initially the Bond Trustee) to, not later than 150 days after the end of the Borrower's Fiscal Year, file with the Municipal Securities Rulemaking Board (***"MSRB"***), through its Electronic Municipal Market Access system (***"EMMA"***), audited financial statements that include the Borrower for the prior Fiscal Year prepared in accordance with accounting principles generally accepted in the United States (the ***"Annual Report"***). If audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report may contain unaudited financial statements in the format included in the Quarterly Reports required by the Continuing Disclosure Agreement, and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available. To the extent that generally accepted accounting principles would require consolidation of certain financial information of entities that are not Members of the Obligated Group with financial information of the Borrower or other Members of the Obligated Group, consolidated financial statements prepared in accordance with generally accepted accounting principles that include information with respect to entities that are not Members of the Obligated Group may be delivered in satisfaction of the requirements of the Continuing Disclosure Agreement so long as: (i) supplemental information in sufficient detail to separately identify the information with respect to the Borrower is included with the audited financial statements; and (ii) such supplemental information has been subjected to the consolidated auditing procedures applied in the audit of the consolidated financial statements.

Quarterly Reports. The Obligated Group will provide, (i) not later than the 45th day after the end of the first three fiscal quarters of the Obligated Group's Fiscal Year and (ii) not later than the 60th day after the end of the last fiscal quarter of the Obligated Group's Fiscal Year, commencing with the fiscal quarter ending March 31, 2022, to the MSRB, through EMMA, the following financial information and operating data (the ***"Quarterly Report"***):

(1) The unaudited financial statements of the Borrower consisting of a statement of revenues and expenses and statement of cash flows and a balance sheet as of the end of each such fiscal quarter, all prepared on substantially the same basis as the most recently prepared audited financial statements of the Borrower, along with a comparison of the Borrower's statement of revenues and expenses for the preceding fiscal quarter to the Borrower's budget for such quarter and year-to-date; and

(2) Updates as of the end of the preceding fiscal quarter of the following financial information and operating data in substantially the same format contained in the following tables in ***Appendix A*** of this Official Statement:

- **(i)** Historical Occupancy (on a year-to-date basis);
- **(ii)** Average Payor Mix (on a year-to-date basis);
- **(iii)** Debt Service Coverage Ratio (on a year-to-date basis);
- **(iv)** Days Cash on Hand; and
- **(v)** Management's Discussion and Analysis of Finances and Operations.

Material Event Notices. Pursuant to the Continuing Disclosure Agreement, no later than 10 Business Days after the occurrence of any of the following events, the Obligated Group shall give, or cause to be given, to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds:

- **(1)** principal and interest payment delinquencies;
- **(2)** non-payment related defaults, if material;
- **(3)** unscheduled draws on debt service reserves reflecting financial difficulties;
- **(4)** unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) 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;

(7) modifications to rights of bondholders, if material;

(8) bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution or sale of property securing repayment of the Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of a Member of the Obligated Group (which shall be deemed to occur as provided in the Rule);

(13) the consummation of a merger, consolidation, or acquisition involving any Member of the Obligated Group or the sale of all or substantially all of the assets of any Member of the Obligated Group, 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;

(14) appointment of a successor or additional trustee or the change of name of the trustee, if material;

(15) incurrence of a Financial Obligation of the 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

(16) 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.

"Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; provided however, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

If the Dissemination Agent has not received an Annual Report or Quarterly Report with filing instructions or a written notice from the Obligated Group that it has filed an Annual Report or Quarterly Report with the MSRB as of the applicable deadline, the Dissemination Agent will file a notice with the MSRB describing the Obligated Group's failure to file such Annual Report or Quarterly Report, as applicable.

Dissemination Agent. The Obligated Group may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Continuing Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent will not be responsible in any manner for the content of any notice or report prepared by the Obligated Group pursuant to the Continuing Disclosure Agreement. The initial Dissemination Agent will be the Bond Trustee.

Amendments. Notwithstanding any other provision of the Continuing Disclosure Agreement, the Obligated Group and the Dissemination Agent may amend the Continuing Disclosure Agreement and any provision of the Continuing Disclosure Agreement may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the Obligated Group and the Dissemination Agent with its written opinion that the undertaking of the Obligated Group contained therein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to the Continuing Disclosure Agreement.

Remedies. If the Obligated Group or the Dissemination Agent fails to comply with any provision of the Continuing Disclosure Agreement, the Bond Trustee may, and, at the request of the Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds will, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Obligated Group or the Dissemination Agent, as the case may be, to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement will not be deemed an event of default under the Bond Indenture or the Loan Agreement, and the sole remedy under the Continuing Disclosure Agreement if the Obligated Group or the Dissemination Agent fails to comply with the Continuing Disclosure Agreement will be an action to compel performance.

Prior Compliance. The Borrower has not been a party to a continuing disclosure undertaking required pursuant to the Rule during the past five years.

Form of Continuing Disclosure Agreement. The form of the Continuing Disclosure Agreement is attached as ***Appendix E***.

RATING

Fitch Ratings Inc. ("***Fitch***") has assigned its rating of "BBB-" to the Bonds. The assigned rating reflects only the views of Fitch at the time such rating is given, and the Authority, the Underwriter and the Borrower make no representation as to the appropriateness of such rating. An explanation of the significance of such rating may be obtained only from Fitch. The Borrower furnished to Fitch certain information and material concerning the Bonds. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions made by the rating agencies themselves. There is no assurance that the rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely if, in the judgment of Fitch, circumstances so warrant. The Underwriter has no responsibility to bring to the attention of the holders of the Bonds a proposed revision or withdrawal of the rating on the Bonds or to oppose any such proposed revision or withdrawal. Any such downward change in or withdrawal of such rating may have a material adverse effect on the market price or marketability of the Bonds.

CERTAIN RELATIONSHIPS

The law firm of Quarles & Brady LLP serves as counsel to the Borrower and has also represented the Underwriter from to time but has not done so in connection with the issuance of the Bonds.

The law firm of Chapman and Cutler LLP, Chicago, Illinois, serves as bond counsel to the Authority in connection with the issuance of the Bonds. Chapman and Cutler LLP also represents the Underwriter from time to time but has not done so in connection with the issuance of the Bonds.

UNDERWRITING

The Bonds are being purchased for reoffering by B.C. Ziegler and Company (the ***"Underwriter"***). The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of $59,821,836.00 (which takes into account an underwriter's discount of $554,942.50 and original issue premium of $1,961,778.50). The Bond Purchase Agreement with respect to the Bonds provides that the Underwriter will purchase all the Bonds if any are purchased.

The Underwriter intends to offer the Bonds to the public initially at the offering prices set forth on the inside cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices.

The Borrower has agreed to indemnify the Underwriter against certain civil liabilities, including certain liabilities under the federal securities laws.

FINANCIAL ADVISOR

The Borrower has retained Marathon Capital Strategies as financial advisor to the Borrower in connection with the preparation, authorization and issuance of the Bonds and the termination of the swap agreements relating to the Refunded Bonds. Marathon Capital Strategies 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 the Official Statement. Marathon Capital Strategies is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

MISCELLANEOUS

The information set out in **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE"** in ***Appendix C*** and in "**SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE AND THE LOAN AGREEMENT**" in ***Appendix D*** does not purport to be complete and is expressly made subject to the exact provisions of the complete documents. For details of all terms and conditions, purchasers are referred to each document summarized in said ***Appendices C*** and ***D***. All documents referred to in this Official Statement may be reviewed during regular business hours at the offices of the Underwriter or the office of the Borrower.

Any statements made in this Official Statement involving matters of opinion, estimates, forecast, or projections, whether or not so expressly stated, are set forth as such and not as representations of fact. No representation is made that any of such estimates will be realized.

The delivery of this Official Statement or any sale of the Bonds described herein will not, under any circumstances, create an implication that there has been no change in the business affairs or financial condition of the Borrower since the date hereof.

Neither the Authority nor any of its officials, officers or employees, in either their official or personal capacity, has made any warranties, representations or guarantees regarding the financial feasibility of the business operations of the Borrower or operation of Smith Crossing. Further, neither the Authority nor any of its officials, officers or employees assume any duties, responsibilities or obligations with respect to the Bonds other than those imposed, either expressly or by fair implication, upon the Authority by the Bond Indenture and the Loan Agreement.

WASHINGTON AND JANE SMITH COMMUNITY – ORLAND PARK
D/B/A SMITH CROSSING

By: /s/ Kevin McGee
President and Chief Executive Officer

[This Page Intentionally Left Blank]

APPENDIX A

WASHINGTON AND JANE SMITH COMMUNITY – ORLAND PARK

D/B/A SMITH CROSSING

The information provided in this Appendix A was provided by the Obligated Group

TABLE OF CONTENTS

THE BORROWER AND AFFILIATES

History and Background

Washington and Jane Smith Community – Orland Park d/b/a Smith Crossing (the **"Borrower"**), is an Illinois not for profit corporation, which operates a life plan community known as Smith Crossing (**"Smith Crossing"**). The sole corporate member of the Borrower is The Washington and Jane Smith Home d/b/a Smith Senior Living, an Illinois not for profit corporation (**"Smith Senior Living"**), which was established in 1999 to serve as the parent and sponsor to two life plan communities: Smith Crossing (described below) and the historic Washington and Jane Smith Community – Beverly d/b/a Smith Village (**"Smith Village"**), which had been in operations since 1924. Smith Senior Living provides management services and administrative support to both organizations through management service agreements.

The Borrower was incorporated in 1999 for the purpose of developing, owning and operating the Smith Crossing life plan community located in Orland Park, Illinois, a suburb located approximately 30 miles southwest of Chicago. Smith Crossing was originally developed in 2003 and now consists of 10 independent living ranch-style duplex homes, 163 independent living apartments, 46 assisted living units, 16 assisted living memory support units and 92 licensed nursing beds. Of the 92 licensed nursing beds, 30 are dual certified for Medicare and Medicaid and 62 are for short term rehabilitation and are Medicare certified.

The Borrower is the sole Member of the Obligated Group described in this Official Statement. Neither Smith Senior Living nor Smith Village nor any affiliate thereof, other than the Borrower, is obligated to make any payments with respect to the Bonds See **"SECURITY FOR THE BONDS – The Master Indenture"** in the front part of this Official Statement and **"GOVERNANCE AND MANAGEMENT"** below.

In 2003, the Borrower secured financing and broke ground on the first phase of the Smith Crossing campus, which included 87 independent living apartments, 10 independent living duplex homes, 32 assisted living units, 16 memory support assisted living units and 30 skilled nursing units. Smith Crossing, which sits on approximately 32 acres at 104th Avenue and 183rd Street in Orland Park, Illinois, was completed and officially opened in 2004.

Planning for an additional phase of independent living, assisted living, and skilled nursing units began in late 2009 as demand for additional units became evident. In October of 2010, the Borrower moved forward with the renovation and expansion of the assisted living, memory support, and skilled nursing units. By June of 2011, the pre-sales for the new independent living units had hit a critical mass, and the Borrower broke ground on the two new wings of independent living apartments. Construction for the new assisted living, memory support, and skilled nursing units was completed in December of 2011. Independent living unit construction was completed in October of 2012.

In January 2017, the Borrower retained the services of Eventus Strategic Partners as a Development Manager to assist in analyzing the viability of the Phase 3 expansion project, managing the initial design process, assessing financial feasibility of the expansion project, and developing the necessary information for filing the CON application for the Illinois Department of Public Health. The project was a multi-faceted approach to add to the Smith Crossing continuum within its nursing unit. This project included the replacement of Smith Crossing's rehabilitation areas with a modern efficient rehab gym that can accommodate a greater variety of modalities for therapy and new therapy offices and private treatment rooms. This project also relocated the nursing administration into a more professional, proficient setting allowing the existing area to be more residential and resident focused.

There is little vacant land on the Smith Crossing campus to accommodate further expansions of the Smith Crossing community.

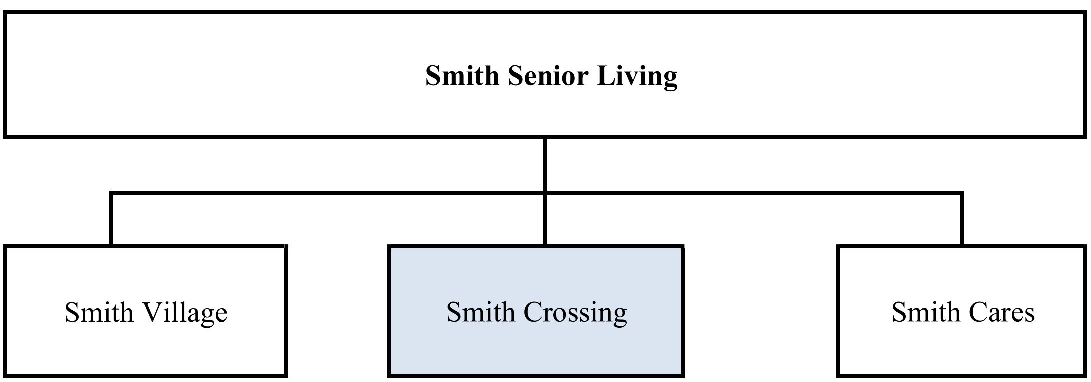
Smith Senior Living

Smith Senior Living became the sole corporate member of the Borrower and Smith Village as part of a corporate reorganization that was completed in November 1999. The key objectives of the reorganization were (i) to accommodate expansion and renovation of Smith Village, (ii) to foster the development of a new campus through a separate corporation (which became the Borrower and Smith Crossing), (iii) to centralize senior management in Smith Senior Living, as the parent corporation, (iv) to foster development at each of the operating corporations, (v) to enable greater participation by the respective boards of trustees, and (vi) to ensure compliance with Illinois law.

In 1998, the Board of Trustees of the original Washington and Jane Smith Home not for profit corporation decided to undertake a new project in recognition of the need for senior housing, supportive services and a long-term care facility in Orland Park. In February 1999, the Washington and Jane Smith Home Board of Trustees approved the purchase of 32 acres of land, which was completed in August 1999. In September 2003, in preparation for the initial financing for Smith Crossing, Smith Senior Living authorized a charitable grant to the Borrower of $15,150,514 for the forgiveness of debt associated with funds advanced for the initial construction of the Smith Crossing development project. In 2004, construction of phase 1 of the Smith Crossing community was completed.

As part of the corporate reorganization, Smith Senior Living was organized as an Illinois not for profit corporation, which became the sole corporate member of Smith Village, the Borrower and Smith Cares LLC, an Illinois limited liability company (**"Smith Cares"**). Smith Cares is an affiliated nurse staffing company that contracts with the Borrower and Smith Village to provide licensed nursing services at Smith Crossing and Smith Village. Because its nurses are not employees of the Borrower or Smith Village, under Illinois law they are allowed to provide emergency treatment and medical assessments to residents in Independent Living and Assisted Living units at Smith Crossing and Smith Village. This flexibility obviates the need to hire additional nurses to perform the assessments.

The following shows an organizational chart showing Smith Senior Living and affiliates:



Smith Village

In 1929, The Washington and Jane Smith Home, now known as The Washington and Jane Smith Community – Beverly, acquired a 75-bed residence for elderly widows located on five acres of woodland in far southwestern Chicago area. The residence expanded numerous times over the years, and in 1999, as part of the corporate reorganization described above, Smith Village adopted plans for redevelopment and further expansion of its campus. Smith Village currently includes 149 independent living apartments, 82 assisted living units, 78 skilled nursing beds and two guest units.

The Smith Village community and Smith Crossing are collectively referred to in this Official Statement as the **"Communities"**.

No assets or revenues of Smith Village are pledged, directly or indirectly, to secure the Bonds, and Smith Village is not obligated to make any payments with respect to the Bonds or the Series 2022 Obligation issued under the Master Indenture.

Smith Senior Living Board of Trustees

Smith Senior Living is governed by a 15-member Board of Trustees. The following are the present members of the Board of Trustees of Smith Senior Living:

Trustee	Board Role	Profession	Current Term Ends September,	Director Since
Kay E. Thurn, Ed.D	Chair Person	Psychologist/Nurse	2022	2008
Ann Haskins	Vice Chair	Healthcare Executive	2024	2014
Chevonne Alston		Accountant	2026	2021
Andrew J. Annello*		Sales	2024	2000
Thomas Barrett*		Accountant	2025	2020
Alice Keane		Professor/Attorney	2022	2017
Kevin A. Lane*		Information Technology	2023	2018
John E. Leahy*		Banker	2024	2014
Judith K. Lewis*		Senior Living Marketing	2023	2013
Brian Piejko		Healthcare Facility Manager	2023	2018
George E. Petraitis*		Architect	2024	2002
Monica Ryan*		Nurse Practitioner	2025	2020
Anne Z. Schaible, M.D		Physician	2022	2012
John Siegel		Facilities Manager	2026	2021
Michael P. Stanton		Financial Planning	2025	2015

* Indicates member is also on the Borrower's Board of Trustees.

GOVERNANCE AND MANAGEMENT

Board of Trustees

Except to the extent certain powers are reserved to Smith Senior Living as described below, the business affairs of the Borrower are governed in the ordinary course of business by its Board of Trustees (the **"Trustees"**). The bylaws of the Borrower provide for no fewer than four and no more than nine Trustees who are vested with the authority to operate the Borrower. There are currently seven Trustees. Trustees serve without compensation, and terms of the Trustees are for five years. The bylaws of the Borrower require that a majority of the Trustees also be Trustees of Smith Senior Living. All of the current Trustees of the Borrower are also currently Trustees of Smith Senior Living. Trustees of the Borrower are elected by Smith Senior Living, as sole member of the Borrower, at its annual meeting. Vacancies are filled by Smith Senior Living, at its discretion, at any meeting of the Board of Trustees of Smith Senior Living.

The following are the present members of the Board of Trustees of the Borrower:

Trustee	Board Role	Profession	Current Term Ends September,	Director Since
Andrew J. Annello	Chair Person	Sales	2024	2000
John E. Leahy	Vice Chair	Banker	2024	2014
Thomas Barrett		Accountant	2025	2020
Kevin A. Lane		Information Technology	2023	2013
Judith K. Lewis		Senior Living Marketing	2023	2013
George E. Petraitis		Architect	2024	2002
Monica Ryan		Nurse Practitioner	2025	2020

As sole corporate member of the Borrower, Smith Senior Living retains certain powers with respect to the governance and operation of the Borrower. Those powers include the right to approve the election and removal of trustees and officers, any amendment of the Borrower's articles of incorporation and bylaws, any merger, consolidation or dissolution involving the Borrower, the creation of any subsidiaries or affiliates of the Borrower, the adoption of the business plan prepared annually by the board of trustees of the Borrower, the adoption of the annual budget and any actions that would or could involve expenditures which exceed 110% of any approved budgeted expenditures, the selection of banking affiliations, accounting firms, legal counsel or consultants not specifically provided in an approved budget, the selection and retention of the executive director, making unbudgeted capital expenditures or sales of capital assets in excess of $50,000, the investment of any funds and the extension of any loans or borrowing.

Management of the Borrower and the Communities

To ensure more efficient operations at Smith Crossing and Smith Village, certain administrative functions of those communities are centralized in Smith Senior Living, while other administrative functions are performed by the operating company. Smith Senior Living has entered into consulting services agreements with each of the Borrower and Smith Village. Pursuant to the consulting services agreements with the Borrower and Smith Village, Smith Senior Living:

- Provides accounting, human resources (HR), and information technology (IT) functions for the Communities;
- Assist with the filing of all required federal and state tax returns;
- Procures insurance;
- Provides marketing services including a detailed marketing plan;
- Prepares an annual business plan for the operation of the Communities;
- Sets strategic organization and business strategy;
- Recruits and screens staff and executives; and
- Provides certain investment management assistance / services.

Smith Senior Living is also responsible for obtaining and maintaining necessary permits and licenses associated with the operation of the Communities and the marketing of the Communities.

The consulting services agreement with the Borrower is perpetual, subject to either party upon 90 days' notice due to a failure of the other to perform any material obligations under the agreement, and terminates automatically upon the bankruptcy of similar action by the Borrower or Smith Senior Living. Certain subordination and deferral provisions apply in connection with payment of compensation to Smith Senior Living if required by any senior debt facility. The Master Indenture does not, however, require the management fees owed by the

Borrower to Smith Senior Living to be subordinated to the payment of any Obligations outstanding under the Master Indenture, including the Series 2022 Obligation.

Smith Senior Living receives management fees from the Borrower and Smith Village for providing the services described above. The management fees are 4% of the prior month's resident revenues for the respective Community, plus reimbursement of certain out-of-pocket expenses. Under the terms of the consulting services agreement, the Borrower also compensates Smith Senior Living for centralized accounting, IT and HR services provided by Smith Senior Living for the amounts incurred by Smith Senior Living in connection with the services provided to the Borrower.

Executive Management of Smith Senior Living and Smith Crossing

Below are biographies for the senior managers of Smith Senior Living:

Kevin McGee, President and Chief Executive Officer of Smith Senior Living - Mr. McGee is an Illinois-licensed nursing home administrator. He earned an M.B.A. in healthcare administration, graduating with honors from Saint Xavier University. He also received a bachelor's degree in sociology and graduated magna cum laude with a master's degree in gerontology from Eastern Illinois University. Mr. McGee joined Smith in 1998 and was the Executive Director at Smith Crossing in 2004 when it first opened. He then transferred to Smith Village as its Executive Director in 2009 when it opened as a CCRC. Mr. McGee has been the President and Chief Executive Officer of Smith Senior Living since 2012.

Raymond J. Marneris, CPA, Chief Financial Officer of Smith Senior Living - Mr. Marneris is a senior level executive with extensive experience leading all facets of financial operations for entities across diverse industries – including manufacturing, software and service organizations. He joined Smith Senior Living in April 2011. Previously, Mr. Marneris had served as CFO of Trinity Solutions, Inc. since April 1995 and CFO of Business Systems Corporation of America for the previous ten years.

Karen Jellema, Human Resources Director - Ms. Jellema has over 20 years experience directing a comprehensive Human Resource Management Program at Smith Senior Living to provide for an effective work force, assuring compliance with all applicable regulations.

Chris August, Corporate Facilities Management Director - Mr. August has been with Smith for over 30 years, where his key priority is the safety and security of residents. He ensures this by updating the detailed evacuation plans for both campuses and collaborating with the Environmental Services Departments at Smith Crossing and Smith Village. That establishes best practices for everything from responding to residents' requests, to ordering supplies, to completing preventive maintenance. By instituting enterprise-wide systems and procedures, Mr. August guarantees the most effective and efficient use of Smith's resources to the benefit of residents, be it the appearance of our buildings and apartments, the proper functioning of all equipment or the beauty and care of our landscaping.

James Schmitt, Chief Information Officer - Mr. Schmitt joined Smith Senior Living in 2011 as Chief Information Officer, where he is responsible for the implementation and maintenance of all technology solutions throughout the Smith communities. His department also provides support and training of emerging technologies for administrative staff and residents alike. Currently, Mr. Schmitt is leading the integration of Smith's electronic medical record solution that will be shared with other healthcare providers to streamline the transfer of Residents' patient health information, which will keep Smith communities at the vanguard of service to Residents.

Yahaira Ramirez, RN, Director of Clinical Operations – Ms. Ramirez started her career as a CNA, became an LPN and has completed her Bachelor of Science in Nursing. She joined Smith Village in 2009 as an Assistant Director of Nursing. In 2013 she was promoted to Director of Nursing. In 2019 Ms. Ramirez was transferred to

Director of Clinical Operations at Smith Senior Living, where she leads 200 CNAs, LPNs and RNs caring for Smith Crossing and Smith Village Residents. With over 20 years of clinical experience throughout different levels of care, Ms. Ramirez brings her experience to oversee policy and procedure development and implementation, regulatory compliance, budgetary compliance and the nursing leadership teams across Smith Senior Living.

Below are biographies for the senior managers of Smith Crossing:

Amanda Mauceri, Executive Director of Smith Crossing - Ms. Mauceri has more than 20 years of experience in senior living, most with Smith Village and Smith Crossing. She was part of the management team at Smith Crossing when it originally opened in 2004. In 2009 she transferred over to Smith Village as the Assistant Executive Director to help open its new community. As Executive Director of Smith Crossing, Ms. Mauceri is accountable for the overall operation of Smith Crossing in compliance with local, state, and federal guidelines and for providing Resident Services to maintain and enhance Smith Crossing's Mission Statement.

Dr. Ming-Yeng Tang, MD, Medical Director of Smith Crossing - Dr. Ming-Yeng Tang, MD has been Medical Director at Smith Crossing since October 2012. As Medical Director of Smith Crossing Dr. Tang guides, approves and helps oversee the development, implementation, and monitoring/evaluation of resident care policies and procedures.

Lisa Carrasco, Director of Nursing - Ms. Carrasco joined Smith Crossing in 2015 and was employed as a CNA for two years while studying to complete her Bachelor of Science in Nursing. She worked as a floor nurse at Smith Crossing, became part of the nursing management team and is now the Director of Nursing. She is also board certified in Gerontological Nursing through the ANCC. Ms. Carrasco is responsible for the development, implementation and monitoring of all health services including staffing, budgetary and regulatory compliance.

FACILITIES AND OPERATIONS

Facilities

Smith Crossing was originally developed in 2003 and now consists of 10 independent living ranch-style duplex homes, 163 independent living apartments, 46 assisted living units, 16 assisted living memory support units and 92 licensed nursing beds. Of the 92 licensed nursing beds, 30 are dual certified for Medicare and Medicaid and 62 are for short term rehabilitation and are Medicare certified.

Nearly all of the 32-acre Smith Crossing campus is fully developed, with little or no room for future expansion of that campus. The Borrower has no plans to expand the facilities or to expand its operations onto another campus or location.

[Remainder of page intentionally left blank.]

The following table shows average occupancy rates for Smith Crossing the fiscal years ended June 30, 2019, 2020, and 2021, and the six months ended December 31, 2021:

Historical Occupancy

	Fiscal Year Ended June 30,						December 31,	
Type of	**2019**		**2020**		**2021**		**2021**	
Facility	**Available**	**Occupied**	**Available**	**Occupied**	**Available**	**Occupied**	**Available**	**Occupied**
Independent Living	173	94.2%	173	91.9%	173	85.5%	173	88.4%
Assisted Living	46	91.3	46	87.0	46	97.8	46	87.0
Memory Care	16	100.0	16	87.5	16	100.0	16	100.0
Skilled Nursing	46	89.1	46	73.9	92	67.4	92	50.0
Total	**281**	**93.2%**	**281**	**87.9%**	**327**	**82.9%**	**327**	**78.0%**

As of mid-February 2022, Smith Crossing had approximately 29 prospective residents on its waiting list for independent living units at Smith Crossing. In first quarter of Fiscal Year 2021, Smith Crossing opened 46 new nursing beds, which expansion project was financed with proceeds of the Refunded Bonds, which accounts for the drop in occupancy for Fiscal Year 2021 and the six months ended December 31, 2021.

As of mid-February 2022, Smith Crossing had 151 of 173 available independent living units occupied, or approximately 87% occupied, 54 of 62 available assisted living units occupied, or approximately 87% occupied, and 41 of 92 available skilled nursing beds occupied, or approximately 44% occupied. As discuss in the front part of the Official Statement, the impact of the Omicron variant in the fourth quarter of calendar 2021 and the first quarter of calendar 2022 has directly affected the available nursing staff of Smith Crossing. As a result, the Borrower has not been able to open a portion of the new skilled nursing beds added as part of the 2018-19 expansion project funded with Refunded Bonds proceeds. See **"BONDOWNERS' RISKS – Availability of Health Care and Other Personnel"** in the front part of this Official Statement.

See also "**IMPACT OF COVID-19 PUBLIC HEALTH CRISIS ON THE BORROWER"** in this Official Statement and **"MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCES AND OPERATIONS"** in this ***Appendix A*** for a discussion of factors affecting occupancy since the onset of the pandemic.

Residency Agreements

The Residency Agreement (the **"Residency Agreement"**) is a contract under which the Borrower is obligated to provide certain services to a resident of an independent living unit (an **"ILU Resident"**) at Smith Crossing. The Borrower currently offers a 90% Refundable Residency Agreement, a Type C Residency Agreement, and a Temporary Trial Stay Residency Agreement plan option.

The Borrower considers applications for residence at Smith Crossing based upon the guidelines for the acceptance of ILU Residents described below and maintains sole discretion on the decision to accept an ILU Resident. An application for residence at Smith Crossing will be accepted only if the applicant demonstrates the ability to live independently and meet the financial obligations as an ILU Resident of the Independent Living Unit. Each ILU Resident must be 62 years of age or older at the time of establishing occupancy. In the case of two ILU Residents under one Residency Agreement, at least one of the residents must be age 62 at the time of establishing occupancy. No dependent children may reside in Smith Crossing unless otherwise permitted by the Borrower.

Non-ILU Residents may be admitted to the Assisted Living Center (the **"Assisted Living Center"**) as Non-ILU Residents if units are available in excess of those needed to satisfy the requirements of ILU Residents. ILU

Residents requiring care in the Health Center (the **"Health Center"**) or Assisted Living Center will have priority over Non-ILU Residents.

Resident Fee Structure

There are two types of residency fees required by all ILU Residents executing Residency Agreements: an Entrance Fee (the **"Entrance Fee"**) and a Monthly Service Fee (the **"Monthly Service Fee"**).

The Entrance Fee is a lump sum, one-time payment based on the type of Independent Living Unit to be occupied by the ILU Resident. To reserve a unit, a prospective ILU Resident must make an initial payment equal to 10% of the Entrance Fee prior to or upon the execution of the Residency Agreement and pay the remaining 90% of the Entrance Fee on or before the date of occupancy. Monthly Service Fees are payable in advance each month for residents of the Residential Units, Assisted Living Units and Nursing Care Beds.

The following table shows the total independent living unit inventory and the current Entrance Fee and the Monthly Service Fee for the units. The Entrance Fees shown are for the 90% refundable Residency Agreement. There is no second person Entrance Fee.

Smith Crossing Independent Living Inventory

	Apartment Style	Square Footage	No. of Units	Entrance Fee	Monthly Service Fee	Second Person Monthly Service Fee
Snowdrop	(1 bedroom)	747	7	$212,600	$2,801	$1,179
Sage	(1 bedroom)	776	8	216,500	2,904	1,179
Lily	(1 bedroom)	842	24	239,800	3,136	1,179
Lilac	(1 bedroom)	925	16	254,900	3,446	1,179
Clover	(1 bedroom/den)	981	15	271,200	3,479	1,179
Violet	(1 bedroom/den)	1,050	13	285,900	3,723	1,179
Freesia	(2 bedroom)	1,164	14	313,200	3,816	1,179
Foxglove	(2 bedroom)	1,211	20	332,900	4,037	1,179
Mulberry	(2 bedroom)	1,298	16	348,300	4,159	1,179
Marigold	(2 bedroom)	1,315	8	358,100	4,331	1,179
Gardenia	(2 bedroom)	1,355	3	365,800	4,385	1,179
Hydrangea	(2 bedroom/den)	1,550	8	422,700	4,522	1,179
Hyacinth	(2 bedroom/den)	1,568	11	412,800	4,497	1,179
Aster	(Villa)	1,506	6	367,500	3,847	0
Bellflower	(Villa)	1,809	4	391,300	4,569	0
	Total Independent Living		173			

[Remainder of page intentionally left blank.]

The following table shows the total assisted living and skill nursing unit inventory and the current Monthly Service Fees or daily rates for the units. In first quarter of Fiscal Year 2021, Smith Crossing opened 46 new nursing beds, which expansion project was financed with proceeds of the Refunded Bonds.

Smith Crossing Licensed Care Inventory

Apartment Style	Sq. Footage	No. of Units	Monthly Service Fee
Assisted Living			
Studio	406	18	$6,043
1 Bedroom	508	26	6,758
2 Bedroom	777	2	9,810
Memory Care Suite	338	16	7,767
Total Assisted Living		**62**	
Skilled Nursing			
Semi-Private Beds		8	$340.00 per day
Private Beds		22	431.00 per day
Greenleaf Rehab		62	489.00 per day
Total Skilled Nursing		**92**	

The skilled nursing unit at Smith Crossing currently has a quality rating of 4 stars by CMS.

Healthcare Discount

For single occupancy, upon permanent transfer to the Assisted Living Center or Health Center and release of the Independent Living Unit, the ILU Resident's Monthly Service Fee will be adjusted to the then-current Monthly Service Fee or per diem rate in effect for the Assisted Living Unit or the Skilled Care semi-private or private room selected by ILU Resident. The transferring ILU Residents aged 62 or older will be entitled to a health care discount for up to 48 months of up to $1,000 per month to be applied against the then-current Assisted Living Unit monthly service fee or monthly nursing fee. In the case of double occupancy, in the event of a permanent transfer of both ILU Residents and release of the Independent Living Unit, the Monthly Service Fee will be adjusted to the then-current Monthly Service Fee and second person Monthly Service Fee in effect for the Assisted Living Suite selected by ILU Resident. In the case where both occupants of an Independent Living Unit make a permanent transfer to the Health Center, causing the release of their Independent Living Unit, the Monthly Service Fee will be adjusted to the aggregate of the then-current daily rate in effect for the Health Center private bed selected by each ILU Resident.

Termination After Occupancy

After occupancy, the ILU Resident may terminate the Residency Agreement at any time by providing sixty days' written notice of termination to the Borrower. Under the 90% Refundable Residency Agreement, upon termination of the Residency Agreement and release of the Independent Living Unit, the Borrower will refund 90% of the Entrance Fee paid by the departing ILU Resident after the resident terminates occupancy and the apartment is reoccupied or 365 days after resident terminates occupancy, whichever occurs first.

The Borrower may terminate the Residency Agreement (i) if the ILU Resident (a) misrepresents or omits financial or health information provided to the Borrower; (b) fails to comply with the Borrower policies or creates a situation detrimental to the health, safety or quiet enjoyment of Smith Crossing by any resident or staff member; (c) files for bankruptcy protection or makes any conveyance of all or substantially all of the ILU Resident's assets for the benefit of creditors; (d) materially breaches the terms of the Residency Agreement; (e) is unable to occupy his unit because it becomes unfit for occupancy; or (f) fails to pay any amount owed to the Borrower under the Residency Agreement; provided the ILU Resident will have 60 days after receipt of written notice within which to cure any such condition; or (ii) if the ILU Resident (a) develops a condition the treatment for which the Borrower is not licensed or for which care cannot be provided without significant and unique expenditure; (b) becomes physically, mentally or emotionally disturbed to the degree that the ILU Resident's presence in Smith Crossing is deemed to be detrimental to the health, safety or welfare of the ILU Resident or to other ILU Residents of Smith Crossing; or (c) is in need of drug or alcohol rehabilitation, or have a condition the treatment for which the Borrower is not licensed or for which care cannot be provided by Smith Crossing without a significant and unique expenditure. The Residency Agreement will automatically terminate when an ILU Resident dies or, in the case of double occupancy, when the second ILU Resident dies.

In the case of two ILU Residents occupying an Independent Living Unit, if one of the ILU Residents terminates the Residency Agreement as to himself or herself and the other ILU Resident determines to remain in the Independent Living Unit, the Monthly Service Fee will be adjusted for single occupancy. In such cases, residents are not eligible for repayment of the Entrance Fee until termination by both ILU Residents.

ILU Residents may elect to move to another Independent Living Unit, at their own expense, subject to availability. In such event, the Residency Agreement in force will be amended to reflect the change in unit. The ILU Resident will pay or receive the difference in the then-current Entrance Fee and Monthly Service Fees for the new Independent Living Unit and the initial deposit.

Charitable Care

The Borrower may waive, defer or reduce the Entrance Fee and the Monthly Service Fee of an applicant or resident, to the extent that such accommodation can be made without impairing the ability of the Borrower to operate Smith Crossing on a sound financial basis. Management expects to make available, at a minimum, approximately 5% of Smith Crossing's Independent Living Units, Assisted Living and Skilled Care Units for such charitable care to be funded from operating cash flow, grants and contributions from donors or affiliated entities.

Financial Assistance

If a Resident no longer can pay the Monthly Service Fee in full due to lack of funds for reasons beyond the control of the Resident, the Borrower expects to subsidize, in whole or in part, the Monthly Service Fees and other charges, provided the ability of Smith Crossing to operate on a sound financial basis for all Residents is not materially impaired. In the event that financial assistance is provided by the Borrower, such amounts, plus interest, may be charged against the refund of the Entrance Fee owed to an ILU Resident upon termination of his or her Residency Agreement. The Borrower may also require an ILU Resident receiving financial assistance to move to a smaller or less expensive Independent Living Unit.

Resident Services

Upon payment in full of the Entrance Fee and ongoing payment of the Monthly Service Fee, each ILU Resident is provided occupancy of an Independent Living Unit and receives certain basic services in accordance with the Monthly Service Fee plan selected by the ILU Resident. Services provided under the full service plan (the **"Full Service Plan"**) include: (i) a meal plan that allows residents flexibility in dining; (ii) all utilities; (iii) bi-weekly housekeeping of the Independent Living Unit; (iv) bi-weekly cleaning and changing of bed linens; (v) maintenance of all community areas and equipment; (vi) repair, maintenance or replacement of appliances provided in the Independent Living Units; (vii) regularly scheduled local transportation; (viii) 24-hour monitoring of the emergency alert system; (ix) a variety of social, recreational, educational, cultural, and health and wellness programs; and (x) use of dining rooms, lounges, surface parking, storage lockers, social and recreational rooms and other common activity facilities. ILU Residents selecting the Select Service Plan (available for those residents who reside in the Independent Living Cottages) do not receive meals, housekeeping services or laundry services, but receive all other services described above.

In addition, the Borrower will provide ILU Residents with nursing services that are available in the Skilled Care or assisted living services that are available in the Assisted Living Center when a determination is made by the ILU Resident's physician, in consultation with the ILU Resident's family, and approved by Smith Crossing's Medical Director, that the ILU Resident needs nursing care or assisted living care. Assisted living services will be provided in an Assisted Living Suite and are designed to assist Assisted Living Residents with the activities of daily living, such as dressing, eating, bathing, toileting, and ambulating, which are approved by Smith Crossing's Medical Director and delivered in accordance with the routine care included in the Assisted Living Monthly Service Fee then in effect. Nursing services will be provided in a semi-private or private room and delivered in accordance with the routine care included in the basic nursing room rate then in effect. All residents will be billed for non-routine care and ancillary services at the then-current rate for such items.

Additional Services

Additional services may be available on a fee-for-service basis including, but not limited to, additional housekeeping, catering for special occasions, meal delivery services, additional ILU Resident and guest meals, barber and beautician services, Information Technology services, additional maintenance services, personalized transportation services and underground parking

Resident Revenues Payor Mix

The Borrower's resident revenues for licensed skilled and intermediate care nursing are derived from a variety of sources as shown in the charts below.

Average Payor Mix

	Fiscal Year Ended June 30,			**6 months Ended Dec. 31,**
	2019	**2020**	**2021**	**2021**
Private Pay and Other	64.5%	73.5%	56.2%	55.4%
Medicare	31.0%	23.4%	42.5%	44.6%
Medicaid	3.9%	2.4%	1.3%	0.0%
Other	0.7%	0.7%	0.0%	0.0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

[Remainder of page intentionally left blank.]

Service Area and Competition

The majority of residents of Smith Crossing come from 24 zip codes surrounding Smith Crossing. Until February 2017, state methodology considered 30-minute and 45-minute drive times to identify competitors. Currently, a new methodology uses a 10-mile radius service area. The primary market area includes the Villages of Orland Park, Mokena, New Lenox, Frankfort, Tinley Park, Palos Park, Oak Forest, Lockport and Homer Glen. Smith Crossing receives referrals from both Silver Cross Hospital (6 miles from Smith Crossing) and Palos Community Hospital (11 miles from Smith Crossing). Geographically, Smith Crossing is located more central to the Silver Cross Hospital service area and is located at the southern part of the Palos Community Hospital service area.

There are a wide range of retirement communities and stand-alone assisted living, skilled nursing and similar facilities in the primary market area served by Smith Crossing. Smith Crossing's primary competition in the area includes five life plan communities within 20 miles of Smith Crossing (excluding Smith Village, which is not viewed as a competitor) and 12 existing skilled nursing facilities within a 10-mile radius of Smith Crossing. Smith Crossing enjoys an outstanding reputation and there is high demand among patients who identify the community as their first choice for post-acute care during hospital discharge planning.

The life plan communities located within the approximately 20-mile radius are Victorian Village (7.6 miles), Marian Village (7.7 miles) , Peace Village (8.8 miles), Franciscan Village (13.7 miles), Smith Village (19.9 miles), and Plymouth Place (20.3 miles).

Licensure

The Borrower has been granted a permit to enter into Life Care contracts with residents by the Illinois Department of Public Health under the Life Care Facilities Act.

Borrower is licensed by the State of Illinois Department of Public Health and is regularly inspected by the State of Illinois Department of Public Health to determine compliance with applicable rules associated with its various licenses and certifications. The Borrower's licenses include Assisted Living License, Long Term Care License.

Borrower also maintains a license to sell alcoholic liquor at retail and operate a salon shop.

Accreditation and Affiliations

Smith Crossing is accredited by the Commission on Accreditation of Rehabilitation Facilities **("CARF")**. Since 2008, Smith Crossing has been awarded three consecutive five-year life plan community accreditations, a prestigious accomplishment that less than 10% of life plan communities achieve internationally. Receipt of CARF accreditation means that Smith Crossing has voluntarily put itself through a rigorous peer review process including an on-site survey. Furthermore, CARF accreditation indicates Smith Crossing's commitment to conforming to CARF's 900+ nationally recognized standards for excellence – including financial stability. Smith Crossing expects to continue the accreditation.

Insurance Coverage

The Borrower maintains insurance for property, operations and business against such casualties, contingencies and risks in amounts not less than is customary in the case of corporations engaged in the same or similar activities and similarly situated. The Borrower maintains general liability insurance with limits of $1,000,000 per claim and $3,000,000 in the aggregate, professional liability insurance with an aggregate limit of $3,000,000, and an excess (umbrella) coverage of $5,000,000, all subject to customary deductibles.

Employees

As of February 1, 2022 the Borrower had approximately 211 employees in addition to 31 nurses at Smith Cares that fill Smith Crossing nursing positions. The employees are not represented by a union or subject to any collective bargaining agreements. Management is not aware of any organizing efforts and believes its relations with employees are good.

SUMMARY OF FINANCIAL DATA

The following Summary Statements of Activities and Changes in Net Assets (Deficit) without donor restrictions of the Obligated Group for the fiscal years ended June 30, 2019, 2020, and 2021 have been derived from the financial statements audited by an independent audit firm. The summary also includes unaudited financial information and for the six months ended December 31, 2020 and 2021. The summary information presented below should be read in conjunction with the audited financial statements and related notes thereto for the fiscal years ended June 30, 2019, 2020 and 2021. Such audited financial statements are included as ***Appendix B*** of this Official Statement.

[Remainder of page intentionally left blank.]

Smith Crossing
Statement of Activities and Changes in Net Assets (Deficit)

	Fiscal Year Ended June 30,			6 Months Ended December 31,	
	2019	**2020**	**2021**	**2020**	**2021**
Changes in Net Assets Without Donor Restrictions					
Revenues, Gains, and Other Support:					
Independent Living Services	$6,963,207	$7,202,554	$7,003,959	$3,560,456	$3,520,554
Assisted Living Services	3,887,454	4,264,181	4,522,046	2,215,670	2,247,229
Nursing Care Services	5,919,605	6,101,067	8,559,319	3,761,251	4,663,030
Ancillary Services	418,350	484,755	483,157	222,472	268,153
Miscellaneous Support Services	254,368	290,952	158,128	56,747	99,200
Continuing-Care Contracts Recognized	606,892	610,241	697,397	344,491	333,135
Contributions	15,002	338,128	188,310	183,833	228,779
Total Revenues, Gains, and Other Support	**$18,064,878**	**$19,291,878**	**$21,612,316**	**$10,344,920**	**$11,360,080**
Operating Expenses					
Nursing Services	$3,411,690	$3,840,771	$5,160,513	$2,473,295	$2,814,785
Dining Services	2,942,227	3,080,499	3,437,934	1,662,503	1,901,743
Environmental Services	1,949,552	2,277,171	2,050,247	957,346	1,136,093
Smith Senior Living Service Fees	1,437,762	1,716,812	1,845,541	897,117	1,158,585
Administrative and General Services	1,225,535	1,445,073	1,974,137	1,076,365	1,094,408
Ancillary Services	1,186,417	1,192,959	1,954,281	876,559	1,016,481
Housekeeping and Laundry Services	761,753	834,078	922,122	435,660	429,732
Support Services	562,324	517,355	520,360	262,993	219,663
Marketing Services	702,760	669,394	515,923	274,613	310,751
Depreciation and Amortization	3,873,266	3,427,245	3,853,802	1,763,417	2,103,886
Interest Costs	1,386,146	1,301,427	1,866,868	695,613	1,118,169
Total Operating Expenses	**$19,439,432**	**$20,302,784**	**$24,101,728**	**$11,375,481**	**$13,304,296**
Operating Loss Before Other Income	$(1,374,554)	$(1,010,906)	$(2,489,412)	$(1,030,561)	$(1,944,216)
Interest and Dividends Income	378,822	465,155	375,057	224,185	335,214
PPP Loan Forgiveness	-	-	921,100	-	-
Change in Fair Value of Swap	(5,423,671)	(5,396,413)	3,599,497	919,330	1,087,493
Loss on Refinance of Long-Term Debt	(295,224)	-	-	-	-
Net Realized Gain on Investments	136,009	304,117	4,743,157	201,582	906,165
Net Unrealized Gain (Loss) on Equity Investments	271,712	(641,219)	(535,059)	2,583,091	(724,187)
Excess (Deficit) of Net Revenue Over Expense	**$(6,306,906)**	**$(6,279,266)**	**$6,614,340**	**$2,897,627**	**$(339,531)**
Changes in Net Assets Without Donor Restrictions	**$(6,306,906)**	**$(6,279,266)**	**$6,614,340**	**$2,897,627**	**$(339,531)**
Net Deficit Without Donor Restriction – Beginning of Year	$(4,375,919)	$(10,682,825)	$(16,962,091)	$(16,962,091)	$10,347,751
Net Deficit Without Donor Restrictions – End of Year	**$(10,682,825)**	**$(16,962,091)**	**$(10,347,751)**	**$(14,064,464)**	**$(10,687,282)**

The following table shows the historical and historical pro forma Debt Service Coverage Ratio for the Obligated Group, respectively assuming actual debt service for existing debt and the estimated maximum annual debt service for the Bonds, as if the Bonds had been outstanding for the periods shows with proceeds applied as of the beginning of such period to refund the Refunded Bonds. The financial information used to calculate the pro-forma Debt Service Coverage Ratio for the years ended June 30, 2019, 2020 and 2021 was derived from the underlying financial information used to compile the audited financial statements of the Obligated Group. Financial information as of December 31, 2021 is derived from unaudited financial statements of the Obligated Group. The Debt Service Coverage Ratio is calculated in accordance with the Master Indenture and is not defined by generally accepted accounting principles. As a result, the information may not be comparable to similarly titled measures used by other organizations.

		Fiscal Year Ended June 30,		**6 Months Ended December 31,**	
	2019	**2020**	**2021**	**2020**	**2021**
Debt Service Coverage Ratio					
Changes in Net Assets Without Donor Restrictions	$(6,306,906)	$(6,279,266)	$6,614,340	$2,897,627	$(339,531)
Less:					
Earned Entrance Fees	(606,892)	(610,241)	(697,397)	(344,491)	(333,135)
Plus:					
Depreciation and Amortization	3,873,266	3,427,245	3,853,802	1,763,417	2,103,886
Entrance Fees Rec'd (Net of Refunds)	2,262,948	1,134,104	(721,210)	402,875	2,816,892
Interest Costs	1,386,146	1,301,427	1,866,868	695,613	1,118,169
Change in Fair Value of Interest Rate Swap	5,423,671	5,396,413	(3,599,497)	(919,330)	(1,087,493)
Net Unrealized (Gain) Loss on Investments	(271,712)	641,219	535,059	(2,583,091)	724,187
Provision for (Recovery of) Bad Debts	(4,697)	(19,833)	(9,414)	53,541	192
Income Available for Debt Service	**$5,755,824**	**$4,991,068**	**$7,842,551**	**$1,966,161**	**$5,003,167**
Historical Debt Service Requirement	$1,832,146	$1,999,427	$2,599,868	$1,040,765	$1,586,321
Debt Service Coverage Ratio	**3.14**	**2.50**	**3.02**	**1.89**	**3.15**
Pro Forma Maximum Annual Debt Service (MADS)	$3,895,600	$3,895,600	$3,895,600	$1,947,800	$1,947,800
Historical Pro Forma MADS Coverage Ratio	**1.48**	**1.28**	**2.01**	**1.01**	**2.57**

[Remainder of page intentionally left blank.]

The following table shows the Days Cash on Hand (**"DCOH"**) for the Obligated Group. The financial information used to calculate the DCOH for the years ended June 30, 2019, 2020 and 2021 was derived from the underlying financial information used to compile the audited financial statements of the Obligated Group. Financial information as of December 31, 2021 is derived from unaudited financial statements of the Obligated Group. DCOH is calculated in accordance with the Master Indenture and is not defined by generally accepted accounting principles. As a result, the information may not be comparable to similarly titled measures used by other organizations.

	Fiscal Year Ended June 30,			**6 Months Ended December 31,**	
Days Cash on Hand	**2019**	**2020**	**2021**	**2020**	**2021**
Cash and Cash Equivalents	$3,194,798	$4,183,021	$2,046,251	$5,529,839	$2,240,494
Long-Term Investments	17,047,232	17,151,821	23,402,367	20,145,022	24,910,948
Total Cash and Investments	**$20,242,030**	**$21,334,842**	**$25,448,618**	**$25,674,861**	**$27,151,442**
Operating Expenses	$19,439,432	$20,302,784	$24,101,728	$11,375,481	$13,304,296
Less Depreciation and Amortization	(3,873,266)	(3,427,245)	(3,853,802)	(1,763,417)	(2,103,886)
Less Provisions for (recovery of) Bad Debts	4,697	19,833	9,414	(53,541)	(192)
Total Cash Operating Expenses	**$15,570,863**	**$16,895,372**	**$20,257,340**	**$9,558,523**	**$11,200,218**
Daily Cash Operating Expenses	42,660	46,289	55,500	51,948	60,871
Days Cash on Hand	**474**	**461**	**459**	**494**	**446**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCES AND OPERATIONS

Results of Operations for the Six Months ended December 31, 2021 Compared to the Six Months ended December 31, 2020

In September 2020, Smith Crossing received final approval from the Illinois Department of Public Health to fully operate the newly constructed skilled nursing building. For the six-month period ended December 31, 2021, census for the new skilled nursing building averaged 55% as compared to 24% for the same period in 2020. As of December 31, 2021, independent living and assisted living occupancy was 88% and 90%, as compared to 91% and 95% for the same period in 2020. Revenues increased by $1,015,000 as a direct result of the increase in Nursing Services provided by the expanded bed count for the full six-month period. The operating expense increase of $1,929,000 is also directly related to the operation of the new skilled building for the full six-month period, in addition to increased depreciation of $341,000 and interest expense of $423,000 with the prior bonds being fully drawn and a forward starting interest rate swap taking effect on October 2020. Increases in nursing services, dining services, environmental services and ancillary services expenses were also mostly attributed to the operation of the new skilled nursing building. The investment accounts produced gains of $518,000 for the six months ended December 31, 2021 as compared to gains of $3,009,000 over the same period in 2020. Entrance fee cash flow improved over this time period, improving to $2,816,000 for the six-month period ended December 31, 2021, as compared to $402,000 over the same period in 2020. Together with investment income and income from operations, the total increase in net assets for the six months ended December 31, 2021 was ($340,000) as compared to $2,898,000 over the same period the previous year.

Results of Operations for the Year ended June 30, 2021 Compared to the Year ended June 30, 2020

As noted above, in the first fiscal quarter of 2021, Smith Crossing received final approval from the Illinois Department of Public Health to fully operate the newly constructed skilled nursing building. For the fiscal year ended June 30, 2021, utilization of the new skilled nursing building averaged 38% with total census averaging 53 for the fiscal year as compared to total skilled census of 42 in fiscal year 2020. While skilled nursing utilization improved overall, average assisted living census and average independent living occupancy were lower as a result of the pandemic. Revenues increased by $2,320,000 in fiscal year 2021 as compared to fiscal year 2020 as a direct result of the increase in Nursing Services provided by the expanded bed count for the full in fiscal year. The operating expense increase of $3,799,000 was also related to the operation of the new skilled building, as well as additional COVID pandemic-related expenses. The change in the fair market value of the interest rate swaps related to the prior bonds, a non-cash change, was a gain of $3,599,000 in fiscal year 2021 as compared to a loss of $5,396,000 in fiscal year 2020. In fiscal year 2021 Smith Crossing recognized a gain of $921,000 with the forgiveness of the Payroll Protection Program Loan. The investments accounts produced gains of $4,583,000 in 2021 as compared to gains of $128,000 in 2020. Entrance fee cash flow decreased significantly in fiscal year 2021 and a portion of fiscal year 2020, as a direct result of the pandemic, where unit releases greatly outpaced resettlements during the period where the pandemic slowed the ability for residents to move in, while releases continued. Entrance fees received, net of refunds, was ($721,000) for fiscal year 2021 and $1,134,000 for fiscal year 2020. Together, with investment income and income from operations, the total increase in net assets in fiscal year 2021 was $6,614,000 as compared to ($6,279,000) in fiscal year 2020.

INVESTMENT POLICY

As part of the consulting management services provided by Smith Senior Living to the Borrower and Smith Village, Smith Senior Living assists in management of all investment funds, subject to the ultimate authority of the Board of Trustee of the Borrower and Smith Village to control their respective assets, including investment funds. Smith Senior Living has adopted an investment policy for the Borrower, Smith Village and Smith Senior Living. The following is a description of the investment policy for the Smith Crossing General Fund (the **"Smith Crossing Fund"** or the **"Fund"**), through which substantially all investments of the Borrower are managed. The Fund was established to provide perpetual financial support for Smith Crossing and its operations. It is the goal of the Board of Trustees of Smith Senior Living to maintain and invest the Fund so that the growth of the Fund will be sufficient to offset the effects of inflation and to provide perpetual funding at prescribed levels for the operations of Smith Crossing.

The investment objectives of the Smith Crossing Fund are to achieve:

- The funding of annual distributions from the Fund in accordance with the distribution policy described below to support and supplement SC's operations;
- The maintenance of the Fund's purchasing power with respect to inflation and spending;
- The generation of positive, long-term, real returns;
- The limitation of short-term investment losses; and
- Outperformance relative to a customized policy benchmark or asset allocation benchmark over a full market cycle.

The following table sets forth the target and actual allocation of the investments funds of the Smith Crossing Fund as of January 17, 2022:

Asset Category	Target	Actual (%)	Actual ($)
Cash and cash equivalents	2.0%	1.7%	$ 422,646
Fixed Income	38.0%	38.1%	9,366,789
Domestic Equities	28.0%	27.3%	6,725,296
International Equities	24.0%	24.6%	6,049,835
Hedge Funds	0.0%	0.0%	-
Commodities, Private Equity and Other	8.0%	8.3%	2,051,792
Total	**100.0%**	**100.0%**	**$24,616,358**

The following table sets forth the performance of the Smith Crossing Fund as of December 31, 2021 for the periods shown:

Trailing Performance Summary
As of December 31, 2021

	Current Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Smith Crossing General Fund	**3.16**	**9.98**	**13.30**	**9.55**	**6.79**	**6.91**	**2/1/2009**
Smith Crossing Custom Benchmark	3.69	9.98	13.47	9.66	6.98	7.48	2/1/2009
CPI +4%	3.22	11.41	7.67	7.04	6.20	6.27	2/1/2009

* * * * *

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE BORROWER

[THIS PAGE INTENTIONALLY LEFT BLANK]

WASHINGTON AND JANE SMITH COMMUNITY – ORLAND PARK
DBA: SMITH CROSSING

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

WASHINGTON AND JANE SMITH COMMUNITY – ORLAND PARK
DBA: SMITH CROSSING
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2021 AND 2020

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Washington and Jane Smith Community – Orland Park
dba: Smith Crossing
Orland Park, Illinois

We have audited the accompanying financial statements of the Washington and Jane Smith Community – Orland Park dba: Smith Crossing (the Organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets (deficit), functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Trustees
Washington and Jane Smith Community – Orland Park
dba: Smith Crossing

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington and Jane Smith Community – Orland Park dba: Smith Crossing as of June 30, 2021 and 2020, and the results of its operations, changes in net assets (deficit), and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oak Brook, Illinois
September 7, 2021

WASHINGTON AND JANE SMITH COMMUNITY – ORLAND PARK
DBA: SMITH CROSSING
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 2,046,251	$ 4,183,021
Resident Accounts Receivable	1,662,272	1,035,430
Entrance Fees Receivable	397,980	364,230
Other Receivables	960	1,110,772
Prepaid Expenses and Other Assets	101,637	68,176
Due from Affiliates	1,137,228	-
Total Current Assets	5,346,328	6,761,629
PROPERTY AND EQUIPMENT, NET	76,371,387	78,542,121
LONG-TERM INVESTMENTS	23,402,367	17,151,821
Total Assets	$ 105,120,082	$ 102,455,571

See accompanying Notes to Financial Statements.

WASHINGTON AND JANE SMITH COMMUNITY – ORLAND PARK
DBA: SMITH CROSSING
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2021 AND 2020

	2021	2020
LIABILITIES AND NET ASSETS (DEFICIT)		
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	$ 1,190,100	$ 1,628,100
Accounts Payable	1,162,118	1,446,379
Accounts Payable - Entrance Fees	1,909,643	1,269,565
Accrued Salaries	423,636	319,603
Accrued Interest	119,773	67,777
Resident Credit Balances	210,335	258,866
Deferred Revenue from Nonrefundable Continuing-Care Contracts	374,490	401,466
Refundable Reservation Deposits	535,468	438,037
Due to Affiliates	-	511,652
Total Current Liabilities	5,925,563	6,341,445
LONG-TERM LIABILITIES		
Long-Term Debt, Net of Current Portion	53,826,219	51,762,710
Fair Value Interest Rate Swap	7,500,372	11,099,869
Refundable Continuing-Care Contracts	45,214,899	46,980,747
Deferred Revenue from Nonrefundable Continuing-Care Contracts, Net of Current Portion	3,000,780	3,232,891
Total Long-Term Liabilities	109,542,270	113,076,217
Total Liabilities	115,467,833	119,417,662
NET ASSETS (DEFICIT)		
Without Donor Restrictions	(10,347,751)	(16,962,091)
Total Liabilities and Net Assets (Deficit)	$ 105,120,082	$ 102,455,571

See accompanying Notes to Financial Statements.

WASHINGTON AND JANE SMITH COMMUNITY – ORLAND PARK
DBA: SMITH CROSSING
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues, Gains, and Other Support:		
Independent Living Services	$ 7,003,959	$ 7,202,554
Assisted Living Services	4,522,046	4,264,181
Nursing Care Services	8,559,319	6,101,067
Ancillary Services	483,157	484,755
Miscellaneous Support Services	158,128	290,952
Resident Service Revenue	20,726,609	18,343,509
Continuing-Care Contracts Recognized	697,397	610,241
Contributions	188,310	338,128
Total Revenues, Gains, and Other Support	21,612,316	19,291,878
Operating Expenses:		
Nursing Services	5,160,513	3,840,771
Dining Services	3,437,934	3,080,499
Environmental Services	2,050,247	2,277,171
Smith Senior Living Service Fees	1,845,541	1,716,812
Administrative and General Services	1,974,137	1,445,073
Ancillary Services	1,954,281	1,192,959
Housekeeping and Laundry Services	922,122	834,078
Support Services	520,360	517,355
Marketing Services	515,923	669,394
Depreciation and Amortization	3,853,802	3,427,245
Interest Costs	1,866,868	1,301,427
Total Expenses	24,101,728	20,302,784
OPERATING LOSS BEFORE OTHER INCOME	(2,489,412)	(1,010,906)
Interest and Dividends Income	375,057	465,155
PPP Loan Forgiveness	921,100	-
Change in Fair Value of Swap	3,599,497	(5,396,413)
Net Realized Gain on Investments	4,743,157	304,117
Net Unrealized Loss on Equity Investments	(535,059)	(641,219)
EXCESS (DEFICIT) OF NET REVENUE OVER EXPENSE	6,614,340	(6,279,266)
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	6,614,340	(6,279,266)
Net Deficit Without Donor Restrictions - Beginning of Year	(16,962,091)	(10,682,825)
NET DEFICIT WITHOUT DONOR RESTRICTIONS - END OF YEAR	$ (10,347,751)	$ (16,962,091)

See accompanying Notes to Financial Statements.

WASHINGTON AND JANE SMITH COMMUNITY – ORLAND PARK
DBA: SMITH CROSSING
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services				Supporting Services	
	Skilled Nursing	Assisted Living	Independent Living	Total Program Services	Management and General	Total
Salaries	$ 1,905,125	$ 1,442,107	$ 1,866,506	$ 5,213,738	$ -	$ 5,213,738
Pension Plan	22,174	16,776	28,701	67,651	-	67,651
Employee Benefits	270,562	203,162	274,345	748,069	-	748,069
Payroll Taxes	144,819	109,817	136,535	391,171	-	391,171
Contract Labor	2,048,789	1,010,689	637,354	3,696,832	24,784	3,721,616
Personnel Costs	52,616	13,121	21,997	87,734	-	87,734
Supplies	164,408	117,838	309,671	591,917	30,704	622,621
Facility Costs	160,418	157,973	500,203	818,594	-	818,594
Utilities Expense	96,839	111,683	353,632	562,154	-	562,154
Telephone	14,604	9,989	31,829	56,422	-	56,422
Business and Dept. Expense	10,206	10,666	20,462	41,334	40,519	81,853
Programming Expense	8,684	10,016	90,448	109,148	-	109,148
Food Costs	176,717	208,161	649,194	1,034,072	197	1,034,269
Marketing and Advertising	47,916	55,261	174,978	278,155	-	278,155
Computers and Software	14,423	16,633	43,934	74,990	-	74,990
Professional Fees	2,997	3,456	10,943	17,396	18,600	35,996
Corporate and Administrative	2,907	3,353	10,617	16,877	57,674	74,551
Smith Senior Living Service Fees	-	-	-	-	1,845,541	1,845,541
Commercial Insurance	103,925	119,856	379,511	603,292	-	603,292
Taxes and Fees	21,414	24,696	78,197	124,307	-	124,307
Bond and Interest Expense	321,593	370,891	1,174,384	1,866,868	-	1,866,868
Therapy Expense	1,222,048	-	-	1,222,048	-	1,222,048
Medical Supplies	607,138	-	-	607,138	-	607,138
Depreciation/Amortization	621,936	727,020	2,504,846	3,853,802	-	3,853,802
Total Functional Expenses	$ 8,042,258	$ 4,743,164	$ 9,298,287	$ 22,083,709	$ 2,018,019	$ 24,101,728

See accompanying Notes to Financial Statements.

WASHINGTON AND JANE SMITH COMMUNITY – ORLAND PARK
DBA: SMITH CROSSING
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services				Supporting Services	
	Skilled Nursing	Assisted Living	Independent Living	Total Program Services	Management and General	Total
Salaries	$ 1,315,300	$ 1,322,160	$ 1,845,410	$ 4,482,870	$ -	$ 4,482,870
Pension Plan	17,148	14,906	27,769	59,823	-	59,823
Employee Benefits	185,995	182,467	267,154	635,616	-	635,616
Payroll Taxes	96,622	96,786	136,268	329,676	-	329,676
Contract Labor	1,446,410	920,176	718,546	3,085,132	33,842	3,118,974
Personnel Costs	38,518	9,891	15,008	63,417	-	63,417
Supplies	67,700	81,242	219,037	367,979	11,870	379,849
Facility Costs	130,242	187,842	619,181	937,265	-	937,265
Utilities Expense	79,854	116,080	383,361	579,295	-	579,295
Telephone	12,601	15,806	52,640	81,047	-	81,047
Business and Dept. Expense	10,857	12,387	32,516	55,760	44,648	100,408
Programming Expense	7,628	11,088	81,189	99,905	-	99,905
Food Costs	139,762	208,079	669,350	1,017,191	136	1,017,327
Marketing and Advertising	41,816	60,786	200,749	303,351	996	304,347
Computers and Software	6,733	9,787	32,322	48,842	-	48,842
Professional Fees	849	1,235	4,077	6,161	21,150	27,311
Corporate and Administrative	787	1,144	3,778	5,709	25,606	31,315
Smith Senior Living Service Fees	-	-	-	-	1,716,812	1,716,812
Commercial Insurance	54,585	79,348	262,052	395,985	-	395,985
Taxes and Fees	13,710	19,930	65,821	99,461	-	99,461
Bond and Interest Expense	179,397	260,782	861,248	1,301,427	-	1,301,427
Therapy Expense	666,651	-	-	666,651	-	666,651
Medical Supplies	397,916	-	-	397,916	-	397,916
Depreciation/Amortization	220,518	675,577	2,531,150	3,427,245	-	3,427,245
Total Functional Expenses	$ 5,131,599	$ 4,287,499	$ 9,028,626	$ 18,447,724	$ 1,855,060	$ 20,302,784

See accompanying Notes to Financial Statements.

WASHINGTON AND JANE SMITH COMMUNITY — ORLAND PARK
DBA: SMITH CROSSING
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets (Deficit)	$ 6,614,340	$ (6,279,266)
Adjustments to Reconcile Changes in Net Assets (Deficit) to Net Cash Provided by Operating Activities:		
Continuing-Care Contracts Recognized	(697,397)	(610,241)
Depreciation and Amortization	3,853,802	3,427,245
Amortized Interest Expense	37,695	37,695
Change in Fair Market Value of Interest Rate Swaps	(3,599,497)	5,396,413
Net Realized and Unrealized (Gain) Loss on Investments	(4,208,098)	337,102
PPP Loan Forgiveness	(921,100)	-
Changes in Assets and Liabilities:		
Resident Accounts Receivable	(626,842)	(186,509)
Other Receivables	1,109,812	(812,329)
Prepaid Expenses	(33,461)	36,443
Accounts Payable	(284,261)	(229,236)
Accrued Expenses and Other Current Liabilities	107,498	(1,395,203)
Refundable Reservation Deposits	97,431	(93,016)
Net Cash Provided (Used) by Operating Activities	1,449,922	(370,902)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,683,068)	(13,140,191)
Proceeds from Sale of Investment Securities	27,879,016	948,970
Purchases of Investment Securities	(29,465,105)	(4,133,417)
Net Cash Used by Investing Activities	(3,269,157)	(16,324,638)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Refundable and Nonrefundable Entrance Fees	4,615,532	6,409,099
Refunds of Entrance Fees	(5,336,742)	(5,274,995)
Net Advances from (to) Affiliates	(1,648,880)	537,403
Principal Payments on Capital Lease Obligations	-	(1,179)
Proceeds from Construction Loan	3,241,914	13,047,579
Proceeds from PPP Loan	-	921,100
Principal Payments on Long-Term Debt	(733,000)	(698,000)
Net Cash Provided by Financing Activities	138,824	14,941,007
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,680,411)	(1,754,533)
Cash and Cash Equivalents - Beginning of Year	4,197,227	5,951,760
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,516,816	$ 4,197,227
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest, Net of Capitalized Interest	$ 1,916,892	$ 1,255,085
SUPPLEMENTAL SCHEDULE - CASH RECONCILIATION		
Cash and Cash Equivalents	$ 2,046,251	$ 4,183,021
Cash within Investments	470,565	14,206
Total Cash and Cash Equivalents	$ 2,516,816	$ 4,197,227

See accompanying Notes to Financial Statements.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Washington and Jane Smith Community – Orland Park dba: Smith Crossing (the Organization) was incorporated under the laws of Illinois as a nonprofit corporation on August 2, 1999, for the charitable purpose of providing independent living, assisted living, and nursing care services to men and women through the operation of a life plan community, located in Orland Park, Illinois.

The Organization, a Commission on Accreditation of Rehabilitation Facilities (CARF) accredited Life Plan Community, operates 10 independent living ranch-style duplex homes, 163 independent living apartments, 46 assisted living units, 16 assisted living memory support units, and 92 licensed nursing beds. Thirty of the skilled licensed nursing beds are dual certified for Medicare and Medicaid. Sixty-two of the skilled licensed beds are for short-term rehabilitation and are Medicare certified. Construction of the skilled nursing addition was completed in March 2020 and the Illinois Department of Public Health issued the nursing bed license on Jul 16, 2020. The repurposing of the existing therapy room was completed in September 2020. The Organization offers a tiered approach to the aging process, accommodating resident's changing needs as they age through independent living, assisted living, and skilled nursing care. The Organization provides seniors the option to live an active lifestyle in one location for the duration of their remaining lives, with much of their future care already predetermined by the resident and the Life Plan agreements with the Organization.

On October 10, 2018, the Smith Crossing Plan of Financing was completed. The Illinois Finance Authority issued $24,500,000 Variable Rate Bonds Series 2018A which were directly purchased by BBVA Compass Bank. The loan proceeds, a construction draw down, were used to finance the third phase of the Smith Crossing development (the addition of the 46 skilled bed rehab unit), to finance $1,000,000 of routine capital projects, to fund the capitalized interest during construction and to provide payment for the cost of issuance. Simultaneously, the Illinois Finance Authority issued $18,064,000 Variable Rate Bonds Series 2018B which were directly purchased by BBVA Compass Bank and issued $14,686,000 Variable Rate Bonds Series 2018C which were directly purchased by First Midwest Bank. The loan proceeds from the Series 2018B and Series 2018C Bonds were used to refund the existing Series 2013 Bonds and provide funds to cover the Series 2013 swap terminations and pay the cost of issuance.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

The Organization's related corporate operating organizations (affiliates) that are not included in these financial statements include Washington and Jane Smith Home dba: Smith Senior Living (Smith Senior Living), Washington and Jane Smith Community – Beverly dba: Smith Village (Smith Village), and Smith Cares LLC (Smith Cares). Smith Senior Living is the sole member of Smith Crossing, Smith Village, and Smith Cares. Smith Cares provides nursing and maintenance support services to residents of Smith Crossing and Smith Village.

Basis of Presentation

The Organization has prepared the accompanying financial statements to present the financial position and results of operations on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Financial Accounting Standards Board Accounting Standards Codification (ASC) is the sole source of authoritative accounting principles generally accepted in the United States of America.

Upcoming Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses*. This standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the statements of activities and changes in net assets (deficit) will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. Based on a tentative decision reached by the FASB in July 2019, this standard will be effective for the Organization's year ending June 30, 2024. The Organization is currently in the process of evaluating the impact of the adoption of this ASU on the financial statements.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Liquidity

As a business-oriented nonprofit that is not solely dependent on donor contributions, the capital needs of the Organization and operating budgets are coordinated so that anticipated cash needs are provided by current cash flow from operations, supplemented from time-to-time by debt financing. Included with assets on the statement of financial position are financial assets available for general expenditure within one year of June 30, 2021, and include cash and cash equivalents, net accounts receivable, entrance fees receivable, and investments. See additional information with respect to cash and cash equivalents, net accounts receivable, entrance fees receivable, and investments further down in Note 4.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits in accounts that are interest-bearing and federally insured up to $250,000. Additionally, for purposes of the statements of cash flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Resident Accounts Receivable

The Organization reports accounts receivable for services rendered at their estimated net collectible invoice amount (the transaction price). The transaction price is determined by management's estimates based upon the nature and age of outstanding receivables, historical review of the Organization's explicit and implicit price concessions experience, and existing economic conditions. Management continuously monitor the expected realization of its billings and estimates implicit price concessions to provide for differences between billings and expected collections. If there is a deterioration of a resident's credit worthiness or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due to the Organization could be adversely affected. Accounts receivable are due in full when billed and payments are applied to the specific invoices identified on the patient's or third-party's remittance advice, or, if unspecified, to the earliest unpaid invoice.

Entrance Fees Receivable

Entrance fees receivable consist of unpaid entrance fees from residents. As these amounts are due within 12 months and considered fully collectible, no allowance as been established for these balances.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Receivables

Other receivables consist of amounts owed to the Organization from construction draws held at Chicago Title and Trust Company.

Property and Equipment

Property and equipment are stated at cost or, if donated to the Organization, at fair value on the date of donation. Additions and improvements with an estimated useful life of three years or more and a cost in excess of $5,000 are capitalized; expenditures for routine maintenance are charged to operations. Depreciation is provided over the estimated useful lives of the various classes of assets on the straight-line method.

Impairment of Long-Lived Assets

On an ongoing basis, the Organization reviews long-lived assets for impairment whenever events or circumstances indicate the carrying amounts may be overstated. The Organization recognizes impairment losses if the undiscounted cash flows expected to be generated by the asset are less than the carrying value of the related asset. The impairment loss adjusts the assets to fair value. As of June 30, 2021 and 2020, management believes that no impairments existed.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Investment income or loss (including realized gains and losses on investments, unrealized gains and losses, interest, and dividends) is included in the determination operating income or loss unless the income or loss is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

The Organization's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the statements of financial position are subject to various risks including changes in equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying statements of financial position could change materially in the near term. See also Note 3.

Refundable Reservation Deposits

The Organization has collected a 10% refundable reservation deposit from individuals who have signed intents to occupy an independent living unit. The total liability, including accrued interest payable, was $198,776 and $123,336 at June 30, 2021 and 2020, respectively.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Refundable Reservation Deposits (Continued)

The Organization has also collected a refundable reservation deposit from individuals who occupy assisted living and skilled nursing units. The Organization does not pay interest on these deposits. The liability was $336,652 and $314,701 at June 30, 2021 and 2020, respectively.

Life Plan Contracts

Under a Life Plan contract, a resident makes an initial two-part payment for their occupied unit. The Organization offers different Life Plan contracts ranging from 90% to 95% refundable. The refundable portion of the payment is held as an interest-free deposit by the Organization and is repaid, as provided in the contract, after the resident terminates occupancy at the Organization and their unit is reoccupied or 365 days after the resident terminates occupancy at the Organization, whichever occurs first. The refundable portion of the payment is not recognized into income by the Organization. The nonrefundable portion is recorded as deferred revenue when the contract is executed and the resident takes occupancy. Revenue is recognized over the resident's remaining life expectancy as determined annually from actuarial tables.

In addition to the initial payment, residents pay a monthly service charge for utilities, insurance, maintenance, and other provided services. The resident does not acquire an ownership interest in the property.

Resident Services Revenue

Resident services revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing resident care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the residents and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. Management believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents receiving skilled nursing or residential housing services in the community.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services Revenue (Continued)

The Organization considers daily services provided to residents of the skilled nursing facility, and monthly rental for housing services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the residents and customers in a retail setting (for example, gift shop and cafeteria meals) and the Organization does not believe they are required to provide additional goods or services related to that sale.

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policy and/or implicit price concessions provided to residents. The Organization determines its estimates of contractual adjustments based on contractual agreements, their policies, and historical experience. The Organization determined their estimate of implicit price concessions based on their historical collection experience.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicaid

The Organization participates in the Medicaid program administered by the Illinois Department of Healthcare and Family Services (HFS). A licensed nursing facility that participates in the Medicaid program in the state of Illinois is reimbursed based upon facility specific prospective daily rates. Rates are set taking into account individual facility costs, variations in patient case mix, and geographical location. Facilities are subject to periodic audits by the Illinois Department of HFS which may result in retroactive adjustments to set rates.

Medicare

The Organization participates in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). The Organization is paid under the Medicare Prospective Payment System (PPS) for residents who are Medicare Part A eligible and meet the coverage guidelines for skilled nursing facility services (SNFs). Through September 30, 2019, the PPS was based on Resource Utilization Groups (RUG-IV) which was a patient classification system that placed residents into payment groups based on their care and resource needs. Annual cost reports are required to be submitted to the designated Medicare administrative contractor; however, they do not contain a cost settlement.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services Revenue (Continued)

Medicare (Continued)

CMS recently finalized the Patient Driven Payment Model (PDPM) to replace the existing Medicare reimbursement system effective October 1, 2019. Under PDPM, therapy minutes are removed as the primary basis for payment and instead uses the underlying complexity and clinical needs of a patient as a basis for reimbursement. In addition, PDPM introduces variable adjustment factors that change reimbursement rates during the resident's length of stay. Nursing facilities licensed for participation in the Medicare and Medical Assistance programs are subject to annual licensure renewal. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the licensed nursing facility.

Other

Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined daily rates.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Organization's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price, were not significant for the years ended June 30, 2021 and 2020.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent charges to the estimate of the transaction price are generally recorded as adjustments to resident services revenue in the period of the change. Additionally, revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended June 30, 2021 and 2020. Subsequent changes that are determined to be the result of an adverse change in a resident's ability to pay are recorded as bad debt expense.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services Revenue (Continued)

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (for example, Medicare, Medicaid, managed care or other insurance, resident) have different reimbursement/payment methodologies
- Length of the resident's service/episode of care
- Geography of the service location
- Method of reimbursement
- The Organization's line of business that provided the service (skilled nursing, assisted living, independent living, home health, etc.)

For the years ended June 30, 2021 and 2020, the Organization recognized revenue of approximately $21,266,000 and $18,663,000, respectively, from goods and services that transfer to the customer over time. Revenue from goods and services that transfer to the resident at a point in time were approximately $107,000 and $170,000 for the years ended June 30, 2021 and 2020, respectively.

Occupancy Percentages

During the years ended June 30, the occupancy percentages and the percentages of residents covered under the Medicaid and Medicare programs for the skilled nursing facility were as follows:

	2021		2020	
	Days	Percent	Days	Percent
Medicaid	251	1.3 %	326	2.2 %
Medicare	8,089	42.4	3,277	21.7
Private and Other	10,721	56.1	11,522	76.1
Total	19,061	100.0 %	15,125	100.0 %

For the years ended June 30, 2021 and 2020, occupancy percentages for the assisted living units were 94% and 94%, respectively.

For the years ended June 30, 2021 and 2020, occupancy percentages for the independent living units were 89% and 95%, respectively.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Obligation to Provide Future Services

The Organization calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares 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 a corresponding charge to income. No such obligation was required to be recorded at June 30, 2021 and 2020.

Net Assets

Contributions received are recorded as an increase in net assets without donor restrictions and net assets with donor restrictions, depending on the existence or nature of any donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions — Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment and a board-designated building fund.

Net Assets With Donor Restrictions — Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

As of June 30, 2021 and 2020, the Organization has no net assets with donor restrictions.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Contributions

In addition to receiving cash contributions, the Organization periodically receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind contributions as both revenue and expense for the programs or activities benefited when such donations create or enhance nonfinancial assets or require specialized skills, are performed by people with these skills and would be purchased by the Organization. No such contributions were received during 2021 and 2020.

The value of donated services is not reflected in the accompanying financial statements since the above criteria were not met. However, volunteers have donated 6,265 hours and 8,032 hours to various activities for the years ended June 30, 2021 and 2020, respectively.

Charitable Care

Smith Senior Living sponsors senior living communities with a history of more than nine decades of serving seniors. Designed to support Independent living, Assisted living, Alzheimer's and Memory support, and Skilled Nursing Care; residents and their families are offered the security of knowing assistance and health care is available, all on the same campus, if and when it is ever needed.

Charity care covers services provided to a resident with a demonstrated inability to pay. A resident is eligible for charity care consideration based upon meeting certain income and asset eligibility criteria as established by corporate policy. Charity care represents residential and health care services that are provided but are never expected to result in payment. As a result, charity care does not qualify for recognition as receivable or net resident revenue in the financial statements. Charity care will be valued based on the lower of cost of resident care services, or charges, with costs being determined by application of the standard cost-to-charge ratio or from the Organization's cost accounting system.

Using this methodology, the Organization has estimated the costs foregone for service and supplies furnished under the Organization's financial assistance policy aggregated approximately $357,300 and $175,600 for the years ended June 30, 2021 and 2020, respectively.

Uncompensated Charges

The Organization provides nursing care to residents under the Medicaid program for which the costs to provide such care exceeds reimbursement. The Organization funds this difference through its operations and charitable giving. The shortfall associated for care provided under this program for the years ended June 30, 2021 and 2020, was approximately $59,800 and $60,100, respectively.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization qualifies as a tax-exempt corporation described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the IRC.

The Organization is not aware of any activities that would jeopardize its tax-exempt status. Should that status be challenged in the future, all years since inception could be subject to review by the IRS.

Advertising

The Organization expenses general and employment advertising costs as incurred. Advertising expense amounted to approximately $64,307 and $127,000 for the years ended June 30, 2021 and 2020, respectively.

Deficit of Net Revenue Over Expense

The statements of activities and changes in net assets include a measurement of deficit of net revenue over expense. Changes in net assets without donor restrictions which are excluded from deficit of net revenue over expense, consistent with industry practice, include net unrealized gains (losses) on debt instruments and contributions from affiliates.

Interest Expense

Interest expense on the statements of activities and changes in net assets (deficit) includes amortization expense associated with long-term debt issuance costs, discounts, and bond premium of $37,695 and $37,695 for the years ended June 30, 2021 and 2020, respectively.

Interest Rate Swaps

The Organization utilizes derivative instruments to mitigate its exposure to interest rate fluctuations. All derivative instruments are recorded in the statements of financial position at fair value. Management has elected not to apply hedge accounting. Therefore, the change in fair value of derivative instruments is reflected in nonoperating revenues (expenses) in the accompanying statements of activities and changes in net assets (deficit). The period cash settlements on these derivative instruments are recorded in interest expense.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Costs

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to the benefits provided. Certain other expense categories that are attributable to more than one health care service require an allocation on a reasonable basis that is consistently applied. Cost not directly attributable to a function, including general depreciation, interest, and other occupancy costs, is allocated to a function based on the number of residents served in each program. Other expenses that are common to several functions are allocated by various statistical bases as determined by management.

Reclassifications

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation. The reclassifications had no effect on total assets, liabilities, net assets or changes in net assets previously presented.

NOTE 2 PROPERTY AND EQUIPMENT

The Organization's property and equipment and the related accumulated depreciation at June 30 are as follows:

	2021	2020
Land	$ 6,452,639	$ 6,452,639
Buildings and Improvements	101,333,867	80,486,847
Furniture and Equipment	3,583,287	2,213,354
Vehicles	297,932	247,931
Construction in Progress	102,139	20,754,289
Subtotal	111,769,864	110,155,060
Less: Accumulated Depreciation	35,398,477	31,612,939
Total	$ 76,371,387	$ 78,542,121

Depreciation expense for the years ended June 30, 2021 and 2020, was $3,853,802 and $3,427,245, respectively.

NOTE 3 INVESTMENTS

The following are the major types of investments held by the Organization at June 30:

	2021	2020
Unrestricted Long-Term Investments:		
Cash and Cash Equivalents	$ 470,565	$ 14,206
Mutual Funds	22,931,802	17,137,615
Total	$ 23,402,367	$ 17,151,821

NOTE 4 LIQUIDITY AND AVAILABLE RESOURCES

Liquidity and Available Resources

As of June 30, 2021, the Organization and financial assets available within one year of the statement of financial position date for general expenditures as follows:

	2021	2020
Cash and Cash Equivalents	$ 2,046,251	$ 4,183,021
Investments	23,402,367	17,151,821
Resident Accounts Receivable	1,662,272	1,035,430
Entrance Fees Receivable	397,980	364,230
Other Receivable	-	1,112,632
Total Financial Resources Available Within One Year	$ 27,508,870	$ 23,847,134

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Cash in excess of daily requirements is invested in short-term investments. To help manage unanticipated liquidity needs, the Organization has $23,402,367 and $17,151,821 in liquid investments without donor restrictions.

NOTE 5 LONG-TERM DEBT

A summary of long-term debt at June 30 is as follows:

Description	2021	2020
Illinois Finance Authority Variable Rate Revenue bonds Series 2018A, (the Organization) in the amount of $24,500,000 with a final maturity date of October 1, 2043. The Series 2018A bonds have been privately placed with BBVA Bank for the initial 10-year period, as a 24 month construction draw down with interest only during construction at a variable rate equal to 79% of the one month London Interbank Offered Rate (LIBOR) plus 1.25% (1.32% at June 30, 2021). Secured by real estate.	$ 24,492,000	$ 21,250,086
Illinois Finance Authority Variable Rate Revenue bonds Series 2018B, (the Organization) in the amount of $18,064,000 with a final maturity date of October 1, 2043. The Series 2018B bonds have been privately placed with BBVA Bank for the initial 10-year period, requiring monthly payments of $31,000 plus interest at a variable rate equal to 75% of the one month LIBOR plus 1.78% (1.32% at June 30, 2021). Secured by real estate.	17,029,000	17,433,000
Illinois Finance Authority Variable Rate Revenue bonds Series 2018C, (the Organization) in the amount of $14,686,000 with a final maturity date of October 1, 2043. The Series 2018C bonds have been privately placed with First Midwest Bank for the initial 10-year period, requiring monthly payments of $25,000 plus interest at a variable rate equal to 75% of the one month LIBOR plus 1.78% (1.32% at June 30, 2021). Secured by real estate.	13,844,000	14,173,000
Paycheck Protection Program (PPP) loan from Compass BBVA Bank dated April 17, 2020 with a final maturity date of April 17, 2022. This PPP loan is unsecured and includes interest at an annual rate of 1% with no required principal or interest payments for the first six months. Under the terms of the PPP loan , the Organization received full forgiveness by incurring eligible expenses during the covered period.	-	921,100
Subtotal	55,365,000	53,777,186
Less: Unamortized Bond Issuance Costs, Net	(348,681)	(386,376)
Less: Current Maturities	(1,190,100)	(1,628,100)
Total	$ 53,826,219	$ 51,762,710

NOTE 5 LONG-TERM DEBT (CONTINUED)

Future maturities of long-term debt for the years ending June 30 are as follows:

Year Ending June 30,	Amount
2022	$ 1,190,100
2023	1,459,000
2024	1,534,000
2025	1,613,000
2026	1,695,000
Thereafter	47,873,900
Total	$ 55,365,000

Bond Issuance Costs

Bond issuance costs represent costs incurred with the Series 2018 Bond issue to refinance the Series 2013 Bonds and fund the Phase 3 of the campus development and total $452,343. These deferred costs are being amortized using the effective interest method over the life of the bonds.

Accumulated amortization as of June 30, 2021 and 2020 is $103,662 and $65,967, respectively.

Restrictive Covenants

The provisions of the debt agreements as described above contain various restrictive covenants that limit the occurrence of additional debt and require certain measures of financial performance be satisfied as long as the debt is outstanding. Failure to maintain compliance could result in acceleration of payment for debt outstanding under the Master Trust Indenture. At June 30, 2021 and 2020, the Organization was in compliance with all such covenants.

NOTE 6 INTEREST RATE SWAPS

The Organization entered into an interest rate swap agreement on October 10, 2018 to hedge interest rate exposure on the Series 2018A Bonds. The agreement, which expires on October 10, 2030, effectively fixed the interest rate on an original notional value of $24,500,000 at 3.937%. Simultaneously, the Organization entered into an interest rate swap agreement on October 10, 2018 to hedge interest rate exposure on the Series 2018B Bonds. The agreement, which expires on October 10, 2030, effectively fixed the interest rate on an original notional value of $18,064,000 at 3.884%. The Organization also entered into an interest rate swap agreement on October 10, 2018 to hedge interest rate exposure on the Series 2018C Bonds. The agreement, which expires on October 10, 2030, effectively fixed the interest rate on an original notional value of $14,686,000 at 3.83%. Notional values of the swaps include annual amortization consistent with the Series 2018A, Series 2018B, and Series 2018C Bonds. These agreements are considered to be derivative financial instruments and are reported at their fair value as a liability of $7,500,372 and $11,099,869 in long-term liabilities in the statements of financial position at June 30, 2021 and 2020, respectively. The net changes in the fair value of the agreements are reported as Nonoperating Revenues (Expenses) in the statements of activities and changes in net assets (deficit) for the years ended June 30, 2021 and 2020.

NOTE 7 DEFINED CONTRIBUTION PLAN

The Organization provides benefits under the same plan of its affiliate organization, Smith Senior Living. The Organization now follows safe harbor provisions by matching 100% of employees' first 3% of contributions, plus 50% of the next 2% of employee compensation. The Organization's plan also provides for an additional discretionary contribution to all eligible employees who have in excess of 1,000 hours worked in the plan year, are age 21 or older, and are employed as of the last day of the plan year. Employer contributions to the 401(k) plan for the years ended June 30, 2021 and 2020 totaled $67,651 and $59,824, respectively.

NOTE 8 COMMITMENTS AND CONTINGENCIES

Litigation

The Organization is subject to asserted and unasserted claims encountered in the normal course of business. The Organization's management and legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Organization or unasserted claims that may result in such proceedings, the Organization's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein. In the opinion of management, disposition of these matters will not have a material effect on the Organization's financial condition or results of operations.

NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Health Care

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to matters such as licensure, accreditation, government health care program participation requirements, reimbursement for resident services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Government Regulations – Medicaid

The state of Illinois reserves the right to perform field audit examinations of the Organization's records. Any adjustments resulting from such examinations could retroactively adjust Medicaid revenue.

Government Regulations – Medicare

The Medicare intermediary has the authority to audit the skilled nursing facility's records any time within a three-year period after the date the skilled nursing facility receives a final notice of program reimbursement for each cost reporting period. Any adjustments resulting from these audits could retroactively adjust Medicare revenue.

COVID-19

The Coronavirus Disease (COVID-19) pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its fiscal 2022 operations and financial results including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of healthcare personnel, or loss of revenue due to reductions in certain revenue streams. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

During the year ended June 30, 2021, the Organization received funding from the United States Department of Health and Human Services of approximately $161,000 as part of the Provider Relief Fund established by The Coronavirus Aid, Relief, and Economic Security (CARES) Act. This funding, which is included within contributions on the statements of activities and changes in net assets (deficit), was be used to reimburse the Organization for costs related to preventing, preparing for, and responding to coronavirus along with lost revenues.

NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)

COVID-19 (Continued)

Smith Crossing obtained a Paycheck Protection Program (PPP) loan from Compass BBVA Bank dated April 17, 2020 with a final maturity date of April 17, 2022. This PPP loan was unsecured and included interest at an annual rate of 1% with no required principal or interest payments for the first six months. Under the terms of the PPP loan, the Organization applied for and received full forgiveness on these loans by incurring eligible expense during the covered period, and recognized this forgiveness within the statement of activities during the year ended June 30, 2021.

NOTE 9 CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalents, investments, and assets limited as to use, at financial institutions which management believes has strong credit ratings and that the credit risk related to these deposits is minimal. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At times, deposits may exceed FDIC limits. The Organization has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk.

The Organization grants credit without collateral to its various facility residents or their families, most of who are private pay individuals or are insured under third-party payor agreements. The mix of receivables from residents and third-party payors was as follows at June 30:

	2021	2020
Medicaid	22.0 %	32.0 %
Medicare	57.0	32.0
Private and Insurance	21.0	36.0
Total	100.0 %	100.0 %

NOTE 10 RELATED PARTY TRANSACTIONS

Services Agreement

The Organization has an agreement with Smith Senior Living to oversee its general operations. This agreement renews annually unless terminated in accordance with other terms and conditions contained therein. Under the terms of the agreement, the Organization must compensate Smith Senior Living for services rendered. Furthermore, certain subordination provisions apply in connection with payment of compensation to Smith Senior Living.

Expenses incurred by the Organization for services provided under this agreement and certain pass-through corporate costs for the years ended June 30, 2021 and 2020, were approximately $1,846,000 and $1,717,000, respectively.

NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)

Expenses

Smith Senior Living is the sole member of Smith Cares, which provides nursing and maintenance support services to residents of the Organization. Expense incurred by the Organization with Smith Cares for the years ended June 30, 2021 and 2020, totaled approximately $2,534,000 and $1,831,000, respectively.

Due to/from Affiliates

The Organization had amounts due from Smith Senior Living and Smith Cares at June 30, 2021 of $1,137,228 and amounts due to Smith Senior Living and Smith Cares at June 30, 2020 of $511,652, representing certain other pass-through corporate costs related to services provided by Smith Senior Living.

NOTE 11 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The accounting principles generally accepted in the United States of America define fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Organization's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The guidance establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date. The fair values of cash and cash equivalents, common stock, and mutual funds that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges.

Level 2 – *S*ignificant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable, or can be corroborated by observable market data.

Level 3 – *S*ignificant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The level that has the most observable significant input determines the placement of the entire fair value measurement in the hierarchy.

NOTE 11 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Fixed Income	$ 12,374,085	$ -	$ -	$ 12,374,085
Equities	10,557,717	-	-	10,557,717
Total Investments at Fair Value	$ 22,931,802	$ -	$ -	$ 22,931,802
Interest Rate Swaps	$ -	$ 7,500,372	$ -	$ 7,500,372

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Fixed Income	$ 9,337,632	$ -	$ -	$ 9,337,632
Equities	7,799,983	-	-	7,799,983
Total Investments at Fair Value	$ 17,137,615	$ -	$ -	$ 17,137,615
Interest Rate Swaps	$ -	$ 11,099,869	$ -	$ 11,099,869

Interest Rate Swaps

The fair value of the interest rate swaps are estimated by a third party using a model that builds a yield curve from market data for actively traded securities at various times and maturities and takes into account current interest rates and the current credit worthiness of the respective counterparties. Such securities are classified within Level 2 of the valuation hierarchy.

NOTE 12 CASH FLOW DISCLOSURES

During the year ended June 30, 2021, the Organization had the following noncash activities:

Refundable Life Plan contracts in process of settlement included in accounts payable totaled $1,909,643.

Entrance fees totaling $397,980 were financed through the issuance of entrance fee receivables.

Interest incurred on long-term debt being used to fund the phase three campus development was capitalized in the amount of $153,215.

NOTE 12 CASH FLOW DISCLOSURES (CONTINUED)

During the year ended June 30, 2020, the Organization had the following noncash activities:

Fixed asset additions totaling $678,679 were included within accounts payable at year-end.

The Organization reduced refundable Life Plan contracts and resident accounts receivable by $200,283 for residents who used a portion of the refundable entrance fee in order to pay outstanding monthly service fees.

Refundable Life Plan contracts in process of settlement included in accounts payable totaled $1,269,565.

Entrance fees totaling $364,230 were financed through the issuance of entrance fee receivables.

Interest incurred on long-term debt being used to fund the phase three campus development was capitalized in the amount of $383,518.

NOTE 13 SUBSEQUENT EVENTS

The Organization evaluated subsequent events through September 7, 2021, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2021, but prior to September 7, 2021, that provided additional evidence about conditions that existed at June 30, 2021, have been recognized in the financial statements for the year ended June 30, 2021. Events or transactions that provided evidence about conditions that did not exist at June 30, 2021, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2021.

WASHINGTON AND JANE SMITH COMMUNITY — ORLAND PARK
DBA: SMITH CROSSING

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

CLAconnect.com

WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND
CONSULTING

WASHINGTON AND JANE SMITH COMMUNITY — ORLAND PARK
DBA: SMITH CROSSING
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2020 AND 2019

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Washington and Jane Smith Community — Orland Park
dba: Smith Crossing
Orland Park, Illinois

We have audited the accompanying financial statements of the Washington and Jane Smith Community — Orland Park dba: Smith Crossing (the Organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets (deficit), functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Trustees
Washington and Jane Smith Community — Orland Park
dba: Smith Crossing

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington and Jane Smith Community — Orland Park dba: Smith Crossing as of June 30, 2020 and 2019, and the results of its operations, changes in net assets (deficit), and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oak Brook, Illinois
October 13, 2020

WASHINGTON AND JANE SMITH COMMUNITY — ORLAND PARK
DBA: SMITH CROSSING
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 4,183,021	$ 3,194,798
Resident Accounts Receivable	1,035,430	1,049,204
Entrance Fees Receivable	364,230	491,940
Other Receivables	1,110,772	298,443
Prepaid Expenses and Other Assets	68,176	104,619
Due from Affiliates	-	25,751
Total Current Assets	6,761,629	5,164,755
PROPERTY AND EQUIPMENT, NET	78,542,121	68,150,496
OTHER ASSETS		
Long-Term Investments	17,151,821	17,047,232
Total Other Assets	17,151,821	17,047,232
Total Assets	$ 102,455,571	$ 90,362,483

See accompanying Notes to Financial Statements.

WASHINGTON AND JANE SMITH COMMUNITY — ORLAND PARK
DBA: SMITH CROSSING
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2020 AND 2019

LIABILITIES AND NET ASSETS (DEFICIT)	2020	2019
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	$ 1,628,100	$ 698,000
Current Portion of Capital Lease	-	1,179
Accounts Payable	1,446,379	996,936
Accounts Payable - Entrance Fees	1,269,565	1,739,866
Accrued Salaries	319,603	1,783,441
Accrued Interest	67,777	69,269
Resident Credit Balances	258,866	188,740
Deferred Revenue from Nonrefundable Continuing-Care Contracts	401,466	387,791
Refundable Reservation Deposits	438,037	531,053
Due to Affiliates	511,652	-
Total Current Liabilities	6,341,445	6,396,275
LONG-TERM LIABILITIES		
Long-Term Debt, Net of Current Portion	51,762,710	39,384,435
Fair Value Interest Rate Swap	11,099,869	5,703,456
Refundable Continuing-Care Contracts	46,980,747	46,384,375
Deferred Revenue from Nonrefundable Continuing-Care Contracts, Net of Current Portion	3,232,891	3,176,767
Total Long-Term Liabilities	113,076,217	94,649,033
Total Liabilities	119,417,662	101,045,308
NET ASSETS (DEFICIT)		
Without Donor Restrictions	(16,962,091)	(10,682,825)
Total Liabilities and Net Assets (Deficit)	$ 102,455,571	$ 90,362,483

See accompanying Notes to Financial Statements.

WASHINGTON AND JANE SMITH COMMUNITY — ORLAND PARK
DBA: SMITH CROSSING
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues, Gains, and Other Support:		
Independent Living Services	$ 7,213,740	$ 6,976,331
Assisted Living Services	4,594,738	4,284,327
Nursing Care Services	6,023,960	5,762,761
Ancillary Services	1,682,274	1,817,819
Miscellaneous Support Services	290,952	254,368
Explicit Price Concessions	(940,175)	(1,206,997)
Health Services Implicit Price Concessions	(521,980)	(445,625)
Resident Service Revenue	18,343,509	17,442,984
Continuing-Care Contracts Recognized	610,241	606,892
Contributions	338,128	15,002
Total Revenues, Gains, and Other Support	19,291,878	18,064,878
Operating Expenses:		
Nursing Services	3,840,771	3,411,690
Dining Services	3,080,499	2,942,227
Environmental Services	2,277,171	1,949,552
Smith Senior Living Service Fees	1,716,812	1,437,762
Administrative and General Services	1,445,073	1,225,535
Ancillary Services	1,192,959	1,186,417
Housekeeping and Laundry Services	834,078	761,753
Support Services	517,355	562,324
Marketing Services	669,394	702,760
Depreciation and Amortization	3,427,245	3,873,266
Interest Costs	1,301,427	1,386,146
Total Expenses	20,302,784	19,439,432
OPERATING LOSS BEFORE OTHER INCOME	(1,010,906)	(1,374,554)
Interest and Dividends Income	465,155	378,822
Change in Fair Value of Swap	(5,396,413)	(5,423,671)
Loss on Refinance of Long-Term Debt	-	(295,224)
Net Realized Gain on Investments	304,117	136,009
Net Unrealized Gain (Loss) on Equity Investments	(641,219)	271,712
DEFICIT OF NET REVENUE OVER EXPENSE	(6,279,266)	(6,306,906)
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(6,279,266)	(6,306,906)
Net Deficit Without Donor Restrictions - Beginning of Year	(10,682,825)	(4,375,919)
NET DEFICIT WITHOUT DONOR RESTRICTIONS - END OF YEAR	$ (16,962,091)	$ (10,682,825)

See accompanying Notes to Financial Statements.

WASHINGTON AND JANE SMITH COMMUNITY — ORLAND PARK
DBA: SMITH CROSSING
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services				Supporting Services	
	Skilled Nursing	Assisted Living	Independent Living	Total Program Services	Management and General	Total
Salaries	$ 1,315,300	$ 1,322,160	$ 1,845,410	$ 4,482,870	$ -	$ 4,482,870
Pension Plan	17,148	14,906	27,769	59,823	-	59,823
Employee Benefits	185,995	182,467	267,154	635,616	-	635,616
Payroll Taxes	96,622	96,786	136,268	329,676	-	329,676
Contract Labor	1,446,410	920,176	718,546	3,085,132	33,842	3,118,974
Personnel Costs	38,518	9,891	15,008	63,417	-	63,417
Supplies	67,700	81,242	219,037	367,979	11,870	379,849
Facility Costs	130,242	187,842	619,181	937,265	-	937,265
Utilities Expense	79,854	116,080	383,361	579,295	-	579,295
Telephone	12,601	15,806	52,640	81,047	-	81,047
Business and Dept. Expense	10,857	12,387	32,516	55,760	44,648	100,408
Programming Expense	7,628	11,088	81,189	99,905	-	99,905
Food Costs	139,762	208,079	669,350	1,017,191	136	1,017,327
Marketing and Advertising	41,816	60,786	200,749	303,351	996	304,347
Computers and Software	6,733	9,787	32,322	48,842	-	48,842
Professional Fees	849	1,235	4,077	6,161	21,150	27,311
Corporate and Administrative	787	1,144	3,778	5,709	25,606	31,315
Management Fees	-	-	-	-	1,716,812	1,716,812
Commercial Insurance	54,585	79,348	262,052	395,985	-	395,985
Taxes and Fees	13,710	19,930	65,821	99,461	-	99,461
Bond and Interest Expense	179,397	260,782	861,248	1,301,427	-	1,301,427
Therapy Expense	666,651	-	-	666,651	-	666,651
Medical Supplies	397,916	-	-	397,916	-	397,916
Depreciation/Amortization	220,518	675,577	2,531,150	3,427,245	-	3,427,245
Total Functional Expenses	$ 5,131,599	$ 4,287,499	$ 9,028,626	$ 18,447,724	$ 1,855,060	$ 20,302,784

See accompanying Notes to Financial Statements.

WASHINGTON AND JANE SMITH COMMUNITY — ORLAND PARK
DBA: SMITH CROSSING
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services				Supporting Services	
	Skilled Nursing	Assisted Living	Independent Living	Total Program Services	Management and General	Total
Salaries	$ 1,291,973	$ 1,251,345	$ 1,777,017	$ 4,320,335	$ -	$ 4,320,335
Pension Plan	17,183	16,665	31,556	65,404	-	65,404
Employee Benefits	184,089	149,639	219,528	553,256	-	553,256
Payroll Taxes	96,520	99,521	130,281	326,322	-	326,322
Contract Labor	1,208,410	755,618	656,598	2,620,626	46,336	2,666,962
Personnel Costs	29,347	6,937	11,142	47,426	-	47,426
Supplies	35,743	47,888	113,658	197,289	13,886	211,175
Facility Costs	114,943	161,903	555,315	832,161	-	832,161
Utilities Expense	66,890	94,625	327,727	489,242	-	489,242
Telephone	10,903	13,091	45,699	69,693	-	69,693
Business and Dept. Expense	9,944	14,645	31,601	56,190	17,798	73,988
Programming Expense	7,184	10,162	91,028	108,374	-	108,374
Food Costs	140,424	203,857	685,879	1,030,160	2,790	1,032,950
Marketing and Advertising	42,199	59,696	206,755	308,650	993	309,643
Computers and Software	11,168	15,798	54,715	81,681	-	81,681
Professional Fees	4,349	6,152	21,306	31,807	34,650	66,457
Corporate and Administrative	2,377	3,363	11,646	17,386	19,490	36,876
Management Fees	-	-	-	-	1,437,762	1,437,762
Commercial Insurance	42,807	60,556	209,733	313,096	-	313,096
Taxes and Fees	14,057	19,886	68,872	102,815	-	102,815
Bond and Interest Expense	189,517	268,095	928,534	1,386,146	-	1,386,146
Therapy Expense	680,221	-	-	680,221	-	680,221
Medical Supplies	354,182	-	-	354,182	-	354,182
Depreciation/Amortization	223,993	677,847	2,971,425	3,873,265	-	3,873,265
Total Functional Expenses	$ 4,778,423	$ 3,937,289	$ 9,150,015	$ 17,865,727	$ 1,573,705	$ 19,439,432

See accompanying Notes to Financial Statements.

WASHINGTON AND JANE SMITH COMMUNITY — ORLAND PARK
DBA: SMITH CROSSING
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets (Deficit)	$ (6,279,266)	$ (6,306,906)
Adjustments to Reconcile Changes in Net Assets (Deficit) to Net Cash Provided by Operating Activities:		
Continuing-Care Contracts Recognized	(610,241)	(606,892)
Depreciation and Amortization	3,427,245	3,873,266
Amortized Interest Expense	37,696	42,556
Change in Fair Market Value of Interest Rate Swaps	5,396,413	5,423,671
Net Realized and Unrealized Gain on Investments	337,102	(407,721)
Loss on Refinance	-	295,224
Change in Assets and Liabilities:		
Resident Accounts Receivable	(186,509)	(496,487)
Other Receivables	(812,329)	(298,443)
Prepaid Expenses	36,443	(11,762)
Accounts Payable	(229,236)	(69,115)
Accrued Expenses and Other Current Liabilities	(1,395,204)	334,169
Refundable Reservation Deposits	(93,016)	229,878
Due to Affiliate	537,403	(153,257)
Net Cash Provided by Operating Activities	166,501	1,848,181
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(13,140,191)	(7,869,536)
Proceeds from Sale of Investment Securities	948,970	3,990,754
Purchases of Investment Securities	(4,133,417)	(4,609,558)
Net Cash Used by Investing Activities	(16,324,638)	(8,488,340)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Refundable and Nonrefundable Entrance Fees	6,409,099	6,800,438
Refunds of Entrance Fees	(5,274,995)	(4,537,490)
Payment of Swap Termination	-	(101,499)
Principal Payments on Capital Lease Obligations	(1,179)	(4,656)
Proceeds from Construction Loan	13,047,579	8,202,507
Proceeds from PPP Loan	921,100	-
Principal Payments on Long-Term Debt	(698,000)	(446,000)
Net Cash Provided by Financing Activities	14,403,604	9,913,300
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,754,533)	3,273,141
Cash and Cash Equivalents - Beginning of Year	5,951,760	2,678,619
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 4,197,227	$ 5,951,760
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest, Net of Capitalized Interest	$ 1,255,085	$ 1,271,390
SUPPLEMENTAL SCHEDULE - CASH RECONCILIATION		
Cash and Cash Equivalents	$ 4,183,021	$ 3,194,798
Cash within Investments	14,206	2,756,962
Total Cash and Cash Equivalents	$ 4,197,227	$ 5,951,760

See accompanying Notes to Financial Statements.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Washington and Jane Smith Community — Orland Park dba: Smith Crossing (the Organization) was incorporated under the laws of Illinois as a nonprofit corporation on August 2, 1999 for the charitable purpose of providing independent living, assisted living, and nursing care services to men and women through the operation of a life plan community, located in Orland Park, Illinois.

The Organization, a Commission on Accreditation of Rehabilitation Facilities (CARF) accredited Life Plan Community, operates 10 independent living ranch-style duplex homes, 163 independent living apartments, 46 assisted living units, 16 assisted living memory support units, and 46 licensed nursing beds. Thirty of the skilled licensed nursing beds are dual certified for Medicare and Medicaid. Sixteen of the skilled licensed beds are for short-term rehabilitation and are Medicare certified. The Organization offers a tiered approach to the aging process, accommodating resident's changing needs as they age through independent living, assisted living, and skilled nursing care. The Organization provides seniors the option to live an active lifestyle in one location for the duration of their remaining lives, with much of their future care already predetermined by the resident and the Life Plan agreements with the Organization.

The Organization began construction of phase three of the campus development in September 2018, which includes an addition of 46 all-private nursing care beds to the existing 46-bed nursing for a total licensed bed capacity of 92 General Long-Term nursing care beds (the 2018 Project). The expansion included a replacement of its existing physical and occupational therapy rooms with a new therapy gym and new administrative offices. The renovation of the existing space is to accommodate the nursing chart room where the connection corridor will be located, adjacent resident lounge space affected by the connection, and repurposing of the existing therapy rooms. Construction of the addition was completed in March 2020 and the Illinois Department of Public Health issued the nursing bed license on July 16, 2020. The repurposing of the existing therapy room will be completed in September 2020.

On October 10, 2018, the Smith Crossing Plan of Financing was completed. The Illinois Finance Authority issued $24,500,000 Variable Rate Bonds Series 2018A which were directly purchased by BBVA Compass Bank. The loan proceeds will be a construction draw down used to finance the third phase of the Smith Crossing development (the addition of the 46 skilled bed rehab unit), to finance $1,000,000 of routine capital projects, to fund the capitalized interest during construction and to provide payment for the cost of issuance. Simultaneously, the Illinois Finance Authority issued $18,064,000 Variable Rate Bonds Series 2018B which were directly purchased by BBVA Compass Bank and issued $14,686,000 Variable Rate Bonds Series 2018C which were directly purchased by First Midwest Bank. The loan proceeds from the Series 2018B and Series 2018C Bonds were used to refund the existing Series 2013 Bonds and provide funds to cover the Series 2013 swap terminations and pay the cost of issuance.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

The Organization's related corporate operating organizations (affiliates) that are not included in these financial statements include Washington and Jane Smith Home dba: Smith Senior Living (Smith Senior Living), Washington and Jane Smith Community — Beverly dba: Smith Village (Smith Village), and Smith Cares LLC (Smith Cares). Smith Senior Living is the sole member of Smith Crossing, Smith Village, and Smith Cares. Smith Cares provides nursing and maintenance support services to residents of Smith Crossing and Smith Village.

Basis of Presentation

The Organization has prepared the accompanying financial statements to present the financial position and results of operations on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Financial Accounting Standards Board Accounting Standards Codification (ASC) is the sole source of authoritative accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standards

During the year ended June 30, 2020 the Organization adopted Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The amendment in this standard assists entities in 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance, and 2) determining whether a contribution is conditional. The adoption of ASU 2018-08 did not have a material impact on the Organization's financial statements.

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). ASU 2014-09's core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. ASU 2014-09 requires organizations to exercise more judgment and recognize revenue using a five-step process. The Organization adopted ASU 2014-09 using the full retrospective method for all contracts effective July 1, 2018, and is using a portfolio approach to group contracts with similar characteristics and analyze historical cash collections trends. Full retrospective adoption requires entities to apply the standard retrospectively to all periods presented in the financial statements, requiring the cumulative effect of the retrospective application as an adjustment to the opening balance of net assets (deficit) at the date of the earliest year presented.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards (Continued)

As a result of changes required by ASU 2014-09, the majority of the Organization's provision for doubtful accounts are recorded as a direct reduction to revenue and considered an implicit price concession instead of being presented as a separate line item on the statements of activities and change in net assets. The adoption of ASU 2014-09 had no impact on the Organization's accounts receivable as it was historically recorded net of allowance for doubtful accounts and contractual adjustments. With the adoption of ASU No 2014-09, the Organization has eliminated the presentation of an allowance on the statements of financial position.

During the year ended June 30, 2020, the Organization adopted ASU No. 2016-01, *Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities.* As part of this ASU the Organizations now shows the unrealized gain (loss) in the fair market value of equity securities within the Deficit of Revenues over Expenses within the statement of activities and changes in net asset. The financial statements reflect the application of ASU 2016-01 using a modified retrospective approach to each period presented.

During the year ended June 30, 2020, the Organization adopted ASU No. 2016-18, *Statement of Cash Flows* (Topic 230) *Restricted Cash.* This ASU was issued to clarify guidance on the classification and presentation of restricted cash in the statement of cash flows and reduce diversity in practice. The amendments to this ASU require that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and restricted cash or restricted cash equivalents. Therefore, restricted cash and restricted cash equivalents are included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The financial statements reflect the application of ASU 2016-18 using a retrospective approach to each period presented.

Upcoming Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses.* This standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the statements of activities and changes in net assets (deficit) will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. Based on a tentative decision reached by the FASB in July 2019, this standard will be effective for the Organization's year ending June 30, 2024. The Organization is currently in the process of evaluating the impact of the adoption of this ASU on the financial statements.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Liquidity

As a business-oriented nonprofit that is not solely dependent on donor contributions, the capital needs of the Organization and operating budgets are coordinated so that anticipated cash needs are provided by current cash flow from operations, supplemented from time-to-time by debt financing. Included with assets on the statement of financial position are financial assets available for general expenditure within one year of June 30, 2020, and include cash and cash equivalents, net accounts receivable, entrance fees receivable, and investments. See additional information with respect to cash and cash equivalents, net accounts receivable, entrance fees receivable, and investments further down in Note 4.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits in accounts that are interest-bearing and federally insured up to $250,000. Additionally, for purposes of the statements of cash flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Resident Accounts Receivable

The Organization reports accounts receivable for services rendered at their estimated net collectible invoice amount (the transaction price). The transaction price is determined by management's estimates based upon the nature and age of outstanding receivables, historical review of the Organization's explicit and implicit price concessions experience, and existing economic conditions. Management continuously monitor the expected realization of its billings and estimates implicit price concessions to provide for differences between billings and expected collections. If there is a deterioration of a resident's credit worthiness or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due to the Organization could be adversely affected. Accounts receivable are due in full when billed and payments are applied to the specific invoices identified on the patient's or third-party's remittance advice, or, if unspecified, to the earliest unpaid invoice.

Entrance Fees Receivable

Entrance fees receivable consist of unpaid entrance fees from residents. As these amounts are due within 12 months and considered fully collectible, no allowance as been established for these balances.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Receivables

Other receivables consist of amounts owed to the Organization from construction draws held at Chicago Title and Trust Company.

Property and Equipment

Property and equipment are stated at cost or, if donated to the Organization, at fair value on the date of donation. Additions and improvements with an estimated useful life of three years or more and a cost in excess of $5,000 are capitalized; expenditures for routine maintenance are charged to operations. Depreciation is provided over the estimated useful lives of the various classes of assets on the straight-line method.

Impairment of Long-Lived Assets

On an ongoing basis, the Organization reviews long-lived assets for impairment whenever events or circumstances indicate the carrying amounts may be overstated. The Organization recognizes impairment losses if the undiscounted cash flows expected to be generated by the asset are less than the carrying value of the related asset. The impairment loss adjusts the assets to fair value. As of June 30, 2020 and 2019, management believes that no impairments existed.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Investment income or loss (including realized gains and losses on investments, unrealized gains and losses, interest, and dividends) is included in the determination operating income or loss unless the income or loss is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

The Organization's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the statements of financial position are subject to various risks including changes in equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying statements of financial position could change materially in the near term. See also Note 3.

Refundable Reservation Deposits

The Organization has collected a 10% refundable reservation deposit from individuals who have signed intents to occupy an independent living unit. The total liability, including accrued interest payable, was $123,336 and $198,760 at June 30, 2020 and 2019, respectively.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Refundable Reservation Deposits (Continued)

The Organization has also collected a refundable reservation deposit from individuals who occupy assisted living and skilled nursing units. The Organization does not pay interest on these deposits. The liability was $314,701 and $332,293 at June 30, 2020 and 2019, respectively.

Life Plan Contracts

Under a Life Plan contract, a resident makes an initial two-part payment for their occupied unit. The Organization offers different Life Plan contracts ranging from 90% to 95% refundable. The refundable portion of the payment is held as an interest-free deposit by the Organization and is repaid, as provided in the contract, after the resident terminates occupancy at the Organization and their unit is reoccupied or 365 days after the resident terminates occupancy at the Organization, whichever occurs first. The refundable portion of the payment is not recognized into income by the Organization. The nonrefundable portion is recorded as deferred revenue when the contract is executed and the resident takes occupancy. Revenue is recognized over the resident's remaining life expectancy as determined annually from actuarial tables.

In addition to the initial payment, residents pay a monthly service charge for utilities, insurance, maintenance, and other provided services. The resident does not acquire an ownership interest in the property.

Resident Services Revenue

Resident services revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing resident care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the residents and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. Management believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents receiving skilled nursing or residential housing services in the community.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services Revenue (Continued)

The Organization considers daily services provided to residents of the skilled nursing facility, and monthly rental for housing services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the residents and customers in a retail setting (for example, gift shop and cafeteria meals) and the Organization does not believe they are required to provide additional goods or services related to that sale.

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policy and/or implicit price concessions provided to residents. The Organization determines its estimates of contractual adjustments based on contractual agreements, their policies, and historical experience. The Organization determined their estimate of implicit price concessions based on their historical collection experience.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicaid

The Organization participates in the Medicaid program administered by the Illinois Department of Healthcare and Family Services (HFS). A licensed nursing facility that participates in the Medicaid program in the state of Illinois is reimbursed based upon facility specific prospective daily rates. Rates are set taking into account individual facility costs, variations in patient case mix, and geographical location. Facilities are subject to periodic audits by the Illinois Department of HFS which may result in retroactive adjustments to set rates.

Medicare

The Organization participates in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). The Organization is paid under the Medicare Prospective Payment System (PPS) for residents who are Medicare Part A eligible and meet the coverage guidelines for skilled nursing facility services (SNFs). Through September 30, 2019 the PPS was based on Resource Utilization Groups (RUG-IV) which was a patient classification system that placed residents into payment groups based on their care and resource needs. Annual cost reports are required to be submitted to the designated Medicare administrative contractor; however, they do not contain a cost settlement.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services Revenue (Continued)

Medicare (Continued)

CMS recently finalized the Patient Driven Payment Model (PDPM) to replace the existing Medicare reimbursement system effective October 1, 2019. Under PDPM, therapy minutes are removed as the primary basis for payment and instead uses the underlying complexity and clinical needs of a patient as a basis for reimbursement. In addition, PDPM introduces variable adjustment factors that change reimbursement rates during the resident's length of stay. Nursing facilities licensed for participation in the Medicare and Medical Assistance programs are subject to annual licensure renewal. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the licensed nursing facility.

Other

Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined daily rates.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Organization's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price, were not significant for the years ended June 30, 2020 and 2019.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent charges to the estimate of the transaction price are generally recorded as adjustments to resident services revenue in the period of the change. Additionally, revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended June 30, 2020 and 2019. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services Revenue (Continued)

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (for example, Medicare, Medicaid, managed care or other insurance, resident) have different reimbursement/payment methodologies
- Length of the resident's service/episode of care
- Geography of the service location
- Method of reimbursement
- The Organization's line of business that provided the service (skilled nursing, assisted living, independent living, home health, etc.)

For the years ended June 30, 2020 and 2019, the Organization recognized revenue of approximately \$18,663,000 and \$17,796,000, respectively, from goods and services that transfer to the customer over time. Revenue from goods and services that transfer to the resident at a point in time were approximately \$170,000 and \$180,000 for the years ended June 30, 2020 and 2019, respectively.

Occupancy Percentages

During the years ended June 30, the occupancy percentages and the percentages of residents covered under the Medicaid and Medicare programs for the skilled nursing facility were as follows:

	2020		2019	
	Days	Percent	Days	Percent
Medicaid	326	2.2 %	580	3.9 %
Medicare	3,277	21.7	4,211	28.3
Private and Other	11,522	76.1	10,112	67.8
Total	15,125	100.0 %	14,903	100.0 %
Skilled Nursing Facility:				
Occupancy Percentage		90.1 %		88.8 %

For the years ended June 30, 2020 and 2019, occupancy percentages for the assisted living units were 94.0% and 89.6%, respectively.

For the years ended June 30, 2020 and 2019, occupancy percentages for the independent living units were 95.1% and 93.6%, respectively.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Obligation to Provide Future Services

The Organization calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares 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 a corresponding charge to income. No such obligation was required to be recorded at June 30, 2020 and 2019.

Net Assets

Contributions received are recorded as an increase in net assets without donor restrictions and net assets with donor restrictions, depending on the existence or nature of any donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment and a board-designated building fund.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

As of June 30, 2020 and 2019, the Organization has no net assets with donor restrictions.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Contributions

In addition to receiving cash contributions, the Organization periodically receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind contributions as both revenue and expense for the programs or activities benefited when such donations create or enhance nonfinancial assets or require specialized skills, are performed by people with these skills and would be purchased by the Organization. No such contributions were received during 2020 and 2019.

The value of donated services is not reflected in the accompanying financial statements since the above criteria were not met. However, volunteers have donated 8,032 hours and 6,955 hours to various activities for the years ended June 30, 2020 and 2019, respectively.

Charitable Care

Smith Senior Living sponsors senior living communities with a history of more than nine decades of serving seniors. Designed to support Independent living, Assisted living, Alzheimer's and Memory support, and Skilled Nursing Care; residents and their families are offered the security of knowing assistance and health care is available, all on the same campus, if and when it is ever needed.

Charity care covers services provided to a resident with a demonstrated inability to pay. A resident is eligible for charity care consideration based upon meeting certain income and asset eligibility criteria as established by corporate policy. Charity care represents residential and health care services that are provided but are never expected to result in payment. As a result, charity care does not qualify for recognition as receivable or net resident revenue in the financial statements. Charity care will be valued based on the lower of cost of resident care services, or charges, with costs being determined by application of the standard cost-to-charge ratio or from the Organization's cost accounting system.

Using this methodology, the Organization has estimated the costs foregone for service and supplies furnished under the Organization's financial assistance policy aggregated approximately $175,600 and $261,000 for the years ended June 30, 2020 and 2019, respectively.

Uncompensated Charges

The Organization provides nursing care to residents under the Medicaid program for which the costs to provide such care exceeds reimbursement. The Organization funds this difference through its operations and charitable giving. The shortfall associated for care provided under this program for the years ended June 30, 2020 and 2019 was approximately $60,100 and $102,000, respectively.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization qualifies as a tax-exempt corporation described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the IRC.

The Organization is not aware of any activities that would jeopardize its tax-exempt status. Should that status be challenged in the future, all years since inception could be subject to review by the IRS.

Advertising

The Organization expenses general and employment advertising costs as incurred. Advertising expense amounted to approximately $127,000 and $93,000 for the years ended June 30, 2020 and 2019, respectively.

Deficit of Net Revenue Over Expense

The statements of activities and changes in net assets include a measurement of deficit of net revenue over expense. Changes in net assets without donor restrictions which are excluded from deficit of net revenue over expense, consistent with industry practice, include net unrealized gains (losses) on debt instruments and contributions from affiliates.

Interest Expense

Interest expense on the statements of activities and changes in net assets (deficit) includes amortization expense associated with long-term debt issuance costs, discounts, and bond premium of $37,695 and $42,556 for the years ended June 30, 2020 and 2019, respectively.

Interest Rate Swaps

The Organization utilizes derivative instruments to mitigate its exposure to interest rate fluctuations. All derivative instruments are recorded in the statements of financial position at fair value. Management has elected not to apply hedge accounting. Therefore, the change in fair value of derivative instruments is reflected in nonoperating revenues (expenses) in the accompanying statements of activities and changes in net assets (deficit). The period cash settlements on these derivative instruments are recorded in interest expense.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Costs

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to the benefits provided. Certain other expense categories that are attributable to more than one health care service require an allocation on a reasonable basis that is consistently applied. Cost not directly attributable to a function, including general depreciation, interest, and other occupancy costs, is allocated to a function based on the number of residents served in each program. Other expenses that are common to several functions are allocated by various statistical bases as determined by management.

Reclassifications

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentation. The reclassifications had no effect on total assets, liabilities, net assets or changes in net assets previously presented.

NOTE 2 PROPERTY AND EQUIPMENT

The Organization's property and equipment and the related accumulated depreciation at June 30 are as follows:

	2020	2019
Land	$ 6,452,639	$ 6,452,639
Buildings and Improvements	80,486,847	79,037,046
Furniture and Equipment	2,213,354	2,719,704
Vehicles	247,931	247,931
Construction in Progress	20,754,289	8,561,216
Subtotal	110,155,060	97,018,536
Less: Accumulated Depreciation	31,612,939	28,868,040
Total	$ 78,542,121	$ 68,150,496

Depreciation expense for the years ended June 30, 2020 and 2019 was $3,427,245 and $3,379,393, respectively. As of June 30, 2020, construction in progress consists of $3,707,409 in rehab expansion, $2,494,035 in site work construction, $468,029 of capitalized interest, and $14,084,816 in building construction, all of which are related to the 2018 Project described in Note 1.

NOTE 3 INVESTMENTS

The following are the major types of investments held by the Organization at June 30:

	2020	2019
Unrestricted Long-Term Investments:		
Cash and Cash Equivalents	$ 14,206	$ 2,756,962
Mutual Funds	17,137,615	14,290,270
Total	$ 17,151,821	$ 17,047,232

NOTE 4 LIQUIDITY AND AVAILABLE RESOURCES

Liquidity and Available Resources

As of June 30, 2020, the Organization has average days cash on hand (based on normal expenditures and excluding assets limited as to use) of 461 and financial assets available within one year of the statement of financial position date for general expenditures as follows:

	2020	2019
Cash and Cash Equivalents	$ 4,183,021	$ 3,194,798
Investments	17,151,821	17,047,232
Resident Accounts Receivable	1,035,430	1,049,204
Entrance Fees Receivable	364,230	491,940
Other Receivable	1,112,632	298,443
Total Financial Resources Available Within One Year	$ 23,847,134	$ 22,081,617

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Cash in excess of daily requirements is invested in short-term investments. To help manage unanticipated liquidity needs, the Organization has $17,151,821 and $17,047,232 in liquid investments without donor restrictions.

NOTE 5 LONG-TERM DEBT

A summary of long-term debt at June 30 is as follows:

Description	2020	2019
Illinois Finance Authority Variable Rate Revenue bonds Series 2018A, (the Organization) in the amount of $24,500,000 with a final maturity date of October 1, 2043. The Series 2013A bonds have been privately placed with BBVA Bank for the initial 10-year period, as a 24 month construction draw down with interest only during construction at a variable rate equal to 79% of the one month London Interbank Offered Rate (LIBOR) plus 1.25% (1.39% at June 30, 2020). Secured by real estate.	$ 21,250,086	$ 8,202,507
Illinois Finance Authority Variable Rate Revenue bonds Series 2018B, (the Organization) in the amount of $18,064,000 with a final maturity date of October 1, 2043. The Series 2018B bonds have been privately placed with BBVA Bank for the initial 10-year period, requiring monthly payments of $31,000 plus interest at a variable rate equal to 75% of the one month LIBOR plus 1.78% (1.92% at June 30, 2020). Secured by real estate.	17,433,000	17,818,000
Illinois Finance Authority Variable Rate Revenue bonds Series 2018C, (the Organization) in the amount of $14,686,000 with a final maturity date of October 1, 2043. The Series 2018C bonds have been privately placed with First Midwest Bank for the initial 10-year period, requiring monthly payments of $25,000 plus interest at a variable rate equal to 75% of the one month LIBOR plus 1.78% (1.92% at June 30, 2020). Secured by real estate.	14,173,000	14,486,000
Paycheck Protection Program (PPP) loan from Compass BBVA Bank dated April 17, 2020 with a final maturity date of April 17, 2022. This PPP loan is unsecured and includes interest at an annual rate of 1% with no required principal or interest payments for the first six months. Under the terms of the PPP loan , the Organization may be eligible for full or partial loan forgiveness by incurring eligible expenses during the 8 or 24 week covered period.	921,100	-
Subtotal	53,777,186	40,506,507
Less: Unamortized Bond Issuance Costs, Net	(386,376)	(424,072)
Less: Current Maturities	(1,628,100)	(698,000)
Total	$ 51,762,710	$ 39,384,435

NOTE 5 LONG-TERM DEBT (CONTINUED)

Future maturities of long-term debt for the years ended June 30 are as follows:

Year Ending June 30,	Amount
2021	$ 1,628,100
2022	1,190,000
2023	1,459,000
2024	1,534,000
2025	1,613,000
Thereafter	46,353,086
Total	$ 53,777,186

Bond Issuance Costs

Bond issuance costs represent costs incurred with the Series 2018 Bond issue to refinance the Series 2013 Bonds and fund the Phase 3 of the campus development and total $452,343. These deferred costs are being amortized using the effective interest method over the life of the bonds. Upon refinancing of the Series 2013 Bonds during the year ended June 30, 2019, the Organization incurred a loss of $295,224 related to the write-off of the unamortized bond issuance costs on the Series 2013 Bonds.

Accumulated amortization as of June 30, 2020 and 2019 is $65,967 and $28,271, respectively.

Restrictive Covenants

The provisions of the debt agreements as described above contain various restrictive covenants that limit the occurrence of additional debt and require certain measures of financial performance be satisfied as long as the debt is outstanding. Failure to maintain compliance could result in acceleration of payment for debt outstanding under the Master Trust Indenture. At June 30, 2020 and 2019, the Organization was in compliance with all such covenants.

NOTE 6 INTEREST RATE SWAPS

The Organization entered into an interest rate swap agreement on October 10, 2018 to hedge interest rate exposure on the Series 2018A Bonds. The agreement, which expires on October 10, 2030, effectively fixed the interest rate on an original notional value of $24,500,000 at 3.937%. Simultaneously, the Organization entered into an interest rate swap agreement on October 10, 2018 to hedge interest rate exposure on the Series 2018B Bonds. The agreement, which expires on October 10, 2030, effectively fixed the interest rate on an original notional value of $18,064,000 at 3.884%. The Organization also entered into an interest rate swap agreement on October 10, 2018 to hedge interest rate exposure on the Series 2018C Bonds. The agreement, which expires on October 10, 2030, effectively fixed the interest rate on an original notional value of $14,686,000 at 3.83%. Notional values of the swaps include annual amortization consistent with the Series 2018A, Series 2018B, and Series 2018C Bonds. The Organization had previously entered in two interest rate swap agreements to hedge interest rate exposure on the Series 2013A and Series 2013B Bonds. These agreements were terminated during the year upon the issuance of the Series 2018 Bonds. These agreements are considered to be derivative financial instruments and are reported at their fair value as a liability of $11,099,869 and $5,703,456 in long-term liabilities in the statements of financial position at June 30, 2020 and 2019, respectively. The net changes in the fair value of the agreements are reported as Nonoperating Revenues (Expenses) in the statements of activities and changes in net assets (deficit) for the years ended June 30, 2020 and 2019.

NOTE 7 DEFINED CONTRIBUTION PLAN

The Organization provides benefits under the same plan of its affiliate organization, Smith Senior Living. The Organization now follows safe harbor provisions by matching 100% of employees' first 3% of contributions, plus 50% of the next 2% of employee compensation. The Organization's plan also provides for an additional discretionary contribution to all eligible employees who have in excess of 1,000 hours worked in the plan year, are age 21 or older, and are employed as of the last day of the plan year. Employer contributions to the 401(k) plan for the years ended June 30, 2020 and 2019 totaled $59,824 and $65,404, respectively.

NOTE 8 COMMITMENTS AND CONTINGENCIES

Litigation

The Organization is subject to asserted and unasserted claims encountered in the normal course of business. The Organization's management and legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Organization or unasserted claims that may result in such proceedings, the Organization's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein. In the opinion of management, disposition of these matters will not have a material effect on the Organization's financial condition or results of operations.

NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Health Care

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to matters such as licensure, accreditation, government health care program participation requirements, reimbursement for resident services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Government Regulations – Medicaid

The state of Illinois reserves the right to perform field audit examinations of the Organization's records. Any adjustments resulting from such examinations could retroactively adjust Medicaid revenue.

Government Regulations – Medicare

The Medicare intermediary has the authority to audit the skilled nursing facility's records any time within a three-year period after the date the skilled nursing facility receives a final notice of program reimbursement for each cost reporting period. Any adjustments resulting from these audits could retroactively adjust Medicare revenue.

NOTE 9 CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalents, investments, and assets limited as to use, at financial institutions which management believes has strong credit ratings and that the credit risk related to these deposits is minimal. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At times, deposits may exceed FDIC limits. The Organization has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk.

The Organization grants credit without collateral to its various facility residents or their families, most of who are private pay individuals or are insured under third-party payor agreements. The mix of receivables from residents and third-party payors was as follows at June 30:

	2020	2019
Medicaid	32.0 %	28.0 %
Medicare	32.0	44.0
Private and Insurance	36.0	28.0
Total	100.0 %	100.0 %

NOTE 10 RELATED PARTY TRANSACTIONS

Services Agreement

The Organization has an agreement with Smith Senior Living to oversee its general operations. This agreement renews annually unless terminated in accordance with other terms and conditions contained therein. Under the terms of the agreement, the Organization must compensate Smith Senior Living for services rendered. Furthermore, certain subordination provisions apply in connection with payment of compensation to Smith Senior Living.

Expenses incurred by the Organization for services provided under this agreement and certain pass-through corporate costs for the years ended June 30, 2020 and 2019, were approximately $1,717,000 and $1,438,000, respectively.

Expenses

Smith Senior Living is the sole member of Smith Cares, which provides nursing and maintenance support services to residents of the Organization. Expense incurred by the Organization with Smith Cares for the years ended June 30, 2020 and 2019, totaled approximately $1,831,000 and $1,605,000, respectively.

Due to/from Affiliates

The Organization had amounts due to Smith Senior Living and Smith Cares at June 30, 2020 of $511,652 and amounts due from Smith Senior Living and Smith Cares at June 30, 2019 of $25,751, representing unpaid subordinated fees for overseeing general operations and certain other pass-through corporate costs related to services provided by Smith Senior Living. The Organization's ability to meet its obligations is dependent upon future operations.

NOTE 11 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The accounting principles generally accepted in the United States of America define fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Organization's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The guidance establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date. The fair values of cash and cash equivalents, common stock, and mutual funds that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges.

NOTE 11 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable, or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The level that has the most observable significant input determines the placement of the entire fair value measurement in the hierarchy.

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Fixed Income	$ 9,337,632	$ -	$ -	$ 9,337,632
Equities	7,799,983	-	-	7,799,983
Total Investments at Fair Value	$ 17,137,615	$ -	$ -	$ 17,137,615
Interest Rate Swaps	$ -	$ 11,099,869	$ -	$ 11,099,869

	June 30, 2019			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Fixed Income	$ 6,900,568	$ -	$ -	$ 6,900,568
Equities	7,389,702	-	-	7,389,702
Total Investments at Fair Value	$ 14,290,270	$ -	$ -	$ 14,290,270
Interest Rate Swaps	$ -	$ 5,703,456	$ -	$ 5,703,456

Interest Rate Swaps

The fair value of the interest rate swaps are estimated by a third party using a model that builds a yield curve from market data for actively traded securities at various times and maturities and takes into account current interest rates and the current credit worthiness of the respective counterparties. Such securities are classified within Level 2 of the valuation hierarchy.

NOTE 12 CASH FLOW DISCLOSURES

During the year ended June 30, 2020, the Organization had the following noncash activities:

Fixed asset additions totaling $678,679 were included within accounts payable at year-end.

The Organization reduced refundable Life Plan contracts and resident accounts receivable by $200,283 for residents who used a portion of the refundable entrance fee in order to pay outstanding monthly service fees.

Refundable Life Plan contracts in process of settlement included in accounts payable totaled $1,269,565.

Entrance fees totaling $364,230 were financed through the issuance of entrance fee receivables.

Interest incurred on long-term debt being used to fund the phase three campus development was capitalized in the amount of $383,518.

During the year ended June 30, 2019, the Organization had the following noncash activities:

Fixed asset additions totaling $1,293,102 were included within accounts payable at year-end.

The Organization reduced refundable Life Plan contracts and resident accounts receivable by $236,216 for residents who used a portion of the refundable entrance fee in order to pay outstanding monthly service fees.

Refundable Life Plan contracts in process of settlement included in accounts payable totaled $1,739,866.

Entrance fees totaling $491,940 were financed through the issuance of entrance fee receivables.

NOTE 13 SUBSEQUENT EVENTS

The Organization evaluated subsequent events through October 13, 2020, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2020, but prior to October 13, 2020, that provided additional evidence about conditions that existed at June 30, 2020, have been recognized in the financial statements for the year ended June 30, 2020. Events or transactions that provided evidence about conditions that did not exist at June 30, 2020, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2020.

NOTE 13 SUBSEQUENT EVENTS (CONTINUED)

The Coronavirus Disease (COVID-19) pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its fiscal 2021 operations and financial results including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of healthcare personnel, or loss of revenue due to reductions in certain revenue streams. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing. During the year ended June 30, 2020 the Organization received funding from the United States Department of Health and Human Services of approximately $330,000 as part of the Provider Relief Fund established by The Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law on March 27, 2020. This funding, which is included within contributions on the statements of activities and changes in net assets (deficit), was be used to reimburse the Organization for costs related to preventing, preparing for, and responding to coronavirus along with lost revenues.

During the year ended June 30, 2020, the Organization received a $921,100 loan as part of the CARES Act Paycheck Protection Program. The Organization expects this loan to be forgiven, as a result of incurring eligible costs, once the bank starts accepting the applications for forgiveness.

Subsequent to June 30, 2020 the Organization received an additional $76,700 of Provider Relief Funds from the CARES Act.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. | CliftonLarsonAllen LLP

A member of Nexia International

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

SECTION HEADING PAGE

Brief descriptions of the Master Indenture and the Mortgage are included hereafter in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Master Indenture and the Mortgage are qualified in their entirety by reference to each such document, copies of which are available for review prior to the issuance and delivery of the Series 2022 Bonds at the offices of the Authority and thereafter at the offices of the Master Trustee.

DEFINITIONS OF CERTAIN TERMS

The following are definitions of certain terms used in the Master Indenture, the Mortgage and this Official Statement.

"Accelerable Instrument" means any Obligation or any mortgage, indenture, loan agreement or other instrument under which there has been issued or incurred, or by which there is secured, any Indebtedness evidenced by an Obligation, which Obligation or instrument provides that, upon the occurrence of an event of default under such Obligation or instrument, the holder thereof may request that the Master Trustee declare such Obligation or Indebtedness due and payable prior to the date on which it would otherwise become due and payable.

"Act" means the Illinois Finance Authority Act of the State of Illinois, as from time to time amended.

"Additional Indebtedness" means Indebtedness incurred by any Member subsequent to the issuance of the Series 2022 Obligation.

"Additional Obligations" means any evidence of Indebtedness or evidence of any repayment obligation under any Interest Rate Agreement issued after the issuance of the Series 2022 Obligation authorized to be issued by a Member pursuant to the Master Indenture which has been authenticated by the Master Trustee pursuant to the 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.

"Assisted Living Units" means the assisted living units of the Obligated Group.

"Authority" means the Illinois Finance Authority, a body politic and corporate created and existing under and by virtue of the Act, and its successors and assigns.

"Authorized Officer" means the President, any Vice President, Executive Director, Director of Finance, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer or any other officer or agent authorized to sign certificates or documents on behalf of an entity.

"Balloon Indebtedness" means Long-Term Indebtedness, 25% or more of the original principal amount of which matures during any consecutive 12-month period, if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption or prepayment prior to such 12-month period. Balloon Indebtedness does not include Indebtedness which otherwise would be classified under the Master Indenture as Put Indebtedness.

"Bondholder," "holder" or *"owner of the Bonds"* means the registered owner of a Related Bond.

"Bond Indenture" means the Bond Trust Indenture dated as of March 1, 2022 between the Authority and the Bond Trustee, as it may from time to time be amended or supplemented.

"Bond Trustee" means UMB Bank, National Association, or any successor thereto under the Bond Indenture.

"Book Value," when used with respect to Property of a Member, means the value of such Property, net of accumulated depreciation and amortization, as reflected in the most recent audited Financial Statements of such Member which have been prepared in accordance with generally accepted accounting principles, and, when used with respect to Property of all Members, means the aggregate of the values of such Property, net of accumulated depreciation and amortization, as reflected in the most recent audited Financial Statements of the Obligated Group, *provided* that such aggregate shall be calculated in such a manner that no portion of the value of any Property of any Member is included more than once.

"Borrower" means Washington and Jane Smith Community – Orland Park, an Illinois not for profit corporation, and its successors and assigns and any surviving, resulting or transferee corporation.

"Capitalized Lease" means any lease of real or personal property which, in accordance with generally accepted accounting principles, is required to be capitalized on the balance sheet of the lessee, except operating leases.

"Capitalized Rentals" means, as of the date of determination, the amount at which the aggregate Net Rentals due and to become due under a Capitalized Lease under which a Person is a lessee would be reflected as a liability on a balance sheet of such Person.

"Cash and Investments" means the sum of cash, cash equivalents, marketable securities, including without limitation board-designated assets, and amounts, if any, held in escrow in order to comply with the Illinois Life Care Facilities Act, but excluding (a) trustee-held funds other than those described above in this definition, (b) donor-restricted funds whether permanent or temporary, which prevent the use of such funds or investments for the payment of debt service on the Obligations regardless of whether such funds or investments are considered restricted for purposes of GAAP, (c) any funds pledged or otherwise subject to a security interest for debt other than the Obligations, and (d) any pension and retirement funds, all as shown on the most recent audited or unaudited financial statements which include the Obligated Group. For purposes of calculations under the Master Indenture, an Unrestricted Contribution from an Affiliate shall be treated as being made 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.

"Code" means the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations, relating to such section.

"Commitment Indebtedness" means the obligation of any Member to repay amounts disbursed pursuant to a commitment from a financial institution to refinance or purchase when due, when tendered or when required to be purchased (a) other Indebtedness of such Member, or (b) Indebtedness of a Person who is not a Member, which Indebtedness is guaranteed by a Guaranty of such Member or secured by or payable from amounts paid on Indebtedness of such Member, in either case which Indebtedness or Guaranty of such Member was incurred in accordance with the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS," and the obligation of any Member to pay interest payable on amounts disbursed for such purposes, plus any fees, costs or expenses payable to such financial institution for, under or in connection with such commitment, in the event of disbursement pursuant to such commitment or in connection with enforcement thereof, including without limitation any penalties payable in the event of such enforcement.

"Completion Funded Indebtedness" means any Funded Indebtedness for borrowed money: (a) incurred for the purpose of financing the completion of the acquisition, construction, remodeling, renovation or equipping of Facilities with respect to which Funded Indebtedness for borrowed money has been incurred in accordance with the provisions of the Master Indenture; and (b) with a principal amount not in excess of the amount which is required to provide a completed and equipped Facility of substantially the same type and scope contemplated at the

time such prior Funded Indebtedness was originally incurred, to provide for Funded Interest during the period of construction, to provide any reserve fund relating to such Completion Funded Indebtedness and to pay the costs and expenses of issuing such Completion Funded Indebtedness.

"Construction Index" means the most recent issue of the "Dodge Construction Index for U.S. and Canadian Cities" with reference to the city in which the subject property is located (or, if such Index is not available for such city, with reference to the city located closest geographically to the city in which the subject property is located), or, if such Index is no longer published or used by the federal government in measuring costs under Medicare or Medicaid programs, such other index which is certified to be comparable and appropriate by the Obligated Group Representative in an Officer's Certificate delivered to the Master Trustee.

"Consultant" means a professional consulting, accounting, financial, investment banking or commercial banking firm selected by the Obligated Group Representative, having the skill and experience necessary to render the particular report required and having a favorable reputation for such skill and experience, which firm is not a Member of the Obligated Group, does not control any Member of the Obligated Group or any Affiliate thereof and is not controlled by or under common control with any Member of the Obligated Group or an Affiliate thereof, it being understood that an arm's length contract between such firm and any Member of the Obligated Group for the performance of consulting, banking or other services shall not be regarded as creating an interest in having any control over such entity.

"Contributions" means the aggregate amount of all contributions, grants, gifts, bequests and devises actually received in cash or marketable securities by any Person in the applicable fiscal year of such Person and any such contributions, grants, gifts, bequests and devises originally received in a form other than cash or marketable securities by any Person which are converted in such fiscal year to cash or marketable securities. Contributions shall include amounts received from any Affiliate of an Obligated Group Member.

"Cross-over Date" means, with respect to Cross-over Refunding Indebtedness, the date on which the principal portion of the Cross-over Refunded Indebtedness is paid or redeemed, or on which it is anticipated that such principal portion will be paid or redeemed, from the proceeds of such Cross-over Refunding Indebtedness.

"Cross-over Refunded Indebtedness" means Indebtedness of a Person refunded by Cross-over Refunding Indebtedness.

"Cross-over Refunding Indebtedness" means Indebtedness of a Person issued for the purpose of refunding other Indebtedness of such Person if the proceeds of such Cross-over Refunding Indebtedness are irrevocably deposited in escrow to secure the payment on the applicable Cross-over Date of the Cross-over Refunded Indebtedness and earnings on such escrow deposit are required to be applied to pay interest or principal on either or both of such Cross-over Refunding Indebtedness or such Cross-over Refunded Indebtedness until the Cross-over Date.

"Current Value" means (i) with respect to Property, Plant and Equipment: (a) the aggregate fair market value of such Property, Plant and Equipment as reflected in the most recent written report of an appraiser selected by the Obligated Group Representative and in the case of real property, who is a member of the American Institute of Real Estate Appraisers (MAI), delivered to the Master Trustee (which report shall be dated not more than three years prior to the date as of which Current Value is to be calculated) increased or decreased by a percentage equal to the aggregate percentage increase or decrease in the Construction Index from the date of such report to the date as of which Current Value is to be calculated, minus the fair market value (as reflected in such most recent appraiser's report) of any Property, Plant and Equipment included in such report but disposed of since the last such report increased or decreased by a percentage equal to the aggregate percentage increase or decrease in the Construction Index from the date of such report to the date as of which Current Value is to be calculated; plus (b) the Book Value of any Property, Plant and Equipment acquired since the last such report increased or decreased by a percentage equal to the aggregate percentage increase or decrease in the Construction Index from the date of such acquisition to the date as of which Current Value is to be calculated, minus (c) the Book Value of any such Property, Plant and Equipment acquired since the last such report but disposed of and (ii) with respect to any other Property, the fair market value of such Property (as determined by the Obligated Group Representative).

"Days Cash on Hand" means, as of the date of calculation, the amount determined by dividing (a) the amount of Cash and Investments on such date by (b) the quotient obtained by dividing the sum of Expenses plus all expensed and capitalized interest on Indebtedness for the most recent trailing twelve month period, as shown on the consolidating statement of operations within the most recent quarterly financial statements or the most recent audited Financial Statements of the Obligated Group, by 365.

"Debt Service Requirements" means, with respect to the period of time for which calculated, the aggregate of the payments required to be made during such period in respect of principal (whether at maturity, as a result of mandatory sinking fund redemption, mandatory prepayment or otherwise) and interest on outstanding Funded Indebtedness of each Person or a group of Persons with respect to which calculated; *provided* that: (a) the amount of such payments for a future period shall be calculated in accordance with the assumptions contained in the provisions of the Master Indenture summarized under the captions "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS" and "– CALCULATION OF DEBT SERVICE AND DEBT SERVICE COVERAGE"; (b) interest shall be excluded from the determination of the Debt Service Requirements to the extent that Funded Interest is available to pay such interest; (c) principal of Indebtedness shall be excluded from the determination of Debt Service Requirements to the extent that amounts are on deposit in an irrevocable escrow and such amounts (including, where appropriate, the earnings or other increment to accrue thereon) are required to be applied to pay such principal and such amounts so required to be applied are sufficient to pay such principal; (d) principal of Indebtedness shall be excluded from the determination of Debt Service Requirements to the extent moneys were initially deposited and are on deposit as of the date of calculation in a debt service reserve fund which requires that moneys on deposit in the debt service reserve fund be used to pay a principal payment in the final year of such Indebtedness, and except for the payment to be received from such debt service reserve fund, the Indebtedness would have had approximately level debt

service; (e) any annual fees payable in respect of a Credit Facility (other than annual fees to be paid from proceeds of a bond issue escrowed for such purpose) shall be included in the determination of Debt Service Requirements; and (f) with respect to any Funded Indebtedness for which the number of actual payments of principal in any Fiscal Year is greater than those in the immediately preceding and/or succeeding Fiscal Years solely by reason of the fact that such principal payments are scheduled to occur other than on a specified date or dates, the first or last principal payment in such Fiscal Year, as the case may be, for which the number of payments is higher shall be deemed to be required to be made in the next preceding or succeeding Fiscal Year, as appropriate, so as to have an equal number of principal payments in each Fiscal Year.

"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.

"Encumbered" means, with respect to Property, subject to a Lien described in the following subsections of the definition of Permitted Encumbrances: (b) other than a Lien securing Non-Recourse Indebtedness, (d) but including only Capitalized Leases, (l)(ii), (s) and (x)(ii), and all other Liens not described in the definition of Permitted Encumbrances; *provided* that any amounts on deposit in a construction fund created in connection with the issuance of an Obligation which are held as security for the payment of such Obligation or any Indebtedness incurred to purchase such Obligation or the proceeds of which are advanced or otherwise made available in connection with the issuance of such Obligation, shall not be deemed to be Encumbered if the amounts are to be applied to construct or otherwise acquire Property which is not subject to a Lien.

"Entrance Fees" means fees, other than security deposits, monthly rentals or monthly service charges, paid to a Member by residents of living units for the purpose of obtaining the right to reside in those living units or to obtain a parking space including any refundable resident deposits described in any lease, residency agreement or similar agreements with respect to those living units or parking spaces, but shall not include any such amounts held in escrow or otherwise set aside pursuant to the requirements of any such agreement or a reservation agreement prior to the occupancy of the living unit or parking space covered by such lease or similar residency agreement (which amounts shall be included if and when occupancy occurs).

"Escrow Obligations" means, (a) with respect to any Obligation which secures a series of Related Bonds, the obligations permitted to be used to refund or advance refund such series of Related Bonds under the Related Bond Indenture, or (b) in all other cases (i) Government Obligations, (ii) obligations of any agency or instrumentality of the United States Government, (iii) certificates of deposit issued by a bank or trust company which are (A) fully insured by the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation or similar corporation chartered by the United States or (B) secured by a pledge of any United States Government Obligations having an aggregate market value, exclusive of accrued interest, equal at least to the principal amount of the certificates so secured, which security is held in a custody account by a custodian, (iv) obligations issued by any state of the United States or any political subdivision, public instrumentality or public authority of any state, which obligations

are not callable before the date the principal thereof will be required and which obligations are fully secured by and payable solely from Government Obligations, which securities are held pursuant to an agreement, or (v) shares or certificates in any short-term investment fund which is maintained by the Master Trustee or a Related Bond Trustee.

"Excluded Property" means (a) any assets of "employee pension benefit plans" as defined in the Employee Retirement Income Security Act of 1974, as amended, (b) any moneys and securities held as an entrance fee deposit or security deposit, or in a resident trust fund, for any resident of any Facility of a Member prior to such resident's occupancy of any Facility, and (c) the real estate described in the Master Indenture, as amended as provided thereto from time to time, and all improvements, fixtures, tangible personal property and equipment located thereon and used in connection therewith.

"Expenses" means, for any period, the aggregate of all expenses calculated under generally accepted accounting principles, including without limitation any taxes, incurred by the Person or group of Persons involved during such period, minus (a) interest on Funded Indebtedness (taking into account any Interest Rate Agreement as provided in the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – CALCULATION OF DEBT SERVICE AND DEBT SERVICE COVERAGE"), (b) depreciation and amortization, (c) extraordinary expenses, losses on the sale of assets other than in the ordinary course of business and losses on the extinguishment of debt or termination or derisking of pension plans, (d) any expenses resulting from a forgiveness of or the establishment of reserves against Indebtedness of an Affiliate which does not constitute an extraordinary expense, (e) losses resulting from any reappraisal, revaluation, write-down or impairment (including without limitation intangibles) of assets other than bad debts, (f) any unrealized losses resulting from changes in the valuation of investment securities and unrealized changes in the value of derivative instruments (including any change in the value of the termination value thereof) or resulting from the temporary impairment of investment securities, (g) any expenses resulting from any discontinued operations or adjustments to the value of assets or liabilities resulting from changes in GAAP, (h) asset retirement obligations (except in the year paid), (i) any other non-cash expenses, including, but not limited to, net periodic pension costs and pension adjustments related to market value fluctuations and discount rates and (j) any development, marketing, operating or other subordinated fees that have been deferred from the year in which they were originally due as a result of subordination, *provided* that such fees shall be treated as an Expense during the period in which such fees are paid. If such calculation is being made with respect to the Obligated Group, any such expenses attributable to transactions between any Member and any other Member shall be excluded.

"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 therefor and not more frequently than once every year.

"Facilities" means all land, leasehold interests and buildings and all fixtures and equipment (as defined in the Uniform Commercial Code or equivalent statute in effect in the

state where such fixtures or equipment are located) of a Person. Facilities shall not include the land, leasehold interests, buildings, fixtures or equipment constituting Excluded Property.

"Favorable Opinion of Bond Counsel" means an unqualified opinion of nationally recognized municipal bond counsel (which counsel and form of opinion are acceptable to the Master Trustee) to the effect that the action proposed to be taken (or failure to take such action) is permitted under the Master Indenture and will not, in and of itself, adversely affect the validity or enforceability of any Related Bonds or result in the inclusion of interest on any Related Bonds in gross income for federal income tax purposes, to the extent not already so included.

"Financial Statements" means the annual audited financial report of the Obligated Group prepared by a firm of certified public accountants prepared in accordance with GAAP delivered in satisfaction of the requirements of the Master Indenture.

"Fiscal Quarter" means each three-month period ended March 31, June 30, September 30 and December 31 or such other consecutive three-month periods selected by the Obligated Group Representative as the three-month periods for the Members.

"Fiscal Year" means any 12-month period beginning on July 1 of any calendar year and ending on June 30 of the next calendar year or such other consecutive 12-month period selected by the Obligated Group Representative as the fiscal year for the Members.

"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 Master Trustee at the written direction of the Obligated Group Representative.

"Funded Indebtedness" means, with respect to any Person, (a) all Indebtedness of such Person for money borrowed, credit extended, incurred or assumed which is not Short-Term; (b) all Short-Term Indebtedness incurred by the Person which is of the type described in subsection (D) of the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS"; (c) the Person's Guaranties of Indebtedness which are not Short-Term; and (d) Capitalized Rentals under Capitalized Leases entered into by the Person; *provided, however,* that Indebtedness that could be described by more than one of the foregoing categories shall not in any case be considered more than once for the purpose of any calculation made pursuant to the Master Indenture.

"Funded Interest" means amounts irrevocably deposited in an escrow or other trust account to pay interest on Funded Indebtedness or any Related Bonds and interest earned on amounts irrevocably deposited in an escrow or other trust account, to the extent such amounts so deposited are required to be applied to pay interest on such Funded Indebtedness or Related Bonds.

"*GAAP*" or *"generally accepted accounting principles"* means generally accepted accounting principles in the United States.

"Governing Body" means, with respect to a Member or the Obligated Group Representative, 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 bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian pursuant to the terms of a custody agreement.

"Gross Revenues" means all receipts, revenues, rentals, income, insurance proceeds (including, without limitation, all Medicaid, Medicare and other third-party payments), condemnation awards and other moneys received by or on behalf of any Obligated Group Member, including (without limitation) revenues derived from (a) the ownership, operation or leasing of any portion of the Facilities (including, without limitation, fees payable by or on behalf of residents of the Facilities) and all rights to receive the same (other than the right to receive Medicaid and Medicare payments), whether in the form of accounts, general intangibles or other rights, and the proceeds of such accounts, general intangibles and other rights, whether now existing or hereafter coming into existence or whether now owned or held or hereafter acquired, and (b) gifts, grants, bequests, donations and contributions heretofore or hereafter made that are legally available to meet any of the obligations of the Obligated Group Member; *provided, however,* that there shall be excluded from Gross Revenues (i) any amounts received by an Obligated Group Member as a billing agent for another entity, except for fees received for serving as billing agent, (ii) gifts, grants, bequests, donations and contributions to an Obligated Group Member heretofore or hereafter made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payments required under the Master Indenture, (iii) any moneys received by any Obligated Group Member from prospective residents or commercial tenants in order to pay for customized improvements to those Independent Living Units or other areas of the Facilities to be occupied or leased to such residents or tenants, (iv) payments or deposits under a Residency Agreement that by its terms or applicable law are required to be held in escrow or trust for the benefit of a resident until the conditions for the release of such payment or deposit have been satisfied, and (v) all deposits and/or advance payments made in connection with any leases of the Independent Living Units or other areas of the Facilities to be leased to residents or tenants and received prior to receipt of such certificate and licenses for occupancy of such units (provided that such deposits and payments shall be included in Gross Revenues upon the issuance of the certificates or licenses for occupancy).

"Guaranty" means all obligations of a Person guaranteeing, or in effect guaranteeing, any Indebtedness, dividend or other obligation of any Primary Obligor in any manner, whether directly or indirectly, including but not limited to obligations incurred through an agreement, contingent or otherwise, by such Person: (a) to purchase such Indebtedness or obligation or any

Property constituting security therefor; (b) to advance or supply funds: (i) for the purchase or payment of such Indebtedness or obligation, or (ii) to maintain working capital or other balance sheet condition; (c) to purchase securities or other Property or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the Primary Obligor to make payment of the Indebtedness or obligation; or (d) otherwise to assure the owner of such Indebtedness or obligation against loss in respect thereof.

"Historical Debt Service Coverage Ratio" means, for any period of time, the ratio consisting of a numerator equal to the amount determined by dividing Income Available for Debt Service for that period by the Debt Service Requirement for such period and a denominator of one; *provided, however,* that in calculating the Debt Service Requirements for such period, the principal amount of any Indebtedness, and the interest thereon, included in such calculation which is paid during such period shall be excluded to the extent such principal amount and the interest thereon is paid from the proceeds of other Indebtedness incurred in accordance with the provisions of the Master Indenture.

"Historical Pro Forma Debt Service Coverage Ratio" means, for any period of time, the ratio consisting of a numerator equal to the amount determined by dividing Income Available for Debt Service for that period by the Maximum Annual Debt Service Requirement for the Funded Indebtedness then outstanding (other than any Funded Indebtedness being refunded with the Funded Indebtedness then proposed to be issued) and the Funded Indebtedness then proposed to be issued and a denominator of one.

"Income Available for Debt Service" means for any period, the excess of Revenues over Expenses of the Person or group of Persons involved.

"Indebtedness" means, for any Person, (a) all Guaranties by such Person, and (b) all liabilities for borrowed money (exclusive of operating leases and of reserves such as those established for deferred taxes or litigation) recorded or required to be recorded as such on the audited Financial Statements; *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, 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, endowment or similar funds deposited by or on behalf of such residents, or any development, marketing, operating or other subordinated fees that have been deferred from the year in which they were originally due as a result of deferral or subordination.

"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 any Related Issuer, any Member, the Master Trustee or any Related Bond Trustee.

"Independent Living Units" means the independent living units of the Obligated Group.

"Industry Restrictions" means federal, state or other applicable governmental laws or regulations or general industry standards or general industry conditions placing restrictions and limitations on the rates, fees and charges to be fixed, charged and collected by the Members.

"Initial Entrance Fees" means Entrance Fees, including any premiums above published Entrance Fee levels, received upon the initial occupancy of any Independent Living Unit or Assisted Living Unit (including any such fees collected for the purpose of obtaining parking spaces) not previously Occupied.

"Initial Purchaser" means B.C. Ziegler and Company.

"Insurance Consultant" means a person or firm who in the case of an individual is not an employee or officer of any Member or any Related Issuer and which, in the case of a firm, does not control any Member of the Obligated Group or any Affiliate thereof and is not controlled by or under common control with any Member of the Obligated Group or an Affiliate thereof, appointed by the Obligated Group Representative, qualified to survey risks and to recommend insurance coverage for nursing homes or health care facilities and services of the type involved, and having a favorable reputation for skill and experience in such surveys and such recommendations, and which may include a broker or agent with whom any Member transacts business.

"Interest Rate Agreement" means an interest rate exchange, hedge or similar agreement, expressly identified in an Officer's Certificate of the Obligated Group Representative 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.

"Land" means the real Property owned or leased by the Obligated Group upon which the primary operations of the Members are conducted as described in the Master Indenture, as amended as provided therein from time to time, together with all buildings, improvements and fixtures located thereon, but excluding therefrom the Excluded Property.

"Lien" means any mortgage, pledge or lease of, security interest in or lien, charge, restriction or encumbrance on any Property of the Person involved in favor of, or which secures any obligation to, any Person other than any Member, and any Capitalized Lease under which any Member is lessee and the lessor is not another Member.

"Liquidity Requirement" shall have the meaning set forth in the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – LIQUIDITY COVENANT."

"Loan Agreement" means the Loan Agreement dated as of March 1, 2022 between the Authority and the Borrower.

"Long-Term Indebtedness" means Indebtedness (which also may constitute Balloon Indebtedness or Put Indebtedness) having an original stated maturity or term greater than one year or renewable at the option of the debtor for a period greater than one year from the date of original issuance.

"Master Indenture" means the Master Trust Indenture dated as of March 1, 2022, between the Borrower, as the sole Member of the Obligated Group, and the Master Trustee, as it may from time to time be amended or supplemented in accordance with the terms thereof.

"Master Trustee" means UMB Bank, National Association, its successors and assigns, or any successor trustee under the Master Indenture.

"*Maximum Annual Debt Service Coverage Ratio*" means, for any period of time, the ratio consisting of a numerator equal to the amount determined by dividing Income Available for Debt Service for that period by the Maximum Annual Debt Service Requirement for such period and a denominator of one.

"Maximum Annual Debt Service Requirement" means the largest total Debt Service Requirements for the current or any succeeding Fiscal Year.

"Member," "Member of the Obligated Group" or *"Obligated Group Member"* means any Person who is listed in the Master Indenture after designation as a Member of the Obligated Group pursuant to the terms of the Master Indenture.

"MMD Index" means the Municipal Market Data "AAA" scale published by Thomson Reuters for the maturity that most closely matches the Indebtedness to which the calculation relates, or if such index is no longer published, any similar index selected by the Obligated Group Representative, published in a nationally recognized financial publication.

"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 Master Trustee at the written direction of the Obligated Group Representative.

"Mortgage" means, the Amended and Restated Mortgage and Security Agreement dated as of March 1, 2022 by the Borrower, as mortgagor, for the benefit of the Master Trustee, as mortgagee.

"Mortgaged Property" means the real property and personal property of the Obligated Group which is subject to the Lien and security interest of the Mortgage.

"Net Proceeds" means, when used with respect to any insurance or condemnation award or sale consummated under threat of condemnation, the gross proceeds from the insurance or condemnation award or sale with respect to which that term is used less all expenses (including

attorney's fees, adjuster's fees and any expenses of the Obligated Group or the Master Trustee) incurred in the collection of such gross proceeds.

"Net Rentals" means all fixed rents (including as such all payments which the lessee is obligated to make to the lessor on termination of the lease or surrender of the Property other than upon termination of the lease for a default thereunder) payable under a lease or sublease of real or personal Property excluding any amounts required to be paid by the lessee (whether or not designated as rents or additional rents) on account of maintenance, repairs, insurance, taxes and similar charges. Net Rentals for any future period under any so-called "percentage lease" shall be computed on the basis of the amount reasonably estimated to be payable thereunder for such period, but in any event not less than the amount paid or payable thereunder during the immediately preceding period of the same duration as such future period; *provided* that the amount estimated to be payable under any such percentage lease shall in all cases recognize any change in the applicable percentage called for by the terms of such lease.

"Non-Recourse Indebtedness" means any Indebtedness the liability for which is effectively limited to Property, Plant and Equipment (other than the Land) and the income therefrom, with no recourse, directly or indirectly, to any other Property of any Member.

"Obligated Group" means the Borrower and any other Person which has fulfilled the requirements for entry into the Obligated Group set forth in the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – ENTRANCE INTO THE OBLIGATED GROUP" and which has not ceased such status pursuant to the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – CESSATION OF STATUS AS A MEMBER OF THE OBLIGATED GROUP."

"Obligated Group Representative" means the Borrower or such other Member or Person as may be designated from time to time pursuant to written notice to the Master Trustee, executed by the President or Chairman of the Governing Body of the Borrower or, if the Borrower is no longer acting as the Obligated Group Representative, of each Member of the Obligated Group.

"Obligation Holder," "holder" or *"owner of the Obligation"* means the registered owner of any fully registered or book entry Obligation unless alternative provision is made in the Supplemental Master Indenture pursuant to which such Obligation is issued for establishing ownership of such Obligation in which case such alternative provision shall control.

"Obligations" means the Series 2022 Obligation and any Additional Obligations and any Obligation or Obligations issued in exchange therefor.

"Occupied" means (i) with respect to any Independent Living Unit or Assisted Living Unit for which an Entrance Fee is charged, as applicable, any unit for which a Residency Agreement has been executed and for which any Entrance Fee payable upon occupancy has been paid or (ii) with respect to any other type of living unit (including Independent Living Units or

Assisted Living Units for which Entrance Fees are not charged), physical possession of such unit by a resident.

"Officer's Certificate" means a certificate signed, in the case of a certificate delivered by the Obligated Group Representative or a Member of the Obligated Group, by an Authorized Officer of Obligated Group Representative or any Member of the Obligated Group or in the case of a certificate delivered by any other Person, an Authorized Officer of such other Person, in any case whose authority to execute such certificate shall be evidenced to the satisfaction of the Master Trustee.

"Opinion of Bond Counsel" means a written opinion of nationally recognized municipal bond counsel (which counsel and opinion are acceptable to the Master Trustee) and which opinion may be based upon a ruling or rulings of the Internal Revenue Service.

"Outstanding" means, in the case of Indebtedness of a Person other than the Related Bonds or Obligations, all such Indebtedness of such Person which has been issued except any such portion thereof canceled after purchase or surrendered for cancellation or because of payment at or redemption prior to maturity, any such Indebtedness in lieu of which other Indebtedness has been duly incurred and any such Indebtedness which is no longer deemed outstanding under its terms and with respect to which such Person is no longer liable under the terms of such Indebtedness.

"Outstanding Obligations" or *"Obligations outstanding"* means all Obligations which have been duly authenticated and delivered by the Master Trustee under the Master Indenture, except:

(a) Obligations canceled after purchase or because of payment at or prepayment or redemption prior to maturity;

(b) (i) Obligations for the payment or redemption of which cash or Escrow Obligations shall have been theretofore deposited with the Master Trustee (whether upon or prior to the maturity or redemption date of any such Obligations); *provided* that if such Obligations are to be prepaid or redeemed prior to the maturity thereof, notice of such prepayment or redemption shall have been given or irrevocable arrangements satisfactory to the Master Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Master Trustee shall have been filed with the Master Trustee and (ii) Obligations securing Related Bonds for the payment or redemption of which cash or Escrow Obligations shall have been theretofore deposited with the Related Bond Trustee (whether upon or prior to the maturity or redemption date of any such Related Bonds); *provided* that if such Obligations are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Related Bond Trustee shall have been made therefor, or waiver of notice satisfactory in form to the Related Bond Trustee shall have been filed with the Related Bond Trustee;

(c) Obligations in lieu of which others have been authenticated under the Master Indenture; and

(d) Obligations held by a Member or any Affiliate thereof.

Notwithstanding the foregoing, any Obligation securing Related Bonds shall be deemed Outstanding if such Related Bonds are Outstanding under the Related Bond Indenture.

"Outstanding Related Bonds" or *"Related Bonds outstanding"* means all Related Bonds which have been duly authenticated and delivered by a Related Bond Trustee under a Related Bond Indenture and are deemed outstanding under the terms of such Related Bond Indenture or, if the Related Bond Indenture does not specify when the Related Bonds are deemed outstanding thereunder, all such Related Bonds which have been so authenticated and delivered, except:

(a) Related Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Related Bonds for the payment or redemption of which cash or Escrow Obligations of the type described in clause (b)(i) of the definition thereof shall have been theretofore deposited with the Related Bond Trustee (whether upon or prior to the maturity or redemption date of any such Related Bonds) in accordance with the Related Bond Indenture; *provided* that if such Related Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Related Bond Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Related Bond Trustee shall have been filed with the Related Bond Trustee;

(c) Related Bonds in lieu of which others have been authenticated under a Related Bond Indenture; and

(d) For the purposes of all covenants, approvals, waivers and notices required to be obtained or given under the Related Bond Indenture, Related Bonds held or owned by a Member or any of its Affiliates.

"Paying Agent" means the bank or banks, if any, designated pursuant to a Related Bond Indenture to receive and disburse the principal of and interest on any Related Bonds or designated pursuant to the Master Indenture and named in an Obligation to receive and disburse the principal of and interest on such Obligation.

"Permitted Encumbrances" means the Master Indenture, any Related Loan Document, any Related Bond Indenture and, as of any particular time:

(a) Liens arising by reason of good faith deposits with a Member 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 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; any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or 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 workers' compensation, unemployment insurance, pensions or profit sharing plans or other social security plans or programs, or to share in the privileges or benefits required for a Person participating in such arrangements;

(b) any Lien on the Property of any Member permitted under the provisions of the Master Indenture summarized under "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – LIENS ON PROPERTY";

(c) the Mortgage and any other security agreement or document securing the Master Trustee, and any other Lien on Property if such Lien equally and ratably secures all of the Obligations and only the Obligations;

(d) Residency Agreements, leases, licenses and similar use agreements which relate to Property of the Obligated Group which is of a type that is customarily the subject of such leases, licenses or use agreements, such as office space for physicians and educational institutions, food service facilities, gift shops, commercial, beauty shop, banking, parking for residents, other similar specialty services, pharmacy and similar departments or employee rental apartments; sale/saleback or lease/leaseback or similar arrangements in connection with the issuance of Related Bonds; and any leases, licenses or similar rights to use Property whereunder a Member is lessee, licensee or the equivalent thereof upon fair and reasonable terms no less favorable to the lessee or licensee than would obtain in a comparable arm's length transaction;

(e) Liens for taxes and special assessments which are not then delinquent, or if then delinquent are being contested in accordance with the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – COVENANTS AS TO CORPORATE EXISTENCE, MAINTENANCE OF PROPERTIES, AND SIMILAR MATTERS; RIGHT OF CONTEST";

(f) utility, access and other easements and rights-of-way, restrictions, encumbrances and exceptions which do not materially interfere with or materially impair the operation of the Property affected thereby (or, if such Property is not being then operated, the operation for which it was designed or last modified);

(g) any mechanic's, laborer's, materialman's, supplier's or vendor's Lien or right in respect thereof if payment is not yet due under the contract in question or has been due for less than 90 days, or if such Lien is being contested in accordance with the provisions of the Master Indenture;

(h) such Liens, defects, irregularities of title and encroachments on adjoining property as normally exist with respect to property similar in character to the Property involved and which do not materially adversely affect the value of, or materially impair, the Property affected thereby for the purpose for which it was acquired or is held by the owner thereof, including without limitation statutory liens granted to banks or other financial institutions, which liens have not been specifically granted to secure Indebtedness and which do not apply to Property which has been deposited as part of a plan to secure Indebtedness;

(i) zoning laws and similar restrictions which are not violated by the Property affected thereby;

(j) statutory rights under Section 291, Title 42 of the United States Code, as a result of what are commonly known as Hill-Burton grants, and similar rights under other federal statutes or statutes of the state in which the Property involved is located;

(k) all right, power, franchise, grant, license, permit, title and interest of the state where the Property involved is located, municipalities and the public in and to tunnels, bridges and passageways over, under or upon a public way;

(l) Liens on or in Property given, granted, bequeathed or devised by the owner thereof existing at the time of such gift, grant, bequest or devise, *provided* that (i) such Liens consist solely of restrictions on the use thereof or the income therefrom, or (ii) such Liens secure Indebtedness which is not assumed by any Member and such Liens attach solely to the Property (including the income therefrom) which is the subject of such gift, grant, bequest or devise;

(m) Liens of or resulting from any judgment or award, the time for the appeal or petition for rehearing of which shall not have expired, or in respect of which any Member shall at any time in good faith be prosecuting an appeal or proceeding for a review and in respect of which a stay of execution pending such appeal or proceeding for review shall be in existence;

(n) Liens on moneys deposited by residents or others with a Member as security for or as prepayment of the cost of resident or patient care or any rights of residents of life care, elderly housing or similar facilities to endowment, prepayment or similar funds deposited by or on behalf of such residents;

(o) Liens on Excluded Property;

(p) Liens on Property due to rights of third-party payors for recoupment of excess reimbursement paid;

(q) any security interest in the Rebate Fund, any depreciation reserve, debt service or interest reserve, debt service, construction fund or any similar fund established pursuant to the terms of any Supplemental Master Indenture, Related Bond Indenture or Related Loan Document in favor of the Master Trustee, a Related Bond Trustee, a Related Issuer or the holder of the Indebtedness issued pursuant to such Supplemental

Master Indenture, Related Bond Indenture or Related Loan Document or the holder of any related Commitment Indebtedness;

(r) any Lien on any Related Bond or any evidence of Indebtedness of any Member acquired by or on behalf of any Member which secures Commitment Indebtedness and only Commitment Indebtedness;

(s) any Lien on Property acquired or leased by a Member which Lien secures Indebtedness issued, incurred or assumed by any Member, in connection with and to effect such acquisition, lease or existing Indebtedness which will remain outstanding, but not increased, after such acquisition or lease if in any such case the aggregate principal amount of such Indebtedness does not exceed the fair market value of the Property subject to such Lien as determined in good faith by the Member;

(t) Liens on accounts receivable arising as a result of the sale of such accounts receivable with or without recourse, *provided* that the principal amount of Indebtedness secured by any such Lien does not exceed the face amount of such accounts receivable sold;

(u) Liens on Property of a Person existing at the time such Person is merged into or consolidated with a Member, or at the time of a sale, lease or other disposition of the properties of a Person as an entirety or substantially as an entirety to a Member which becomes part of a Property that secures Indebtedness that is assumed by a Member as a result of any such merger, consolidation or acquisition; provided, that no such Lien maybe increased, extended, renewed or modified after such date to apply to any Property of a Member not subject to such lien on such date unless such Lien as so increased, extended, renewed or modified is otherwise permitted under the Master Indenture;

(v) Liens on Property of a Member securing the obligation of a Member to repay amounts owing under Interest Rate Agreements or otherwise serving as collateral with respect thereto;

(w) Liens resulting from a right of set-off granted to a financial institution in connection with credit or Indebtedness;

(x) such Liens, covenants, conditions and restrictions, if any, which do not secure Indebtedness and which are other than those of the type referred to above, as are set forth in the Master Indenture, and which (i) in the case of Property owned by the Obligated Group on the date of execution of the Master Indenture, do not and will not, so far as can reasonably be foreseen, in the judgment of the Obligated Group Representative, materially adversely affect the value of the Property currently affected thereby or materially impair the same, and (ii) in the case of any other Property, do not, in the judgment of the Obligated Group Representative, materially impair or materially interfere with the operation or usefulness thereof for the purpose for which such Property was acquired or is held by a Member; and

(y) the items set forth in the title insurance policy delivered in connection with the recordation of the Mortgage and attached as an exhibit to the Master Indenture.

"Permitted Investments" means and includes 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 any Related 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) asset-backed securities, commercial mortgage-backed securities, or mortgage-backed securities which are, at the time of purchase, rated by any Rating Agency in any of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise);

(h) 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;

(i) repurchase agreements with respect to and secured by Government Obligations or by obligations described in clause (b) and (c) above, which agreements may be entered into with a bank (including, without limitation, any Related Bond Trustee, the Master Trustee or their 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 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 Master Trustee or the Master Trustee's agent;

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

(k) 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 Permitted Investments as defined in paragraphs (a) through (i) above, including money market mutual funds from which the Master Trustee, a Related Bond Trustee or their affiliates derive a fee for investment advisory or other services to the fund.

The Related Bond Trustee and the Master Trustee shall be entitled to assume that any investment which at the time of purchase is a Permitted Investment remains a Permitted 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 a Related Bond Trustee or the Master Trustee (or in the name of the Issuer and payable to the Related Bond Trustee or 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 Related Bond Trustee or the Master Trustee, as applicable.

"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.

"Primary Obligor" means the Person who is primarily obligated on an obligation which is guaranteed by another person.

"Projected Debt Service Coverage Ratio" means, for any future period, the ratio consisting of a numerator equal to the amount determined by dividing the projected Income Available for Debt Service for that period by the Maximum Annual Debt Service Requirement for the Funded Indebtedness expected to be outstanding during such period and a denominator of one.

"Projected Rate" means the projected yield at par of an obligation as set forth, in the case of (i) and (ii) below, in a certificate of the Obligated Group Representative or, in the case of (iii) below, in a report of a Consultant. At the option of the Obligated Group Representative, the Projected Rate shall be based on (i) in the case of obligations the interest on which is expected to be exempt from federal income taxes, the MMD Index plus 1.0% per annum as published not more than seven Business Days prior to the calculation date, (ii) for taxable indebtedness, the rate on U.S. Treasuries with a maturity as close as available to the Indebtedness for which the Projected Rate is being determined plus a spread provided by a Consultant which spread will result in a Projected Rate that is reasonably comparable in the view of the Consultant to the current market rate for other similar taxable indebtedness or (iii) a Consultant's report stating that in determining the Projected Rate such Consultant reviewed the yield evaluations at par of not less than three obligations selected by such 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 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 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 property, whether real or personal, tangible (including cash) or intangible, wherever situated and whether now owned or hereafter acquired, other than Excluded Property.

"Property, Plant and Equipment" means all Property of each Member which is classified as property, plant and equipment under generally accepted accounting principles.

"Put Date" means (a) any date on which an owner of Put Indebtedness may elect to have such Put Indebtedness paid, purchased or redeemed by or on behalf of the underlying obligor prior to its stated maturity date or (b) any date on which Put Indebtedness is required to be paid, purchased or redeemed from the owner by or on behalf of the underlying obligor (other than at the option of the owner) prior to its stated maturity date, other than pursuant to any mandatory sinking fund or other similar fund or other than by reason of acceleration upon the occurrence of an event of default.

"Put Indebtedness" means Long-term Indebtedness which is (a) payable or required to be purchased or redeemed by or on behalf of the underlying obligor, at the option of the owner thereof, prior to its stated maturity date or (b) payable or required to be purchased or redeemed from the owner by or on behalf of the underlying obligor (other than at the option of the owner) prior to its stated maturity date, other than pursuant to any mandatory sinking fund or other similar fund, other than by reason of an event of taxability with respect to any Related Bond or other than by reason of acceleration upon the occurrence of an event of default.

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

"Rebate Fund" means any Rebate Fund created by a Related Bond Indenture.

"Related Bond Indenture" means the Bond Indenture and any indenture, bond resolution or similar instrument pursuant to which any series of Related Bonds is issued.

"Related Bond Trustee" means the Bond Trustee and any other trustee under any Related Bond Indenture and any successor trustee thereunder or, if no trustee is appointed under a Related Bond Indenture, the Related Issuer.

"Related Bonds" means the Series 2022 Bonds and any other revenue bonds or similar obligations the proceeds of which are loaned or otherwise made available to any Member in consideration, whether in whole or in part, of the execution, authentication and delivery of an Obligation or Obligations.

"Related Issuer" means the Authority and any other issuer of a series of Related Bonds.

"Related Loan Document" means the Series 2022 Loan Agreement and any other document or documents (including without limitation any 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 leased, subleased or sold to a Member).

"Released Property" has the meaning set forth as described by the first paragraph summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGE – CONDITIONS FOR RELEASE."

"Required Information Recipients" shall have the meaning set forth in the provisions of the Master Indenture summarized under subsection (b) of caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – FINANCIAL STATEMENTS AND RELATED MATTERS."

"Residency Agreement" means any written agreement or contract, as amended from time to time, between a Member and a resident of a Facility giving the resident certain rights of occupancy in the Facility, including without limitation, Independent Living Units, Assisted Living Units, skilled nursing beds or specialty care beds and providing for certain services to such resident.

"Revenues" means, for any period, (a) in the case of any Person providing health care services and/or senior living services, the sum of (i) resident service revenues plus (ii) other operating revenues, plus (iii) non-operating revenues (other than Contributions, income derived from the sale of assets not in the ordinary course of business or any gain from the extinguishment of debt or other extraordinary item or earnings on deposits which constitute Funded Interest or earnings on amounts which are irrevocably deposited in escrow to pay the principal of or interest on Indebtedness), plus (iv) Unrestricted Contributions, plus (v) any other Entrance Fees received (other than Initial Entrance Fees) minus (A) Entrance Fees amortized during such Fiscal Year and (B) Entrance Fees refunded to residents; and (b) in the case of any other Person, gross revenues less sale discounts and sale returns and allowances, as determined in accordance with generally accepted accounting principles; but excluding in either case (i) any unrealized gain or loss resulting from changes in the valuation of investment securities or unrealized changes in the value of derivative instruments, (ii) earnings resulting from any reappraisal, revaluation, write-up or impairment of assets (including, without limitation, intangibles and pension adjustments related to market value fluctuations and discount rates) of fixed or capital assets, (iii) insurance (other than business interruption) and condemnation proceeds and (iv) adjustments to the value of assets or liabilities resulting from changes in GAAP; *provided, however,* that if such calculation is being made with respect to the Obligated Group, such calculation shall be made in such a manner so as to exclude any revenues attributable to transactions between a Member and any other Member. For purposes of calculations under the Master Indenture, an Unrestricted Contribution from an Affiliate shall be treated as being made 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. For purposes of any calculation under the Master Indenture that is made with reference to both Revenues and Expenses, any deduction from gross resident service revenues otherwise required by this

definition shall not be made if and to the extent that the amount of such deduction is included in Expenses.

"Start-Up Period" shall have the meaning set forth in the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – RATES AND CHARGES."

"S&P" means S&P Global Ratings, a division of S&P Global Inc., a corporation organized and existing under the laws of the State of New York, 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 which has been designated by the Master Trustee, at the direction of the Obligated Group Representative.

"Series 2022 Bonds" means the Series 2022 Bonds and the Series 2022B Bonds.

"Series 2022 Bonds" means the Illinois Finance Authority Revenue Refunding Bonds, Series 2022 (Smith Crossing) authorized to be issued pursuant to the terms and conditions of the Bond Indenture.

"Series 2022 Obligation" means the Borrower's Direct Note Obligation, Series 2022 (Illinois Finance Authority), issued under the Master Indenture in substantially the form attached to the Master Indenture, as security for the Series 2022 Bonds.

"Short-Term," when used in connection with Indebtedness, means having an original maturity less than or equal to one year and not renewable at the option of the debtor for a term greater than one year beyond the date of original issuance.

"Stable Occupancy" means with respect to any facility financed with Indebtedness for which the Master Trustee was furnished a Consultant's report pursuant to the Master Indenture (or, if no Consultant's report was required by the Master Indenture, an Officer's Certificate), the percentage of Occupied units in that facility at the level reflected as substantially at the sustainable capacity for which such facility was designed or "stabilized occupancy" for that facility in the Consultant's report or the Officer's Certificate.

"Subordinated Indebtedness" means Indebtedness which meets the requirements set forth in the Master Indenture.

"Supplemental Master Indenture" means an indenture amending or supplementing the Master Indenture entered into pursuant to the provisions of the Master Indenture summarized under the captions "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – SUPPLEMENTAL MASTER INDENTURES AND AMENDMENTS TO THE MORTGAGE NOT REQUIRING CONSENT OF OBLIGATION HOLDERS" and "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – SUPPLEMENTAL MASTER INDENTURES AND AMENDMENTS TO THE MORTGAGE REQUIRING CONSENT OF OBLIGATION HOLDERS."

"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, or corresponding provisions of federal income tax laws from time to time in effect including any disregarded entity treated as such an organization.

"Testing Date" means each June 30 and December 31 of each Fiscal Year (or as of the last day of the second and fourth Fiscal Quarters).

"Threshold Amount" means the greater of (i) 3% of the Book Value, or at the option of the Obligated Group Representative, the Current Value of the Property, Plant and Equipment of the Obligated Group or (ii) $1,000,000 plus an amount equal to $1,000,000 multiplied by a percentage equal to the aggregate percentage increase or decrease in the Construction Index from its level as of March 1, 2022.

"United States Government Obligations" means non-callable 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 Treasury of the United States of America.

"Unrestricted Contributions" means Contributions, including any payment received from an Affiliate of an Obligated Group Member, which are not restricted in any way that would prevent their application to the payment of debt service on Indebtedness of the Person receiving such Contributions.

"Written Request" means with reference to the Issuer, a request in writing signed by the Chairman, Vice Chairman, Mayor, Clerk, President, Vice President, Executive Director, Associate Executive Director, Secretary or Assistant Secretary of the Issuer and with reference to the Obligated Group Representative or any Member means a request in writing signed by the President, Vice President or Treasurer of such Person, or any other officers designated by the Issuer or such Person, as the case may be.

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE

The Master Indenture contains various covenants, security provisions, terms and conditions, certain of which are summarized below. Reference is made to the Master Indenture for a full and complete statement of its provisions.

INTERPRETATION OF ACCOUNTING TERMS.

Unless otherwise defined or specified in the Master Indenture, all accounting terms used in the Master Indenture shall be interpreted, all accounting determinations under the Master Indenture shall be made, all Financial Statements required to be delivered under the Master Indenture shall be prepared, and all financial records shall be maintained, in accordance with GAAP as in effect from time to time, applied on a basis consistent (except for such changes approved by the Obligated Group's independent public accountants) with the audited Financial Statements delivered as required under the Master Indenture at the time in effect; *provided, however,* that if there is any change in GAAP which results in a material change in the method of making any calculation required by the Master Indenture, including without limitation, in the Master Indenture, and, as a result of such change in GAAP, the Obligated Group Representative notifies the Master Trustee that the Obligated Group wishes to amend any covenant to eliminate the effect of any such change in GAAP on the operation of such covenant, then the Obligated Group and the Master Trustee shall amend the Master Indenture so as to equitably reflect such change, with the desired result that the criteria for making such calculation under the Master Indenture shall be the same after the change in GAAP as if such change in GAAP had not been made and, until such notice is withdrawn or such covenant is amended in a manner satisfactory to the Obligated Group Representative, the Obligated Group's compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change became effective. Such notice shall be given to the Master Trustee, in writing, by the Obligated Group Representative in any Fiscal Year after the effective date of such changes to GAAP but shall be made no later than the date on which calculations required by the Master Indenture are provided to the Master Trustee. The provisions of the Master Indenture summarized in subparagraph (n) under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – SUPPLEMENTAL MASTER INDENTURES AND AMENDMENTS TO THE MORTGAGE NOT REQUIRING CONSENT OF OBLIGATION HOLDERS" permits amendments to the Master Indenture to reflect the provisions of the Master Indenture summarized in this paragraph.

PAYMENT OF PRINCIPAL, PREMIUM, IF ANY, AND INTEREST

Each Member unconditionally and irrevocably (subject to the right of such Member to cease its status as a Member of the Obligated Group pursuant to the terms and conditions of the Master Indenture summarized below under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – CESSATION OF STATUS AS A MEMBER OF THE OBLIGATED GROUP" below), jointly and severally covenants that it will promptly pay the principal of, premium, if any, and interest on every Obligation issued under the Master Indenture at the place, on the dates and in the manner provided therein and in said Obligations according to the true intent and meaning thereof. Notwithstanding any schedule of payments upon the Obligations set forth in the Master Indenture or in the Obligations, each Member unconditionally and irrevocably (subject to the right of such Member to cease its status as a Member of the Obligated Group pursuant to the terms and conditions of the Master Indenture summarized under "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – CESSATION OF STATUS AS A MEMBER OF THE OBLIGATED GROUP" below), jointly and severally agrees to make payments upon each Obligation and be liable therefor at the times and in the amounts (including principal, interest and premium, if any) equal to the amounts to be paid as interest, principal at maturity or by mandatory sinking fund redemption, or premium, if any, upon any Related Bonds from time to time outstanding.

COVENANTS AS TO CORPORATE EXISTENCE, MAINTENANCE OF PROPERTIES, AND SIMILAR MATTERS; RIGHT OF CONTEST

Each Member covenants in the Master Indenture to:

(a) Except as otherwise expressly provided in the Master Indenture (i) preserve its corporate or other separate legal existence, (ii) preserve all its rights and licenses to the extent material and necessary in the operation of its business and affairs and (iii) be qualified to do business and conduct its affairs in each jurisdiction where its ownership of Property or the conduct of its business or affairs requires such qualification; *provided, however,* that nothing in the Master Indenture contained shall be construed to obligate such Member to retain, preserve or keep in effect the rights, licenses or qualifications no longer used or, in the judgment of such Member, useful in the conduct of its business.

(b) With respect to any Member which is, on the date it becomes a Member, a not for profit corporation, maintain its status as a not for profit corporation throughout the term of the Master Indenture unless (1) the Governing Body determines that such status is not necessary or useful, and (2) prior to the cessation of such status there is delivered to the Master Trustee (x) an Opinion of Bond Counsel to the effect that such change in status will not have an adverse effect on the exemption of interest on any Related Bond from federal income taxation to which such Bond is otherwise entitled or the validity or enforceability of any Related Bond, and (y) an opinion of Independent Counsel acceptable to the Master Trustee to the effect that registration of the Obligations under the Securities Act of 1933, as amended, is not required or that such Obligations have been so registered.

(c) At all times use its Facilities only in furtherance of its lawful corporate purposes and cause its business to be carried on and conducted and its Property and each part thereof to be maintained, preserved and kept in good repair, working order and condition and make all necessary and proper repairs (interior and exterior, structural and non-structural, ordinary as well as extraordinary and foreseen as well as unforeseen), renewals and replacements thereof so that its operations and business shall at all times be conducted in an efficient, proper and advantageous manner; *provided, however,* that nothing in the Master Indenture contained shall be construed (i) to prevent it from ceasing to operate any portion of its Property, if in its reasonable judgment (evidenced, in the case of such a cessation other than in the ordinary course of business, by a determination by an Authorized Officer or its Governing Body) it is advisable not to operate the same, or if it intends to sell or otherwise dispose of the same and within a reasonable time endeavors to effect such sale or other disposition, or (ii) to obligate it to retain, preserve, repair, renew or replace any Property, leases, rights, privileges or licenses no longer used or, in the judgment of an Authorized Officer or its Governing Body, useful in the conduct of its business.

(d) Pay or cause to be paid: (i) all taxes, levies, assessments and charges on account of the use, occupancy or operation of its Property, including but not limited to all sales, use, occupation, real and personal property taxes, all permit and inspection fees, occupation and license fees and all water, gas, electric, light, power or other utility charges assessed or charged on or against its Property or on account of its use or occupancy thereof or the activities conducted thereon or therein; and (ii) all taxes, assessments and impositions, general and special, ordinary and extraordinary, of every name and kind, which shall be taxed, levied, imposed or assessed during the term of the Master Indenture upon all or any part of its Property, or its interest or the interest of any Related Issuer or either of them in and to its Property, or upon its interest or the interest of any Related Issuer or the interest of either of them in the Master Indenture or the amounts payable thereunder or under the Obligations. If under applicable law any such tax, levy, charge, fee, rate, imposition or assessment may at the option of the taxpayer be paid in installments, any Member may exercise such option.

(e) Not create or permit to be created or remain, Liens on its Property and, at its cost and expense, promptly discharge or terminate all Liens on its Property or any part thereof, in each case, which are not Permitted Encumbrances.

(f) At its sole cost and expense, promptly comply with all present and future laws, ordinances, orders, decrees, decisions, rules, regulations and requirements of every duly constituted governmental authority, commission and court and the officers thereof which may be applicable to it or any of its affairs, business, operations and Property, any part thereof, any of the streets, alleys, passageways, sidewalks, curbs, gutters, vaults and vault spaces adjoining any of its Property or any part thereof or to the use or manner of use, occupancy or condition of any of its Property or any part thereof.

(g) Promptly 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 which if not so paid, satisfied or discharged would constitute a default or an event of default under subsection (d) of the provisions of the Master Indenture summarized below under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – EVENTS OF DEFAULT."

(h) At all times comply with all terms, covenants and provisions of any Liens at such time existing upon its Property or any part thereof or securing any of its Indebtedness.

(i) Procure and maintain all material and necessary licenses and permits and use its best efforts to maintain the status of its health care Facilities (other than those not currently having such status or not having such status on the date a Person becomes a Member under the Master Indenture) as providers of health care services eligible for payment under those third-party payment programs which such Member determines are appropriate.

(j) In the case of each Member which is a Tax-Exempt Organization at the time it becomes a Member, so long as the Master Indenture shall remain in force and effect and so long as all amounts due or to become due on all Related Bonds have not been fully paid to the holders thereof or provision for such payment has not been made, to take no action or suffer any action to be taken by others which would result in the alteration or loss of its status as a Tax-Exempt Organization, which could result in any such Related Bond being declared invalid or result in the interest on any Related Bond, which is otherwise exempt from federal or state income taxation, becoming subject to such taxation.

(k) Operate all of its Facilities so as not to discriminate on a legally impermissible basis.

(l) In the case of each Member which is a Tax-Exempt Organization, not distribute any of its revenues, income or profits, whether realized or unrealized, to any of its members, directors or officers or allow the same to inure to the benefit of any private person, association or corporation, other than for the lawful corporate purposes of such Member, as the case may be; *provided, further,* that no such distribution shall be made which is not permitted by the legislation pursuant to which such Member is governed or which would result in the loss or alteration of its status as a Tax-Exempt Organization.

The foregoing notwithstanding, any Member may (i) cease to be a not for profit corporation, (ii) take actions which could result in the alteration or loss of its status as a Tax-Exempt Organization or (iii) distribute its revenues, income or profits to any of its members, directors or officers or allow the same to inure to the benefit of a private person, association or Person if (1) prior thereto there is delivered to the Master Trustee an Opinion of Bond Counsel to the effect that such actions would not adversely affect the validity of any Related Bond, the exemption from federal or state income taxation of interest payable on any Related Bond otherwise entitled to such exemption or adversely affect the enforceability in accordance with its terms of the Master Indenture against any Member and (2) after such action the Obligated Group could meet the conditions described in subsection (A) under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS" for the incurrence of one dollar of additional Funded Indebtedness.

For the purposes of the provisions of the Master Indenture summarized under this caption (other than subparagraph (e) thereof), the terms Property and Facilities shall be deemed to include Excluded Property.

No Member shall be required to pay any tax, levy, charge, fee, rate, assessment or imposition referred to above, to remove any Lien required to be removed by the provisions summarized under this caption, pay or otherwise satisfy and discharge its obligations, Indebtedness (other than Indebtedness evidenced by Obligations), demands and claims against it or to comply with any Lien, law, ordinance, rule, order, decree, decision, regulation or requirement referred to under this caption, so long as such Member shall contest, in good faith and at its cost and expense, in its own name and behalf, the amount or validity thereof, in an appropriate manner or by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of or other realization upon the tax, levy, charge, fee, rate, assessment, imposition, obligation, Indebtedness, demand, claim or Lien so contested, and the sale, forfeiture, or loss of its Property or any part thereof, *provided,* that no such contest shall subject any Related Issuer, any Obligation Holder or the Master Trustee to the risk of any liability. While any such matters are pending, such Member shall not be required to pay, remove or cause to be discharged the tax, levy, charge, fee, rate, assessment, imposition, obligation, Indebtedness, demand, claim or Lien being contested, unless such Member agrees to settle such contest and payments under such settlement agreement are deemed to be due and payable. Each such contest shall be promptly prosecuted to final conclusion (subject to the right of such Member engaging in such a contest to settle such contest), and in any event the Member will save all Related Issuers, all Related Bond Trustees, all Obligation Holders and the Master Trustee harmless from and against all losses, judgments, decrees and costs (including attorneys' fees and expenses in connection therewith) as a result of such contest and will, promptly after the final determination of such contest or settlement thereof, pay and discharge the amounts which shall be levied, assessed or imposed or determined to be payable therein, together with all penalties, fines, interests, costs and expenses thereon or incurred in connection therewith. The Member engaging in such a contest shall give the Master Trustee prompt written notice of any such contest. Each Member waives, to the extent permitted by law, any right which it may have to contest (i) any Obligation issued for the benefit of another Member or (ii) any Obligation issued to secure or in connection with Related Bonds.

If the Master Trustee shall notify such Member that, in the opinion of Independent Counsel, by nonpayment of any of the foregoing items the Property of such Member or any substantial part thereof will be subject to imminent loss or forfeiture, then such Member shall promptly pay all such unpaid items and cause them to be satisfied and discharged.

INSURANCE

Each Member shall maintain, or cause to be maintained at its sole cost and expense, insurance with respect to its Property, the operation thereof and its business against such casualties, contingencies and risks (including but not limited to public liability and employee dishonesty) and in amounts not less than is customary in the case of Persons engaged in the same or similar activities and similarly situated. For purposes of the provisions of the Master Indenture summarized under this caption, the term Property shall be deemed to include Excluded Property. The Obligated Group Representative shall annually review the insurance each Member maintains to determine whether such insurance is customary. In addition, the Obligated Group Representative shall (commencing with its Fiscal Year ending June 30, 2022) cause a certificate of an Insurance Consultant or Insurance Consultants to be delivered to the Master Trustee within 150 days of the end of each Fiscal Year which certificate indicates that the insurance then being maintained by the Members is customary in the case of Persons engaged in the same or similar activities and similarly situated. The Obligated Group Representative shall cause copies of the certificates of the Insurance Consultant or Insurance Consultants, as the case may be, to be delivered promptly to the Master Trustee. The Obligated Group or any Member may self-insure if the Insurance Consultant or Insurance Consultants determine(s) that such self-insurance meets the standards set forth in the first sentence of this paragraph and is reasonable under the circumstances; *provided, however,* that no Member of the Obligated Group shall self-insure any of its Property, Plant and Equipment.

RATES AND CHARGES

Each Member covenants and agrees to operate all of its Facilities on a revenue-producing basis and to charge such fees and rates for its Facilities and services and to exercise such skill and diligence, including obtaining payment for services provided, as to provide income from its Property together with other available funds sufficient to pay promptly all payments of principal and interest on its Indebtedness, all expenses of operation, maintenance and repair of its Property and all other payments required to be made by it pursuant to the Master Indenture to the extent permitted by law. Each Member further covenants and agrees that it will from time to time as often as necessary and to the extent permitted by law, revise its rates, fees and charges in such manner as may be necessary or proper to comply with the provisions of the Master Indenture summarized under this caption.

The Members covenant and agree that the Obligated Group Representative will calculate the Historical Debt Service Coverage Ratio of the Obligated Group for each Fiscal Year, commencing with the Fiscal Year ending June 30, 2022, and to deliver a copy of such calculation to the Required Information Recipients in connection with the delivery of the reports required by subparagraph (b)(iv) of the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – FINANCIAL STATEMENTS AND RELATED MATTERS."

If (i) the Historical Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.20:1 but at least 1.10:1, and (ii) the Days Cash on Hand of the Obligated Group as of the last day of such Fiscal Year was not less than 250, the the Obligated Group Representative shall, within 30 days after delivery of the Officer's Certificate described in the preceding paragraph, deliver an Officer's Certificate to the Master Trustee setting forth in reasonable detail the reasons for that the Historical Debt Service Coverage Ratio was below 1.20 and adopting a specific plan setting forth steps to be taken designed to raise the Historical Debt Service Coverage Ratio was at least 1.20 for future periods.

If (i) the Historical Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.20:1 for such year and the Days Cash on Hand of the Obligated Group as of the last day of such Fiscal Year was less than 250 or (ii) the Historical Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.10:1, the Obligated Group, at the Obligated Group's expense, shall select a Consultant within 30 days following the calculation described in the second 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 Historical Debt Service Coverage Ratio to at least 1.20:1 for the following Fiscal Year. The Consultant selected as required by the provisions of the Master Indenture summarized under this caption shall be approved and retained as set forth in the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – APPROVAL OF CONSULTANTS."

A copy of the Consultant's report and recommendations, if any, shall be filed with each Member and the Master Trustee within 60 days of retaining the Consultant and a summary of such Consultant's report shall be provided to each Required Information Recipient. Each

Member shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of an Authorized Officer or 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 or residents 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 or residents 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.

The foregoing provisions notwithstanding, the Obligated Group shall not be obligated to retain a Consultant to make such recommendations if: (a) there is filed with the Master Trustee and each Required Information Recipient, a written report addressed to them of a Consultant which contains an opinion of such Consultant that Industry Restrictions have prevented the Obligated Group from generating Income Available for Debt Service during such Fiscal Year sufficient to meet the requirements of the provisions of the Master Indenture summarized under this caption, and, if requested by the Master Trustee, such report is accompanied by a concurring opinion of Independent Counsel as to any conclusions of law supporting the opinion of such Consultant; (b) the report of such Consultant indicates that the rates charged by the Obligated Group are such that, in the opinion of the Consultant, the Obligated Group has generated the maximum amount of Revenues reasonably practicable given such laws or regulations; and (c) the Historical Debt Service Coverage Ratio of the Obligated Group for such Fiscal Year was at least 1.00:1. The Obligated Group shall not be required to cause the Consultant's report referred to in the preceding sentence to be prepared more frequently than once every two Fiscal Years if at the end of the first of such two Fiscal Years the Obligated Group provides to the Master Trustee (who shall provide a copy to each Related Bond Trustee) an opinion of Independent Counsel to the effect that the Industry Restrictions underlying the Consultant's report delivered in respect of the previous Fiscal Year have not changed in any material way.

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

(i) the Obligated Group fails to achieve a Historical Debt Service Coverage Ratio of at least 1.20:1 and fails to take all necessary action to comply with the procedures set forth above for providing any Officer's Certificate or obtaining a Consultant's report and following all recommendations contained in such Consultant's report to the extent feasible (as determined by the Governing Body of the Obligated Group Representative) and permitted by law;

(ii) the Obligated Group fails to achieve a Historical 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 250, or

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

Notwithstanding any other provisions of the Master Indenture, in the event that any Member of the Obligated Group incurs any Additional Indebtedness for a Capital Addition, the Debt Service Requirements on such Additional Indebtedness and the Revenues and Expenses relating to the Capital Addition financed with the proceeds of such Additional Indebtedness shall be excluded from the calculation of the Historical Debt Service Coverage Ratio of the Obligated Group for the purposes of complying with the provisions of the Master Indenture summarized under this caption, until the first full Fiscal Year following the later of (i) the estimated completion of the Capital Addition being paid for with the proceeds of such Additional Indebtedness provided that such completion occurs no later than six months following the completion date for such project set forth in the Consultant's report described in (A) below, or (ii) the Fiscal Year in which Stable Occupancy is achieved in the case of revenue producing facilities financed with the proceeds of such Additional Indebtedness, which Stable Occupancy shall be projected in the report of the Consultant referred to in paragraph (A) below to occur no later than during the seventh full Fiscal Year following the incurrence of such Additional Indebtedness, or (iii) the end of the seventh full Fiscal Year after the incurrence of such Additional Indebtedness, (the period commencing on the date of the incurrence of such Additional Indebtedness and ending on the later of (i), (ii) or (iii) above is hereinafter referred to as the *"Start-Up Period"*), if the following conditions are met:

(A) there is delivered to the Master Trustee a report or opinion of a Consultant to the effect that the Projected Debt Service Coverage Ratio for each of the first two full Fiscal Years following the Start-Up Period, will be not less than 1.20:1 after giving effect to the incurrence of such Additional Indebtedness and the application of the proceeds thereof; *provided, however,* that in the event that a Consultant shall deliver a report to the Master Trustee to the effect that Industry Restrictions then in existence do not permit or by their application make it impracticable for Members to produce the required ratio, then such ratio shall be reduced to the highest practicable ratio which, in the opinion of the Consultant, is then permitted by such laws or regulations but in no event less than 1.00:1; *provided further, however,* that in the event a Consultant's report is not required to incur such Additional Indebtedness, the Obligated Group may deliver an Officer's Certificate to the Master Trustee in lieu of the Consultant's report described in this subparagraph (A); and

(B) such Consultant's report or Officer's Certificate demonstrates, that the interest on such Additional Indebtedness and any projected start-up losses during the Start-Up Period is funded from the proceeds of Additional Indebtedness or other funds designated by the Obligated Group, and continues to be available for such purposes during the Start-Up Period; and

(C) such Consultant's report or Officer's Certificate demonstrates, that no principal of such Additional Indebtedness shall be payable during the Start-Up Period, excluding any Additional Indebtedness which may become due as the result of the collection of Entrance Fees during the Start-Up Period.

If the conditions of subparagraph (B) or (C) are not satisfied because interest is not funded through the end of the Start-Up Period or because principal is due by maturity or bond sinking fund redemption prior to the end of the Start-Up Period, the provisions of preceding paragraph shall apply only during the portion of the Start-Up Period for which interest has been funded and no principal payments are due.

Notwithstanding any other provisions of the Master Indenture, in the event that any Member of the Obligated Group incurs any Additional Indebtedness classified as Entrance Fee Debt, the Debt Service Requirements on such Additional Indebtedness shall be excluded from the calculation of the Historical Debt Service Coverage Ratio of the Obligated Group for the purposes of complying with the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – RATES AND CHARGES" to the extent such Entrance Fee Debt was paid from Initial Entrance Fees.

DAMAGE OR DESTRUCTION

Each Member agrees to notify the Master Trustee immediately in the case of the destruction of its Facilities or any portion thereof as a result of fire or other casualty, or any damage to such Facilities or portion thereof as a result of fire or other casualty, the Net Proceeds of which are estimated to exceed the Threshold Amount. Each Member irrevocably assigns to the Master Trustee, as its interests may appear, all right, title and interest of such Member in and to any Net Proceeds relating to such damage or destruction. Such Net Proceeds shall be initially paid to the Master Trustee for disbursement or use as provided by the Master Indenture. If such Net Proceeds do not exceed the Threshold Amount, such Net Proceeds may be paid directly to the Member suffering such casualty or loss. The Members covenant that they will expend or contract to expend an amount not less than the amount of any such Net Proceeds within 24 months after receipt thereof to (i) repair, replace or restore the damaged or destroyed facilities, (ii) acquire or construct additional capital assets for any one or more Members, or (iii) prepay Obligations or repay the principal portion of any Indebtedness incurred by any one or more Members of the Obligated Group to acquire or construct capital assets or refinance Indebtedness incurred for such purpose.

In the event such Net Proceeds exceed the Threshold Amount, the Member suffering such casualty or loss shall within 12 months after the date on which the Net Proceeds are finally determined, elect by written notice to the Master Trustee one of the following three options:

(a) *Option A–Repair and Restoration*. Such Member may elect to replace, repair, reconstruct, restore or improve any of the Facilities of the Obligated Group or acquire additional Facilities for the Obligated Group or repay Indebtedness incurred for any such purpose pending the receipt of such Net Proceeds. In such event an amount equal to the Net Proceeds of any insurance relating thereto shall be deposited, when received, with the Master Trustee and such Member shall proceed forthwith to replace, repair, reconstruct, restore or improve Facilities of the Obligated Group or to acquire additional Facilities and will apply the Net Proceeds of any insurance relating to such damage or destruction received from the Master Trustee to the payment or reimbursement of the costs of such replacement, repair, reconstruction, restoration, improvement or acquisition or to the repayment of such Indebtedness. So long as the Members are not in default under the Master Indenture, any Net Proceeds of insurance relating to such damage or destruction received by the Master Trustee shall be released from time to time by the Master Trustee to such Member upon the receipt by the Master Trustee of:

(1) the Written Request of such Member specifying the expenditures made or to be made or the Indebtedness incurred in connection with such replacement, repair, reconstruction, restoration, improvement or acquisition and stating that such Net Proceeds, together with any other moneys legally available for such purposes, will be sufficient to complete such replacement, repair, reconstruction, restoration, improvement or acquisition; and

(2) if such Written Request states the expenditures were or are to be made or such Indebtedness was incurred for the construction or renovation of Facilities, the written approval of such Written Request by an Independent Architect.

It is further understood and agreed that in the event such Member shall elect this Option A, such Member shall complete the replacement, repair, reconstruction, restoration, improvement and acquisition of the Facilities, whether or not the Net Proceeds of insurance received for such purposes are sufficient to pay for the same.

(b) *Option B–Prepayment of Obligations*. Subject to the obligations of the Members summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – COVENANTS AS TO CORPORATE EXISTENCE, MAINTENANCE OF PROPERTIES, AND SIMILAR MATTERS; RIGHT OF CONTEST," such Member may elect to have all of the Net Proceeds payable as a result of such damage or destruction applied to the prepayment of the Obligations. In such event such Member shall, in its notice of election to the Master Trustee, direct the Master Trustee to apply such Net Proceeds, when and as received, to the prepayment of Obligations in accordance with the provisions of the Mater Indenture.

(c) *Option C–Partial Restoration and Partial Prepayment of Obligations*. Such Member may elect to have a portion of such Net Proceeds applied to the replacement, repair, reconstruction, restoration and improvement of the Facilities of the Obligated Group or the acquisition of additional Facilities for the Obligated Group or the repayment of Indebtedness incurred for any such purpose pending the receipt of such Net Proceeds with the remainder of such Net Proceeds to be applied to prepay Obligations, in which event such Net Proceeds to be used for replacement, repair, reconstruction, restoration, improvement and acquisition shall be applied as set forth in subparagraph (a) above and such Net Proceeds to be used for prepayment of the Obligations shall be applied as set forth in subparagraph (b) above.

CONDEMNATION

The Master Trustee shall cooperate fully with the Members in the handling and conduct of any prospective or pending condemnation proceedings with respect to their Facilities or any part thereof. Each Member irrevocably assigns to the Master Trustee, as its interests may appear, all right, title and interest of such Member in and to any Net Proceeds of any award, compensation or damages payable in connection with any such condemnation or taking, or payment received in a sale transaction consummated under threat of condemnation (any such award, compensation, damages or payment being hereinafter referred to as an *"award"*). Such Net Proceeds shall be initially paid to the Master Trustee for disbursement or use as provided in the Master Indenture. If such Net Proceeds do not exceed the Threshold Amount, such Net Proceeds may be paid to the Member in question. The Members covenant that they will expend or contract to expend an amount not less than the amount of any such Net Proceeds within 24 months of the receipt thereof to (i) restore, replace or repair the condemned Facilities, (ii) acquire or construct additional capital assets, or (iii) prepay Obligations or repay the principal portion of Indebtedness incurred by one or more Members of the Obligated Group to acquire or construct capital assets or to refinance Indebtedness incurred for such purpose.

In the event such Net Proceeds exceed the Threshold Amount, the Member in question shall within 12 months after the date on which the Net Proceeds are finally determined elect by written notice of such election to the Master Trustee one of the following three options:

(a) *Option A–Repairs and Improvements*. The Member may elect to use the Net Proceeds of the award for restoration or replacement of or repairs and improvements to the Facilities of the Obligated Group or the acquisition of additional Facilities for the Obligated Group or the repayment of Indebtedness incurred for any such purpose pending the receipt of such Net Proceeds. In such event, so long as the Obligated Group is not in default under the Master Indenture, such Member shall have the right to receive such Net Proceeds from the Master Trustee from time to time upon the receipt by the Master Trustee of:

(1) the Written Request of such Member specifying the expenditures made or to be made or the Indebtedness incurred in connection with such restoration, replacement, repairs, improvements and acquisitions and stating that such Net Proceeds, together with any other moneys legally available for such purposes, will be sufficient to complete such restoration, replacement, repairs, improvements and acquisition; and

(2) if such expenditures were or are to be made or such Indebtedness was incurred for the construction or renovation of Facilities, the written approval of such Written Request by an Independent Architect.

(b) *Option B–Prepayment of Obligations*. Subject to the obligation of such Member summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – COVENANTS AS TO CORPORATE EXISTENCE, MAINTENANCE OF PROPERTIES, AND SIMILAR MATTERS; RIGHT OF CONTEST," such Member may elect to have such Net Proceeds of the award applied to the prepayment of the Obligations. In such event such Member shall, in its notice of election to the Master Trustee, direct the Master Trustee to apply such Net Proceeds, when and as received, to the prepayment of Obligations in accordance with the provisions of the Master Indenture.

(c) *Option C–Partial Restoration and Partial Prepayment of Obligations*. Such Member may elect to have a portion of such Net Proceeds of the award applied to the repair, replacement, restoration and improvement of the Facilities of the Obligated Group or the acquisition of additional Facilities for the Obligated Group or the repayment of Indebtedness incurred for any such purpose pending the receipt of such Net Proceeds, with the remainder of such Net Proceeds to be applied to the prepayment of Obligations, in which event such Net Proceeds to be used for repair, replacement, restoration, improvement and acquisition shall be applied as set forth in subparagraph (a) above and such Net Proceeds to be used for prepayment of the Obligations shall be applied as set forth in subparagraph (b) above.

OTHER PROVISIONS WITH RESPECT TO NET PROCEEDS

Amounts received by the Master Trustee in respect of any awards shall, at the Written Request of the Obligated Group Representative, be deposited with the Master Trustee in a special trust account and be invested or reinvested by the Master Trustee as directed in writing by the Obligated Group Representative in Permitted Investments subject to any Member's right to receive the same pursuant to the Master Indenture. If any Member elects to repair and replace facilities under the Master Indenture, any amounts in respect of such Net Proceeds not so paid to such Member shall be used to prepay Obligations. Notwithstanding anything in the Master Indenture to the contrary, any moneys on deposit with the Master Trustee shall be invested in accordance with, and subject to the terms of, the Tax Exemption Agreement to the extent applicable.

FINANCIAL STATEMENTS AND RELATED MATTERS

(a) The Members covenant 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 consolidated 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.

(b) The Obligated Group Representative will furnish or cause to be furnished to the Master Trustee, each Related Bond Trustee, EMMA and each Related Issuer (*provided*, however, that the Authority will be provided only the items set forth in subparagraph (i) and (ii) below unless the Authority requests other information being provided in accordance with to the provisions of the Master Indenture summarized under this caption) (collectively, *"Required Information Recipients"*), the following:

(i) Within 45 days after the end of each Fiscal Quarter of each Fiscal Year commencing June 30, 2022, quarterly unaudited financial statements of the Obligated Group which, if applicable, shall include combined or consolidated statement of financial position, statement of activities, statement of functional expenses and statement of cash flows for such period and shall designate Initial Entrance Fees, and, which, in each case, shall include (1) a combining or consolidating statement of financial position, statement of activities, statement of functional expenses and statement of cash flows as of the end of such Fiscal Quarter, (2) comparisons to the annual budget of the Obligated Group provided pursuant to subsection (vi) below, and (3) a year to date entrance fee cash flow, designating Initial Entrance Fees, turnover entrance fees and related entrance fees.

(ii) Within 45 days after the end of each Fiscal Quarter commencing September 30, 2022, an Officer's Certificate of the Obligated Group Representative (A) stating that the Obligated Group is in compliance with all of the terms, provisions and conditions of the Master Indenture or if not, specifying all such defaults and the nature thereof, (B) a calculation of Days Cash on Hand as of the last day of such Fiscal Quarter and the Historical Debt Service Coverage Ratio of the Obligated Group on a rolling twelve month basis, (C) information with respect to the payor mix for the Obligated Group's licensed nursing beds, (D) occupancy levels of all of the Facilities operated by the Obligated Group by level of care as of the end of each such Fiscal Quarter, (E) a schedule showing debt service requirements for any Funded Indebtedness of the Obligated Group incurred during such Fiscal Quarter including all scheduled payments of principal and interest on such Funded Indebtedness and (F) a summary of the status of any construction projects with respect to the Facilities of a Member of the Obligated Group which summaries shall be delivered commencing with the Fiscal Quarter in which work on the construction project commenced and ending with the Fiscal Quarter during which such project was completed; all prepared in reasonable detail and certified, subject to year end adjustment by an officer of the Obligated Group Representative.

(iii) If the Historical Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.20:1 or the Days Cash on Hand is less than the Liquidity Requirement for any Testing Date as provided in the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – LIQUIDITY COVENANT," the Obligated Group will deliver the financial information described in paragraph (i) above together with the calculations described in (ii) above, on a monthly basis, with the Historical Debt Service Coverage Ratio calculated on a year-to-date basis each month and the Days Cash on Hand as of the end of each month, within 45 days of the end of each month until the Historical Debt Service

Coverage Ratio of the Obligated Group is at least 1.20:1 and the Days Cash on Hand is at least equal to the Liquidity Requirement.

(iv) Within 150 days after the end of each Fiscal Year commencing with the Fiscal Year ending June 30, 2022, an annual audited financial report of the Obligated Group prepared by a firm of certified public accountants, including a consolidated (or combined, if applicable) and an unaudited consolidating (or combining, applicable) balance sheet as of the end of such Fiscal Year and a consolidated (or combined, if applicable) and an unaudited consolidating (or combining, applicable) statement of changes in fund balances for such Fiscal Year and a combined and an unaudited combining statement of revenues and expenses for such Fiscal Year, showing in each case in comparative form the financial figures for the preceding Fiscal Year.

(v) On or before the date of delivery of the financial reports referred to in subsection (iv) above, an Officer's Certificate of the Obligated Group Representative (A) stating that the Obligated Group is in compliance with all of the terms, provisions and conditions of the Master Indenture or if not, specifying all such defaults and the nature thereof, (B) calculating and certifying the Days Cash on Hand and Historical Debt Service Coverage Ratio as of the end of such Fiscal Year, as appropriate, (C) an executive summary of any actuarial reports received by the Obligated Group during the preceding Fiscal Year, if any, as required by subparagraph (viii) below, (D) a management's discussion and analysis of results of operations of such Fiscal Year, and (E) providing any five-star quality rating assigned to the Facilities of Members of the Obligated Group by the Centers for Medicare and Medicaid Services.

(vi) Within 45 days after the end of each Fiscal Year, the Obligated Group Representative shall deliver a summary of the operating and capital budgets for the Fiscal Year then started.

(vii) Copies of (A) any board approved revisions to the annual budget provided pursuant to subsection (vi) above, or (B) any correspondence to or from the Internal Revenue Service questioning or contesting the status of a Member as an organization described in Section 501(c)(3) of the Code or with respect to the tax exempt status of any Related Bonds the interest on which is excludable from the gross income of the owners thereof for federal income tax purposes, promptly upon receipt.

(viii) An executive summary of an actuarial report regarding the obligations of the Members of the Obligated Group to provide life care services to residents of the Members' communities every three years commencing with the Fiscal Year ending June 30, 2024.

(c) The Obligated Group Representative shall furnish or cause to be furnished to the Master Trustee, the Bond Trustee or any requesting holder of any of the other Obligations, such additional information as the holders of a majority in aggregate principal amount of the Obligations, the Master Trustee or any Related Bond Trustee may reasonably request concerning any Member including, but not limited to, all pertinent books, documents and vouchers relating to the business, affairs and Property (other than resident, 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.

(d) 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 Consultant's report (or a summary thereof as required by the Master Indenture) or counsel's opinion required to be prepared under the terms of the Master Indenture; *provided* that the Obligated Group Representative may redact any such copy provided to EMMA to the extent appropriate or necessary to protect confidential or sensitive information.

(e) The Obligated Group Representative shall give prompt written notice of a change of accountants by the Obligated Group to each Required Information Recipient. 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 Required Information Recipient may reasonably request.

(f) Without limiting the foregoing, each Member will permit, upon reasonable notice, the Master Trustee or any Related Bond Trustee (or such persons as they may designate) to visit and inspect, at the expense of such Person, its Property and to discuss the affairs, finances and accounts of the Obligated Group with its officers and independent accountants, all at such reasonable times and locations and as often as the Master Trustee or such Related Bond Trustee may reasonably desire.

(g) The Obligated Group Representative may designate a different Fiscal Year for the Members of the Obligated Group by delivering a notice to the Master Trustee designating the first and last day of such new Fiscal Year and whether or not there will be any interim fiscal period (the *"Interim Period"*) of a duration of greater than or less than 12 months preceding such new Fiscal Year. The Members covenant that they will furnish to the Master Trustee and each Related Bond Trustee, as soon as practicable after they are available, but in no event more than 150 days after the last day of such Interim Period, a financial report for such Interim Period certified by a firm of independent certified public accountants selected by the Obligated Group Representative covering the operations of the Obligated Group for such Interim Period and containing a consolidated and unaudited consolidating balance sheet as of the end of such Interim Period and a consolidated and unaudited consolidating statement of changes in fund balances and changes in financial position for such Interim Period and a consolidated and unaudited consolidating statement of revenues and expenses for such Interim Period, showing in each case in comparative form the financial figures for the comparable period in the preceding Fiscal Year, together with a separate Officer's Certificate containing a calculation of the Obligated Group's Historical Debt Service Coverage Ratio for the Interim Period.

PERMITTED ADDITIONAL INDEBTEDNESS

Subject to the last paragraph summarized under this caption, so long as any Obligations are Outstanding, the Obligated Group will not incur any Additional Indebtedness (whether or not incurred through the issuance of Additional Obligations) other than:

(A) Funded Indebtedness, if prior to incurrence thereof or, if such Funded Indebtedness was incurred in accordance with another subsection set forth below and any Member wishes to have such Indebtedness classified as having been issued under this subsection (A), prior to such classification, there is delivered to the Master Trustee:

(i) An Officer's Certificate stating that the Historical Pro Forma Debt Service Coverage Ratio of the Obligated Group for the most recent Fiscal Year preceding the date of delivery of the report for which combined Financial Statements reported upon by independent certified public accountants are available was not less than 1.20:1; or

(ii) (a) An Officer's Certificate stating that the Historical Debt Service Coverage Ratio of the Obligated Group for the most recent Fiscal Year preceding the date of delivery of the report for which combined Financial Statements reported upon by independent certified public accountants are available was not less than 1.20:1; and (b) a written Consultant's report prepared in accordance with industry standards to the effect that the Projected Debt Service Coverage Ratio of the Obligated Group is not less than 1.25:1 for the next succeeding Fiscal Year following the later of (I) the estimated completion of the acquisition, construction, renovation or replacement being paid for with the proceeds of such Additional Indebtedness or (II) the Fiscal Year in which such Funded Indebtedness issued for other purposes is being incurred; *provided* that such report shall include forecast balance sheets, statements of revenues and expenses and statements of changes in financial position for such Fiscal Year and a statement of the relevant assumptions upon which such forecasted statements are based, which financial statements must indicate that sufficient revenues and cash flow could be generated to pay the operating expenses of the Obligated Group's proposed and existing Facilities and the debt service on the Obligated Group's other existing Indebtedness during such Fiscal Year.

(B) Completion Funded Indebtedness if there is delivered to the Master Trustee: (i) an Officer's Certificate of the Member for whose benefit such Indebtedness is being issued stating that at the time the original Funded Indebtedness for the Facilities to be completed was incurred, such Member had reason to believe that the proceeds of such Funded Indebtedness together with other moneys then expected to be available would provide sufficient moneys for the completion of such Facilities including an explanation outlining the reasoning for such belief, (ii) a statement of an Independent Architect or an expert setting forth the amount estimated to be needed to complete the Facilities, and (iii) an Officer's Certificate of such Member stating that the proceeds of such Completion Funded Indebtedness to be applied to the completion of the Facilities, together with a reasonable estimate of investment income to be earned on such proceeds and available to pay such costs, the amount of moneys, if any, committed to such completion from available cash or marketable securities and reasonably estimated earnings thereon, enumerated loans from Affiliates or bank loans (including letters or lines of credit) and federal or state grants reasonably expected to be available, will be in an amount not less than the amount set forth in the statement of an Independent Architect or other expert, as the case may be, referred to in (ii), which amount shall be no more than 10% of Funded Indebtedness originally incurred to finance the construction of such Facilities.

(C) Funded Indebtedness for the purpose of refunding (whether in advance or otherwise, including without limitation refunding through the issuance of Cross-over Refunding Indebtedness) any outstanding Funded Indebtedness if prior to the incurrence thereof an Officer's Certificate of a Member is delivered to the Master Trustee stating that, taking into account the issuance of the proposed Funded Indebtedness and the application of the proceeds thereof and any other funds available to be applied to such refunding, the Maximum Annual Debt Service Requirement of the Obligated Group will not be increased by more than 10%.

(D) Short-Term Indebtedness (other than accounts payable under subsection (I) below), in a total principal amount which at the time incurred does not, together with the principal amount of all other such Short-Term Indebtedness of the Obligated Group then outstanding under the provisions of the Master Indenture summarized in this subsection (D) but excluding the principal payable on all Funded Indebtedness during the next succeeding 12 months and also excluding such principal to the extent that amounts are on deposit in an irrevocable escrow and such amounts (including, where appropriate, the earnings or other increments to accrue thereon) are required to be applied to pay such principal and such amounts so required to be applied are sufficient to pay such principal, exceed 10% of the Revenues of the Obligated Group for the most recent Fiscal Year for which financial statements reported upon by independent certified public accountants are available; *provided, however,* that for a period of 20 consecutive calendar days in each Fiscal Year the total amount of such Short-Term Indebtedness of the Obligated Group outstanding under the provisions of the Master Indenture summarized in this subsection (D) shall be not more than 5% of the Revenues of the Obligated Group during the preceding Fiscal Year plus such additional amount as the Obligated Group Representative certifies in an Officer's Certificate is (a) attributable to Short-Term Indebtedness incurred to offset a temporary delay in the receipt of funds due from third party payors and (b) in the minimum amount reasonably practicable taking into account such delay. For the purposes of this subsection, Short-Term Indebtedness shall not include overdrafts to banks to the extent there are immediately available funds of the Obligated Group sufficient to pay such overdrafts and such overdrafts are incurred and corrected in the normal course of business.

(E) Balloon Indebtedness if:

(i) the conditions set forth in subsection (A) above are met for any Fiscal Year in which 25% or more of the original principal amount of such

Balloon Indebtedness comes due when it is assumed that: (a) the portion of Balloon Indebtedness coming due in such Fiscal Year matures over 30 years from the date of issuance of the Balloon Indebtedness, bears interest on the unpaid balance at the Projected Rate and is payable on a level annual debt service basis over a period of no more than 30 years, or (b) the portion of Balloon Indebtedness coming due in such Fiscal Year matures according to its actual principal amortization schedule and bears interest on the unpaid balance at the Projected Rate, but this subsection (b) shall only be used if the amortization of all Indebtedness of the Obligated Group outstanding, when the Balloon Indebtedness debt service being calculated is calculated according to this subsection (b) varies no more than 10% per year, or (c) the portion of Balloon Indebtedness coming due in such Fiscal Year bears interest at the Projected Rate and matures according to the principal amortization schedule set forth in the binding commitment described in subsection (1) above (including without limitation letters or lines of credit or insurance) which may be subject only to commercially reasonable contingencies by a financial institution or bond insurer or surety generally regarded as responsible, to provide financing sufficient to pay the principal amount of such Balloon Indebtedness; or

(ii) the aggregate principal amount of all Balloon Indebtedness issued pursuant to this subsection (E) does not exceed 10% of the Revenues of the Obligated Group for the most recent Fiscal Year for which financial statements reported upon by independent certified public accountants are available; or

(iii) the Balloon Indebtedness to be incurred has a remaining term of five years or greater beginning in such fiscal year, and

(1) the Member incurring such Balloon Indebtedness establishes in an Officer's Certificate filed with the Master Trustee an amortization schedule for such Balloon Indebtedness, which amortization schedule shall provide for payments of principal and interest for each Fiscal Year that are not less than the amounts required to make any actual payments required to be made in such Fiscal Year by the terms of such Balloon Indebtedness;

(2) such Member agrees in such Officer's Certificate to deposit each Fiscal Year with a bank or trust company (pursuant to an agreement between such Member and such bank or trust company) the amount of principal shown on such amortization schedule net of any amount of principal actually paid on such Balloon Indebtedness during such Fiscal Year (other than from amounts on deposit with such bank or trust company) which deposit shall be made prior to any such required actual payment during such Fiscal Year if the amounts so on deposit are intended to be the source of such actual payments; and

(3) the conditions described in subsection (A) above are met with respect to such Balloon Indebtedness when it is assumed that such Balloon Indebtedness is actually payable in accordance with such amortization schedule.

(F) Put Indebtedness if:

(i) the conditions set forth in subsection (A) above are met for any Fiscal Year in which 25% or more of the original principal amount of such Put Indebtedness may come due when it is assumed that (a) the portion of Put Indebtedness which may come due in such Fiscal Year matures over 30 years from the date of issuance of the Put Indebtedness, bears interest on the unpaid balance at the Projected Rate and is payable on a level annual debt service basis over a period of no more than 30 years or (b) the portion of Put Indebtedness which may come due in such Fiscal Year matures according to its actual principal amortization schedule and bears interest on the unpaid balance at the Projected Rate, but this subsection or (b) shall only be used if the amortization of all Indebtedness of the Obligated Group outstanding, when the Put Indebtedness debt service being calculated is calculated according to this subsection (b), varies no more than 10% per year or (c) such Put Indebtedness bears interest at the Projected Rate and is payable according to the principal amortization schedule set forth in a binding commitment of the type described in clause (1) above; or

(ii) principal amount of all Put Indebtedness issued pursuant to this subsection (F) does not exceed 10% of the Revenues of the Obligated Group for the most recent Fiscal Year for which Financial Statements reported on by independent certified public accountants are available.

(G) Liabilities for contributions to self-insurance or shared or pooled-risk insurance programs required or permitted to be maintained under the Master Indenture.

(H) Indebtedness consisting of accounts payable incurred in the ordinary course of business or other Indebtedness not incurred or assumed primarily to assure the repayment of money borrowed or credit extended which Indebtedness is incurred in the ordinary course of business, including but not limited to deferred obligations for the refund or repayment of Entrance Fees.

(I) Indebtedness incurred in connection with a sale or pledge of accounts receivable with or without recourse by any Member consisting of an obligation to repurchase all or a portion of such accounts receivable upon certain conditions, *provided* that the principal amount of such Indebtedness permitted by the Master Indenture shall not exceed the aggregate sale price of such accounts receivable received by such Member.

(J) Non-Recourse Indebtedness, without limit.

(K) Extendable Indebtedness if the conditions set forth in subsection (A) above are met when it is assumed that (i) such Indebtedness bears interest at the Projected Rate and is amortized on a level debt service basis over a term equal to the remaining term of the Extendable Indebtedness or (ii) such Indebtedness bears interest at the Projected Rate and is payable in accordance with its actual amortization schedule, but only if the debt service on all Indebtedness of the Obligated Group Outstanding when the Extendable Indebtedness debt service being calculated is calculated in accordance with this subsection (ii), varies by no more than 10% per year.

(L) Subordinated Indebtedness, without limit.

(M) Commitment Indebtedness, without limit.

(N) Indebtedness to fund a Capital Addition if, prior to incurrence thereof, there is delivered to the Master Trustee (i) 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 Projected Debt Service Coverage Ratio is not less than 1.20:1; (ii) a written report of a Consultant (prepared in accordance with industry standards) to the effect that the estimated Historical Debt Service Coverage Ratio of the Obligated Group will be not less 1.25:1 for the first full Fiscal Year following the later of (A) the estimated completion of the Capital Addition, or (B) the first full Fiscal Year following projected achievement of Stable Occupancy of the Capital Addition, *provided* that the achievement of Stable Occupancy is projected to occur no later than during the seventh full Fiscal Year following the incurrence of such Capital Addition Indebtedness; *provided further* that such report shall include forecast statements of financial position, statements of operations for such Fiscal Years and a statement of the relevant assumptions upon which such forecasted statements are based, which financial statements must indicate that sufficient revenues and cash flow could be generated to pay the operating expenses of the Obligated Group's proposed and existing facilities and the debt service on the Obligated Group's other existing Indebtedness during such Fiscal Year and (iii) an Officer's Certificate of the Obligated Group Representative dated the date of the incurrence of the Capital Addition indebtedness to the effect that (A) the Obligated Group is then in compliance with all covenants of the Master Indenture and no Event of Default or event that with the passage of time or giving of notice could become an Event of Default then exists with respect to the Master Indenture, (B) the obligor has executed and delivered a guaranteed maximum price construction contract, stipulated sum construction contract or such other construction contract that establishes the complete construction cost with respect to the Capital Addition, (C) all permits required to be obtained for the commencement of construction of the Capital Addition have been obtained or receipt of any such permit will be received prior to such commencement; and (D) the Facilities constituting the Capital Addition will be constructed on the Mortgaged Property.

(O) Entrance Fee Debt without limit if: (i) prior to the incurrence of such Entrance Fee Debt there is delivered to the Master Trustee an Officer's Certificate stating that the Obligated Group that the principal of such Entrance Fee Debt that it projects to will be paid prior to maturity solely from Initial Entrance Fees is expected to be received by the Obligated Group and (ii) the Historical Debt Service Coverage Ratio of the Obligated Group as of the most recent date for which audited Financial Statements were available was not less than the requirement summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – RATES AND CHARGES."

(P) Indebtedness the principal amount of which at the time incurred, together with the aggregate principal amount of all other Indebtedness then outstanding which was issued pursuant to the provisions of this subsection (P) and which has not been subsequently reclassified as having been issued under subsection (A), (D), (E) or (F) above, does not exceed 10% of the Revenues of the Obligated Group for the latest preceding Fiscal Year for which financial statements reported upon by independent certified public accountants are available; *provided, however,* that the total amount of all Indebtedness outstanding which was issued pursuant to the provisions of subsections (D), (E)(ii), (F)(iii) and this subsection (P) shall not exceed 15% of the Revenues of the Obligated Group for the most recent Fiscal Year for which financial statements reported on by independent certified public accountants are available.

It is agreed and understood by the parties to the Master Indenture that various types of Indebtedness may be incurred under any of the above-referenced subsections with respect to which the tests set forth in such subsection are met and need not be incurred under only a subsection specifically referring to such type of Indebtedness (*e.g.,* Balloon Indebtedness and Put Indebtedness may be incurred under subsection (A) above if the tests therein are satisfied).

Each Member covenants that Indebtedness of the type permitted to be incurred under subparagraph (I) above will not be allowed to become overdue for a period in excess of that which is ordinary for similar institutions without being contested in good faith and by appropriate proceedings.

Each Member covenants that prior to the incurrence of Indebtedness by such Member for money borrowed or credit extended, or the equivalent thereof, after the date of issuance of the Series 2022 Obligation, it will deliver to the Master Trustee an Officer's Certificate which identifies the Indebtedness incurred, identifies the subsection described under this caption pursuant to which such Indebtedness was incurred, certifies compliance with the provisions of such subsection and attaches a copy of the instrument evidencing such Indebtedness; *provided, however,* that this requirement shall not apply to Indebtedness incurred pursuant to subparagraph (G) or (H) above.

Each Member agrees that, prior to incurring Additional Indebtedness for money borrowed from or credit extended by entities other than the Issuer, trade vendors, residents (for transactions in the ordinary course of business), self insurance or pooled risk insurance programs, sellers of real or personal property for purchase money debt, lessors of such property or banks or other institutional lenders, it will provide the Master Trustee with an opinion of Independent Counsel not objected to by the Master Trustee to the effect that, to such Independent Counsel's knowledge, such Member has complied in all material respects with all applicable state and federal laws regarding the sale of securities in connection with the incurrence of such Additional Indebtedness (including the issuance of any securities or other evidences of indebtedness in connection therewith) and such Independent Counsel has no reason to believe that a right of rescission under such laws exists on the part of the entities to which such Additional Indebtedness is to be incurred.

The provisions of the Master Indenture notwithstanding, the Members of the Obligated Group may not incur any Additional Indebtedness the proceeds of which will be used for the acquisition of real Property or the construction of any Facilities unless the right, title and interest in any assets to be financed or refinanced with the proceeds of such Additional Indebtedness and the real estate upon which such assets will be located have been mortgaged and assigned to the Master Trustee pursuant to a mortgage or deed of trust in substantially the form of the Mortgage and such assets and real estate are not subject to any other Lien except for Permitted Encumbrances.

CALCULATION OF DEBT SERVICE AND DEBT SERVICE COVERAGE

The various calculations of the amount of Indebtedness of a Person, the amortization schedule of such Indebtedness and the debt service payable with respect to such Indebtedness required under certain provisions of the Master Indenture shall be made in a manner consistent with that described under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS" above and under this caption. In the case of Balloon or Put Indebtedness issued pursuant to subsection (E) or (F) under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS," unless such Indebtedness is reclassified pursuant to the provisions summarized under this caption as having been issued pursuant to another subsection under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS," the amortization schedule of such Indebtedness and the debt service payable with respect to such Indebtedness for future periods shall be calculated on the assumption that such Indebtedness is being issued simultaneously with such calculation. With respect to Put Indebtedness, if the option of the holder to require that such Indebtedness be paid, purchased or redeemed prior to its stated maturity date, or if the requirement that such Indebtedness be paid, purchased or redeemed prior to its stated maturity date (other than at the option of such holder and other than pursuant to any mandatory sinking fund or any similar fund), has expired or lapsed as of the date of calculation, such Put Indebtedness shall be deemed payable in accordance with its terms.

In determining the amount of debt service payable on Indebtedness in the course of the various calculations required under certain provisions of the Master Indenture, if the terms of the Indebtedness being considered are such that interest thereon for any future period of time is expressed to be calculated at a varying rate per annum, a formula rate or a fixed rate per annum based on a varying index, then for the purpose of making such determination of debt service, interest on such Indebtedness for such period (the *"Determination Period"*) shall be computed by assuming that the rate of interest applicable to the Determination Period is equal to the average of the rate of interest (calculated in the manner in which the rate of interest for the Determination Period is expressed to be calculated) which was in effect on the last date of each of the twelve full calendar months immediately preceding the month in which such calculation is made; *provided* that if the index or other basis for calculating such interest was not in existence for at least twelve full calendar months next preceding the date of calculation, the rate of interest for such period shall be deemed to be the average rate of interest that was in effect on the last day of each full calendar month next preceding the date of calculation; and if the average rate of interest borne by such Indebtedness for such shorter period cannot be calculated, the rate of interest for such period shall be deemed to be the Projected Rate. No debt service shall be deemed payable upon the exercise by a holder of Extendable Indebtedness of the option to tender such Indebtedness for payment.

Obligations issued to secure Indebtedness permitted to be incurred under the provisions of the Master Indenture summarized above under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS" shall not be treated as Additional Indebtedness in a manner which would require such Indebtedness to be included more than one time in the calculations performed under the Master Indenture.

No debt service shall be deemed payable with respect to Commitment Indebtedness until such time as funding occurs under the commitment which gave rise to such Commitment Indebtedness. From and after such funding, the amount of such debt service shall be calculated in accordance with the actual amount required to be repaid on such Commitment Indebtedness and the actual interest rate and amortization schedule applicable thereto. No Additional Indebtedness shall be deemed to arise when any funding occurs under any such commitment or any such commitment is renewed upon terms which provide for substantially the same terms of repayment of amounts disbursed pursuant to such commitment as obtained prior to such renewal. In addition, no Additional Indebtedness shall be deemed to arise when Indebtedness which bears interest at a variable rate of interest is converted to Indebtedness which bears interest at a fixed rate or the method of computing the variable rate on such Indebtedness is changed or the terms upon which Indebtedness, if Put Indebtedness, may be or is required to be tendered for purchase are changed, if such conversion or change is in accordance with the provisions applicable to such variable rate Indebtedness or Put Indebtedness in effect immediately prior to such conversion or change.

Balloon Indebtedness incurred as provided under subparagraph (B) or (P) under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS," unless reclassified pursuant to the provisions summarized under this caption, shall be deemed to be payable in accordance with the assumptions set forth in subparagraph (E)(i)(2) under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS." Put Indebtedness incurred as provided under subparagraph (B) or (P) under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS," unless reclassified pursuant to the provisions summarized under this caption, shall be deemed to be payable in accordance with the assumptions set forth in subparagraph (F)(i) of "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS."

For the purpose of determining whether any particular Guaranty may be incurred, it shall be assumed that 100% of the Indebtedness guaranteed is Funded Indebtedness of the guarantor under such Guaranty. For the purpose of calculating any historical Debt Service Requirements, the guarantor's Debt Service Requirements under a Guaranty shall be deemed to be the actual amount paid on such Guaranty by the guarantor. For any other purpose, a guarantor shall be considered liable only for 20% of the annual debt service requirement on the Indebtedness guaranteed; *provided, however,* if the guarantor has been required by reason of its guaranty to make a payment in respect of such Indebtedness within the immediately preceding 24 months, the guarantor shall be considered liable for 100% of the annual debt service requirement on the Indebtedness guaranteed.

For purposes of the various calculations required under the Master Indenture for Capitalized Leases, the Capitalized Rentals under a Capitalized Lease at the time of such calculation shall be deemed to be the principal payable thereon.

Each Member may elect to have Indebtedness issued pursuant to one provision summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS," including without limitation subparagraph (P) under "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS," reclassified as having been incurred under another provision under "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS" by certifying compliance with such other provision on the assumption that such Indebtedness is being reissued on the date of delivery of the materials required to be delivered under such other provision including the certification of any applicable Projected Rate. From and after such certification, such Indebtedness shall be deemed to have been incurred under the provision with respect to which such compliance has been certified until any subsequent reclassification of such Indebtedness.

Anything 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. For the purposes of determining the Debt Service Requirements for any future period of time with respect to any Indebtedness subject to an Interest Rate Agreement satisfying the requirements of the preceding sentence (i) if the Member is required to pay a fixed rate of interest under the Interest Rate Agreement, such Indebtedness shall be deemed to bear interest at such fixed rates and (ii) if the Member is required to pay interest at a variable rate under the Interest Rate Agreement, Debt Service Requirements on such Indebtedness shall be calculated in accordance with the second paragraph under this caption. In addition, so long as any Indebtedness is deemed to bear interest at a rate taking into account an Interest Rate Agreement, any payments made by a Member on such Interest Rate Agreement shall be excluded from Expenses and any payments received by a Member on such Interest Rate Agreement shall be excluded from Revenues, in each case, for all purposes of the Master Indenture.

SALE, LEASE OR OTHER DISPOSITION OF PROPERTY

Each Member agrees that it will not, in any consecutive 12-month period, sell, lease or otherwise dispose (including without limitation any involuntary disposition) of Property (either real or personal property, including cash and investments) unless the Obligated Group Representative determines that the Property has been transferred in one or more of the following transfers or other dispositions of Property:

(a) In return for other Property of equal or greater value;

(b) In the ordinary course of business upon fair and reasonable terms;

(c) To any Person, if 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;

(d) From a Member to another Member; *provided, however,* that none of the Land or any other Property financed with the proceeds of any Related Bonds shall be transferred to any other Member unless each Related Bond Trustee has received an Opinion of Bond Counsel to the effect that such transfer shall not adversely affect the validity of the Related Bonds or, with respect to any tax-exempt bonds, any exemption from federal income taxation to which such Related Bonds would otherwise be entitled;

(e) Upon fair and reasonable terms no less favorable to the Member than would be obtained in a comparable arm's-length transaction;

(f) The Property sold, leased or otherwise disposed of pursuant to this subparagraph (f) does not, for any consecutive 12-month period, exceed 3% of the total assets of the Obligated Group (as shown on the most recent audited Financial Statements of the Obligated Group) and (i) the Historical Debt Service Coverage Ratio was not less than 1.30:1 for the last Fiscal Year for which audited Financial Statements have been delivered to the Master Trustee, and (ii) as of the end of the last fiscal quarter for which financial statements have been delivered to the Master Trustee as required under the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – FINANCIAL STATEMENTS AND RELATED MATTERS," the Obligated Group had not less than 200 Days' Cash on Hand after giving effect to the transaction. If the Historical Debt Service Coverage Ratio is not less than 1.30:1, the foregoing percentage of the total assets may be increased as follows under the following conditions:

(i) to 5%, if Days' Cash on Hand would not be less than 300 after the effect of such sale, lease or disposition of assets; or

(ii) to 10%, if Days' Cash on Hand would not be less than 400 after the effect of such sale, lease or disposition of assets; or

(iii) to 15%, if Days' Cash on Hand would not be less than 500 after the effect of such sale, lease or disposition of assets;

(g) To any Person, if 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;

(h) 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 if the Obligated Group Representative so elects) of all Property of the Obligated Group; and

(i) The transfer of any restricted donations from a Member to any Affiliate.

If the Property to be disposed in accordance with the provisions of the Master Indenture summarized under this caption is Mortgaged Property, the Master Trustee shall, upon the request of the Obligated Group Representative, release such Mortgaged Property from the Mortgage pursuant to the terms of the Mortgage.

LIENS ON PROPERTY

The limitation on Liens in the Master Indenture notwithstanding, a Lien on Property of any Member securing Indebtedness (or any Interest Rate Agreement) shall be classified a Permitted Encumbrance (as provided in clause (b) of the definition thereof) and therefore be permitted if:

(1) such Lien secures Non-Recourse Indebtedness; or

(2) (a) after giving effect to such Lien and all other Liens classified as Permitted Encumbrances under this subsection (2)(a), the Book Value or, at the option of the Obligated Group Representative, the Current Value of the Property of the Obligated Group which is Encumbered is not more than 10% of the value of all of the Property of the Obligated Group (calculated on the same basis as the value of the Encumbered Property) and (b) the conditions described in subsection (A) of the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS" are met for allowing the incurrence of one dollar of additional Funded Indebtedness.

RIGHT TO CONSENT

Each Member shall have the right to agree in a Related Bond Indenture, Related Loan Document or Supplemental Master Indenture pursuant to which an Obligation is issued that, so long as any Related Bonds remain outstanding under a Related Bond Indenture or such

Obligation remains outstanding, any or all provisions of the Master Indenture which provide for approval, consent, direction or appointment by the Master Trustee, provide that anything must be satisfactory or acceptable to the Master Trustee, allow the Master Trustee to request anything or contain similar provisions granting discretion to the Master Trustee shall be deemed to also require or allow, as the case may be, the approval, consent, appointment, satisfaction, acceptance, request or like exercise of discretion by the Related Bond Trustee, and that all items required to be delivered or addressed to the Master Trustee under the Master Indenture or under the Mortgage shall also be delivered or addressed to the Related Bond Trustee, unless waived thereby. If a Member enters into any such agreements in a Related Bond Indenture, Related Loan Document or Supplemental Master Indenture, such agreements shall be deemed to be included in the Master Indenture as if set forth in the Master Indenture.

LIQUIDITY COVENANT

The Obligated Group covenants that it will calculate the Days Cash on Hand of the Obligated Group as of June 30 and December 31 of each Fiscal Year (or as of the last day of the second and fourth Fiscal Quarters), commencing June 30, 2022 (each such date being a "Testing Date"). Such calculation as of December 31 of any Fiscal Year (or as of the last day of the second Fiscal Quarter) shall be included in an Officer's Certificate delivered to the Master Trustee no later than February 15 of that Fiscal Year (or no later than 45 days after the last day of the second Fiscal Quarter) pursuant to the provisions of the Master Indenture summarized in subparagraph (b)(ii) under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – FINANCIAL STATEMENTS AND RELATED MATTERS." Such calculation as of June 30 of any Fiscal Year (or as of the last day of the fourth Fiscal Quarter) shall be included in the Officer's Certificate delivered to the Master Trustee pursuant to the provisions of the Master Indenture summarized in subparagraph (b)(iv) under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – FINANCIAL STATEMENTS AND RELATED MATTERS."

Each Obligated Group Member is required to conduct its business so that on each Testing Date the Obligated Group shall have 180 Days Cash on Hand on each Testing Date (the *"Liquidity Requirement"*).

If the number of Days Cash on Hand as of any Testing Date is less than the Liquidity Requirement, the Obligated Group Representative shall, within 30 days after delivery of the Officer's Certificate disclosing such deficiency, deliver an Officer's Certificate 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 raise the level of the Days Cash on Hand to the Liquidity Requirement for future periods.

If the Obligated Group has not raised the level of Days Cash on Hand to the Liquidity Requirement by the Testing Date immediately subsequent to the delivery of the Officer's Certificate required in the preceding paragraph, the Obligated Group Representative shall, within 30 days after delivery of the Officer's Certificate disclosing such deficiency, select a 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 number of Days Cash on Hand to the Liquidity Requirement for future periods. Such Consultant shall be selected and approved as set forth in the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – APPROVAL OF CONSULTANTS." A copy of the Consultant's report and recommendations, if any, shall be filed with each Member and the Master Trustee within 60 days after the date such Consultant is retained and a summary of the Consultant's report will be delivered to each Required Information Recipient. Each Member of the Obligated Group shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of an Authorized Officer or the Governing Body of the Obligated Group Representative) and permitted by law.

Notwithstanding any other provision of the Master Indenture, failure of the Obligated Group to achieve the Liquidity Requirement for any Testing Date 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 adopting a plan or retaining a Consultant and follows each recommendation contained in such plan or Consultant's report to the extent feasible (as determined in the reasonable judgment of an Authorized Officer or the Governing Body of the Obligated Group Representative) and permitted by law.

APPROVAL OF CONSULTANTS

(a) If at any time the Members of the Obligated Group are required to engage a Consultant under the provisions of the Master Indenture, such Consultant shall be engaged in the manner set forth below.

(b) Upon selecting a Consultant as required under the provisions of the Master Indenture, 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 such notice, notify the holders of all Obligations Outstanding under the Master Indenture of such selection and the Obligated Group Representative will post a copy of such notice (or cause a copy of such notice to be posted) on EMMA. Such notice shall (i) include the name of the Consultant and a brief description of the Consultant, (ii) state the reason that the Consultant is being engaged including a description of the covenant(s) of the Master Indenture that require the Consultant to be engaged, and (iii) state that the holder of the Obligation will be deemed to have consented to the selection of the Consultant named in such notice unless such Obligation Holder submits an objection to the selected Consultant in writing (in a manner not objected to by 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 or more in aggregate principal amount of the holders of the Outstanding Obligations have consented or have been deemed to have consented to the selection of the Consultant, the Obligated Group Representative may engage the Consultant. If more than one third in aggregate principal amount of the owners of the Obligations Outstanding have objected to the Consultant selected, the Obligated Group Representative shall select another Consultant which may be engaged upon compliance with the procedures of the provisions of the Master Indenture summarized under this caption.

(c) When the Master Trustee notifies the holders of Obligations of such selection, the Master Trustee will also request any Related Bond Trustee send a notice containing the information required by subparagraph (b) above 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 Consultant in accordance with the response of the owners of such Related Bonds. If two thirds or more in aggregate principal amount of the Related Bonds have been deemed to have consented to the selection of the Consultant, the Bond Trustee shall approve the Consultant. If one third or more in aggregate principal amount of the owners of the Related Bonds have objected to the Consultant selected, the Bond Trustee shall not approve the Consultant.

(d) The 15 day notice period described in (b) 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.

(e) All Consultant reports required under the Master Indenture shall be prepared in accordance with the then effective industry appropriate standards.

(f) If a Consultant is required to be engaged under two or more sections of the Master Indenture, the requirements of those sections may (but need not be) satisfied through the engagement of a single Consultant under a single engagement in lieu of multiple engagements. Any requirement for a Consultant's report under the Master Indenture may be satisfied by an update of a previous Consultant's Report so long as the update when taken together with the previous report satisfies the requirements of the Master Indenture.

(g) A Consultant's report under one section of the Master Indenture may satisfy a requirement for a Consultant's report under another section of the Master Indenture but only if the nature of the Consultant and the substance of the report are sufficient to satisfy that requirement.

(h) The Obligated Group shall not be required to obtain a Consultant's report that satisfies the requirements of a particular section of the Master Indenture more than one time in any twelve month period.

OBLIGATED GROUP REPRESENTATIVE

Each Member, by becoming a Member, irrevocably appoints the Borrower, as the Obligated Group Representative as its agent and true and lawful attorney in fact and grants to the Obligated Group Representative full and exclusive power to, on behalf of such Member: (i) authorize, negotiate and determine and bind such Member to the terms of, and execute and deliver, Supplemental Master Indentures authorizing the issuance of Obligations or series of Obligations; (ii) as applicable, negotiate and determine the terms of, approve, execute, deliver, perform, amend, waive provisions of, grant consents related to, extend and terminate loan agreements, bond indentures, bond purchase agreements, agreements related to credit, liquidity or insurance, disclosures, and all such other agreements and instruments as are reasonably related to entering into and managing the specific transactions represented by such Supplemental Master Indentures and/or Obligations; (iii) negotiate and determine the terms of, approve, execute, deliver, perform, amend, waive provisions of, grant consents related to, extend and terminate certificates and other undertakings as are reasonably necessary or appropriate to enter into and managing the specific transactions represented by such Supplemental Master Indentures and/or Obligations; (iv) manage, oversee, direct, authorize, control, and implement all Outstanding Indebtedness and financial relationships related in any manner to such Indebtedness, including, but not limited to, Interest Rate Agreements, credit support and liquidity facilities, related insurance products and policies, debt management policy setting and determinations such as the mix of fixed and variable debt and similar determinations, allocation, calculations, accounting for, collections from Members, and payment of debt service, discounts, premiums, costs of issuance and other costs and fees related to Indebtedness, including termination, amendment and similar fees; (v) planning, authorization and implementation of conversions, refundings, defeasances and other debt management or modification activities; (vi) approve, execute and amend all waivers, consents or amendments to any document or agreement, directly or indirectly, related to one or more of the Obligations, the Master Indenture and any Supplemental Master Indenture, including but not limited to, any of the types of documents or agreements mentioned in subparagraphs (ii) and (iii) above and this subparagraph (vi); (vii) direction of agents and control, direction and management of third party relationships (such as trustees, issuing authorities, underwriters, advisors and counsel) related to Indebtedness and/or Obligations, (viii) the power and authority to grant additional security, (ix) the power and authority to issue any Additional Indebtedness, and (x) the power and authority to exercise all corporate authority and take any action in connection therewith which may be necessary or appropriate on behalf of the Obligated Group and each Member thereof to implement any recommendation or commitment made by the Borrower, as Obligated Group Representative. Authority granted in the provisions of the Master Indenture summarized under this caption shall be and remain irrevocable until and unless any Member is permitted to withdraw from the Obligated Group in accordance with the terms of the Master Indenture.

MERGER, CONSOLIDATION, SALE OR CONVEYANCE

(a) Each Member agrees that it will not merge into, or consolidate with, one or more entities/Persons which are not Members, or allow one or more of such entities/Person to merge into it, or sell or convey all or substantially all of its Property to any Person who is not a Member, unless:

> (i) Any successor Person 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 Person 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 and the Mortgage 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 the Loan Document or the Master Indenture;

(iii) Assuming that any Indebtedness of any successor or acquiring Person 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 Person (A) immediately after such merger or consolidation, sale or conveyance, the Historical Pro Forma Debt Service Coverage Ratio of the Obligated Group for the most recent Fiscal Year for which audited Financial Statements are available would be not less than 1.20:1 or that such Historical Pro Forma Debt Service Coverage Ratio of the Obligated Group is not less than the Historical 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 summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – FINANCIAL STATEMENTS AND RELATED MATTERS," would be not less than 180 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; and

(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 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 the Related Bonds or the exemption otherwise available from federal or state income taxation of interest payable on such Related Bonds.

(b) In case of any such consolidation, merger, sale or conveyance and upon any such assumption by the successor Person, such successor Person 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 Person that is a successor, assignee, surviving, resulting or transferee of a Member must agree to become, and satisfy the conditions described in the Master Indenture to becoming, a Member of the Obligated Group prior to any such succession, assignment or other change in such Member's corporate status. Any Person that is a successor to such Member thereupon may cause to be signed and may issue in its own name Obligations pursuant to the Master Indenture and the predecessor Person shall be released from its obligations thereunder and under any Obligations, if such predecessor Person shall have conveyed all Property owned by it (or all such Property shall be deemed conveyed by operation of law) to such successor Person. All Obligations so issued by such successor Person pursuant to the Master Indenture shall in all respects have the same legal rank and benefit thereunder as Obligations theretofore or thereafter issued in accordance with the terms of the Master Indenture as though all of such Obligations had been issued thereunder by such prior Member without any such consolidation, merger, sale or conveyance having occurred.

(c) 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.

(d) 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 Master Indenture.

ENTRANCE INTO THE OBLIGATED GROUP

As of the date of execution of the Master Indenture, the Borrower is the only Member of the Obligated Group. Any other Person may become a Member of the Obligated Group if:

(a) Such Person shall execute and deliver to the Master Trustee a Supplemental Master Indenture which shall be executed by the Master Trustee and the Obligated Group Representative, containing (i) the agreement of such Person (A) to become a Member of the Obligated Group and thereby to become subject to compliance with all provisions of the Master Indenture and, (B) unconditionally and irrevocably (subject to the right of such Person to cease its status as a Member of the Obligated Group pursuant to the terms and conditions described under "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – CESSATION OF STATUS AS A MEMBER OF THE OBLIGATED GROUP" below) to jointly and severally make payments upon each Obligation at the times and in the amounts provided in each such Obligation and (ii) representations and warranties by such Person substantially similar to those set forth in the Master Indenture other than those contained in the Master Indenture relating to tax-exempt status if such Person is not a Tax-Exempt Organization;

(b) The Obligated Group Representative, by appropriate action of its Governing Body, shall have approved the admission of such Person to the Obligated Group;

(c) The Master Trustee shall have received (1) an Officer's Certificate of the Obligated Group Representative which (A) demonstrates that (i) immediately upon such Person becoming a Member of the Obligated Group, the Historical Pro Forma Debt Service Coverage Ratio of the Obligated Group, taking the Person becoming a Member into account, for the most recent Fiscal Year for which financial statements that have been reported upon by independent certified public accountants are available would be not less than 1.20:1 or that such Historical Pro Forma Debt Service Coverage Ratio of the Obligated Group, taking the Person becoming a Member into account, is equal to or greater than the Historical Debt Service Coverage Ratio of the Obligated Group was for such Fiscal Year without such Person becoming a Member of the Obligated Group and (ii) immediately upon such Person becoming a Member of the Obligated Group, taking the Person becoming a Member into account, the Obligated Group would be in compliance with the Liquidity Requirement of the Master Indenture described under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – LIQUIDITY COVENANT" based on the most recent quarterly financial statements delivered to the Master Trustee pursuant to the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – FINANCIAL STATEMENTS AND RELATED MATTERS," or that the number of Days Cash on Hand of the Obligated Group, taking the Person becoming a Member into account, is equal to or greater than the number of Days Cash on Hand would be without such Person becoming a Member of the Obligated Group; (B) states that prior to and immediately after such Person becoming a Member of the Obligated Group, no event of default exists under the Master Indenture and no event shall have occurred which with the passage of time or the giving of notice, or both, would become such an event of default; and (C) states that prior to and immediately after such Person becoming a Member of the Obligated Group, the Members would not be in default in the performance or observance of any covenant or condition to be performed or observed under the Master Indenture; (2) an opinion of Independent Counsel to the effect that (A) the instrument described in paragraph (a) above has been duly authorized, executed and delivered and constitutes a legal, valid and binding agreement of such Person, enforceable in accordance with its terms, subject to customary exceptions for bankruptcy, insolvency and other laws generally affecting enforcement of creditors' rights and application of general principles of equity and to the exceptions set forth in the Master Indenture and (B) the addition of such Person to the Obligated Group will not adversely affect the status as a Tax-Exempt Organization of any Member which otherwise has such status and (3) if all amounts due or to become due on all Related Bonds have not been paid to the holders thereof and provision for such payment has not been made in such manner as to have resulted in the defeasance of all Related Bond Indentures, an Opinion of Bond Counsel to the effect that under then existing law the addition of such Person to the Obligated Group, whether or not contemplated on the date of delivery of any such Related Bonds, would not adversely affect the validity of any Related Bond or any exemption from federal or state income taxation of interest payable on such Related Bond otherwise entitled to such exemption; *provided* that in making the calculation called for by the provisions of the Master Indenture summarized in this paragraph, (i) there shall be excluded from Revenues (a) any Revenues generated by Property of such Person transferred or otherwise disposed of by such Person since the beginning of the Fiscal Year during which such Person's entry into the Obligated Group occurs and (b) any Revenues generated by Property of the new Member which at the time of such Member's entry into the Obligated Group will be categorized as Excluded Property and (ii) there shall be excluded from Expenses (a) any Expenses related to Property of such Person transferred or otherwise disposed of by such Person since the beginning of the Fiscal Year during which such Person's entry into the Obligated Group occurs and (b) any Expenses related to Property of the new Member which at the time of such Member's entry into the Obligated Group will be categorized as Excluded Property; and

(d) (i) The Master Indenture is amended to include a description of the real property of the Person becoming a Member upon which the primary operations of such Person are conducted and a description of any Permitted Encumbrances of the type described in paragraph (u)(ii) of the definition thereof, (ii) the Master Indenture is amended to include a description of the Property of the Person becoming a Member which is to be considered Excluded Property (*provided* that such Property may be treated as Excluded Property only if such Property is real or tangible personal property and the primary operations of such Person are not conducted upon such real property), and (iii) the Master Indenture is amended to add such Person as a Member.

Each Person that is a successor, assignee, surviving, resulting or transferee of a Member must agree to become, and satisfy the above-described conditions to becoming, a Member of the Obligated Group prior to any such succession, assignment or other change in such Member's corporate status.

CESSATION OF STATUS AS A MEMBER OF THE OBLIGATED GROUP

Each Member covenants that it will not take any action, corporate or otherwise, which would cause it or any successor thereto into which it is merged or consolidated under the terms of the Master Indenture to cease to be a Member of the Obligated Group unless:

(a) the Member proposing to withdraw from the Obligated Group is not a party to any Related Loan Documents with respect to any Related Bonds which remain outstanding;

(b) prior to cessation of such status, there is delivered to the Master Trustee an Opinion of Bond Counsel to the effect that, under then existing law, the cessation by the Member of its status as a Member will not adversely affect the validity of any Related Bond or any exemption from federal or state income taxation of interest payable thereon to which such Bond would otherwise be entitled;

(c) prior to the cessation of such status, there is delivered to the Master Trustee an Officer's Certificate of the Obligated Group Representative to the effect that: (A) (i) immediately after such cessation the Historical Pro Forma Debt Service Coverage Ratio of the Obligated Group, taking such cessation into account for the most recent Fiscal Year for which financial statements that have been reported upon by independent certified public accountants are available would be not less than 1.20:1 or that such Historical Pro Forma Debt Service Coverage Ratio of the Obligated Group, taking such cessation into account, is equal to or greater than the Historical Debt Service Coverage Ratio of the Obligated Group was for such Fiscal Year prior to such cessation and (ii) immediately after such cessation, taking such cessation into account, the Obligated Group would be in compliance with the Liquidity Requirement of the Master Indenture described under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – LIQUIDITY COVENANT" based on the most recent quarterly financial statements delivered to the Master Trustee pursuant to the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – FINANCIAL STATEMENTS AND RELATED MATTERS" or that the number of Days Cash on Hand of the Obligated Group, taking such cessation into account, is greater than the number of Days Cash on Hand would be immediately prior to such cessation; and (B) prior to and immediately after such cessation, no event of default exists under the Master Indenture and no event shall have occurred which with the passage of time or the giving of notice, or both, would become such an event of default;

(d) prior to such cessation there is delivered to the Master Trustee an opinion of Independent Counsel (which Counsel is acceptable to the Master Trustee) to the effect that the cessation by such Member of its status as a Member will not adversely affect the status as a Tax-Exempt Organization of any Member which otherwise has such status; and

(e) prior to cessation of such status, each Member consents in writing to the withdrawal by such Member.

Upon such cessation in accordance with the foregoing provisions, (i) the Master Indenture shall be amended to delete therefrom the description of any real property and of any Permitted Encumbrances of the type described in paragraphs (x) and (y) of the definition of Permitted Encumbrances of the Member which has ceased being a Member of the Obligated Group, (ii) the Master Indenture shall be amended to delete therefrom any Property of the Member which has ceased being a Member, (iii) the Master Indenture shall be amended to delete therefrom the name of such Person and (iv) the Master Trustee shall, at the direction of the Obligated Group Representative, release any mortgage held by the Master Trustee upon the Property of such Member which has ceased being a Member of the Obligated Group.

EVENTS OF DEFAULT

Each of the following events is declared an "Event of Default" under the Master Indenture:

(a) failure of the Obligated Group to pay any installment of interest or principal, or any premium, on any Obligation (including any payments due on an Interest Rate Agreement secured by an Obligation) when the same shall become due and payable, whether at maturity, upon any date fixed for prepayment or by acceleration or otherwise; or

(b) failure of any Member to comply with, observe or perform any of the covenants, conditions, agreements or provisions of the Master Indenture and to remedy such default within 30 days after written notice thereof to such Member and the Obligated Group Representative from the Master Trustee or the holders of at least 25% in aggregate principal amount of the Outstanding Obligations, *provided* that, if in the judgment of the Master Trustee, such default cannot with due diligence and dispatch be wholly cured so that such failure no longer constitutes an "event of default" under the Master Indenture within 30 days but can be wholly cured, the failure of the Member to remedy such default within such 30-day period shall not constitute a default thereunder if the Member 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

(c) any representation or warranty made by any Member in the Master Indenture or in any statement or certificate furnished to the Master Trustee or the purchaser of any Obligation in connection with the sale of any Obligation or furnished by any Member pursuant to the Master Indenture proves untrue in any material respect as of the date of the issuance or making thereof and shall not be corrected or brought into compliance within 30 days after written notice thereof to the Obligated Group Representative by the Master Trustee or the holders of at least 25% in aggregate principal amount of the Outstanding Obligations; *provided* that, if in the judgment of the Master Trustee, such default cannot with due diligence and dispatch be wholly cured so that such failure no longer constitutes an "event of default" under the Master Indenture within 30 days but can be wholly cured, the failure of the Member to remedy such default within such 30-day period shall not constitute a default thereunder if the Member 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

(d) default in the payment of the principal of, premium, if any, or interest on any Indebtedness for borrowed money of any Member, including without limitation any Indebtedness created by any Related Loan Document, as and when the same shall become due, or an event of default as defined in any mortgage, indenture, loan agreement or other instrument under or pursuant to which there was issued or incurred, or by which there is secured, any such Indebtedness (including any Obligation) of any Member, and which default in payment or event of default entitles the holder thereof to declare or, in the case of any Obligation, to request that the Master Trustee declare, such Indebtedness due and payable prior to the date on which it would otherwise become due and payable; *provided, however,* that if such Indebtedness is not evidenced by an Obligation or issued, incurred or secured by or under a Related Loan Document, a default in payment thereunder shall not constitute an "event of default" under the Master Indenture unless the unpaid principal amount of such Indebtedness, together with the unpaid principal amount of all other Indebtedness so in default, exceeds the greater of $1,000,000 or 1% of unrestricted net assets of the Obligated Group; or

(e) any judgment, writ or warrant of attachment or of any similar process shall be entered or filed against any Member or against any Property of any Member and remains unvacated, unpaid, unbonded, unstayed or uncontested in good faith for a period of 90 days; *provided, however,* that none of the foregoing shall constitute an event of default unless the amount of such judgment, writ, warrant of attachment or similar process, together with the amount of all other such judgments, writs, warrants or similar processes so unvacated, unpaid, unbonded, unstayed or uncontested, exceeds $1,000,000 or 1% of the unrestricted net assets of the Obligated Group; or

(f) any Member admits insolvency or bankruptcy or its inability to pay its debts as they mature, or is generally not paying its debts as such debts become due, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee, custodian or receiver for such Member, or for the major part of its Property; or

(g) a trustee, custodian or receiver is appointed for any Member or for the major part of its Property and is not discharged within 90 days after such appointment; or

(h) bankruptcy, dissolution, reorganization, arrangement, insolvency or liquidation proceedings, proceedings under Title 11 of the United States Code, as amended, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors are instituted by or against any Member (other than bankruptcy proceedings instituted by any Member against third parties), and if instituted against any Member are allowed against such Member or are consented to or are not dismissed, stayed or otherwise nullified within 90 days after such institution; or

(i) payment of any installment of interest or principal, or any premium, on any Related Bond shall not be made when the same shall become due and payable under the provisions of any Related Bond Indenture; or

(j) any event of default shall occur under the Mortgage or any mortgage executed pursuant to the last paragraph under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS."

ACCELERATION

If an event of default has occurred and is continuing, the Master Trustee may, and if requested by either the holders of not less than 25% in aggregate principal amount of Outstanding Obligations or the holder of any Accelerable Instrument under which Accelerable Instrument an event of default exists (which event of default permits the holder thereof to request that the Master Trustee declare such Indebtedness evidenced by an Obligation due and payable prior to the date on which it would otherwise become due and payable), shall, by notice in writing delivered to the Obligated Group Representative, declare the entire principal amount of all Obligations then Outstanding under the Master Indenture and the interest accrued thereon immediately due and payable, and the entire principal and such interest shall thereupon become immediately due and payable, subject, however, to the provisions of the Master Indenture with respect to waivers of events of default.

REMEDIES; RIGHTS OF OBLIGATION HOLDERS

Upon the occurrence of any event of default, the Master Trustee may pursue any available remedy including a suit, action or proceeding at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Obligations Outstanding under the Master Indenture and any other sums due thereunder and may collect such sums in the manner provided by law out of the Property or the Excluded Property of any Member wherever situated.

If an event of default shall have occurred, and if it shall have been requested so to do by either the holders of 25% or more in aggregate principal amount of Obligations Outstanding or the holder of an Accelerable Instrument who requested or was entitled to request pursuant to the Master Indenture that the Master Trustee accelerate the Obligations and if it shall have been indemnified as provided in the Master Indenture, the Master Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the provisions of the Master Indenture summarized under this caption as the Master Trustee shall deem most expedient in the interests of the holders of Obligations; *provided, however,* that the Master Trustee shall have the right to decline to comply with any such request if the Master Trustee shall be advised by counsel (who may be its own counsel) that the action so requested may not lawfully be taken or the Master Trustee in good faith shall determine that such action would be unjustly prejudicial to the holders of Obligations not parties to such request.

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

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

No waiver of any default or event of default under the Master Indenture, whether by the Master Trustee or by the holders of Obligations, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

DIRECTION OF PROCEEDINGS BY HOLDERS

The holders of a majority in aggregate principal amount of the Obligations then outstanding which have become due and payable in accordance with their terms or have been declared due and payable pursuant the Master Indenture and have not been paid in full in the case of remedies exercised to enforce such payment, or the holders of not less than a majority in aggregate principal amount of the Obligations then outstanding in the case of any other remedy, shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Master 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 Master Indenture and the Mortgage, or for the appointment of a receiver or any other proceedings under the Master Indenture; *provided,* that such direction shall not be otherwise than in accordance with the provisions of law and of the Master Indenture and that the Master Trustee shall have the right to decline to comply with any such request if the Master Trustee shall be advised by counsel (who may be its own counsel) that the action so directed may not lawfully be taken or the Master Trustee in good faith shall determine that such action would be unjustly prejudicial to the holders of the Obligations not parties to such direction. Pending such direction from the holders of not less than a majority in aggregate principal amount of the Obligations outstanding, such direction may be given in the same manner and with the same effect by the holder of an Accelerable Instrument upon whose request pursuant to the Master Indenture the Master Trustee has accelerated the Obligations.

The foregoing notwithstanding, the holders of not less than a majority in aggregate principal amount of the Obligations then Outstanding which are entitled to the exclusive benefit of certain security in addition to that intended to secure all or other Obligations shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Master 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 Master Indenture, the Supplemental Master Indenture or Indentures pursuant to which such Obligations were issued or so secured or any separate security document in order to realize on such security; *provided, however,* that such direction shall not be otherwise than in accordance with the provisions of law and of the Master Indenture and that the Master Trustee shall have the right to decline to comply with any such request if the Master Trustee shall be advised by counsel (who may be its own counsel) that the action so directed may not lawfully be taken.

APPOINTMENT OF RECEIVERS

Upon the occurrence of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Master Trustee and the holders of Obligations under the Master Indenture, the Master Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the rights and properties pledged thereunder and of the revenues, issues, payments and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

APPLICATION OF MONEYS

All moneys received by the Master Trustee pursuant to any right given or action taken under the provisions of the Master Indenture (except moneys held for the payment of Obligations called for prepayment or redemption which have become due and payable) shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the fees of, expenses, liabilities and advances incurred or made first by the Master Trustee and any Related Bond Trustee, and second, by any Related Issuers, be applied as follows:

(a) Unless the principal of all the Obligations shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due on the Obligations, 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; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal and premium, if any, on the Obligations which shall have become due (other than Obligations called for redemption or payment for payment of which moneys are held pursuant to the provisions of the Master Indenture), in the order of the scheduled dates of their payment, and, if the amount available shall not be sufficient to pay in full the Obligations due on any particular date, then to the payment ratably, according to the amount of principal and premium due on such date, to the persons entitled thereto without any discrimination or privilege; and

THIRD: To the payment to the persons entitled thereto of all unpaid principal and interest on Obligations, payment of which was extended by such persons as described in the Master Indenture.

(b) If the principal of all the Obligations shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal, premium, if any, and interest then due and unpaid upon the Obligations without preference or priority of principal, premium or interest over the others, or of any installment of interest over any other installment of interest, or of any Obligation over any other Obligation, ratably, according to the amounts due respectively for principal, premium, if any, and interest to the persons entitled thereto without any discrimination or privilege; *provided* that no amount shall be paid to any Obligation Holder who has extended the time for payment of either principal or interest as described in the Master Indenture until all other principal, premium, if any, and interest owing on Obligations has been paid; and

(c) If the principal of all the Obligations shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of the Master Indenture, then, subject to the provisions of paragraph (b) above in the event that the principal of all the Obligations shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) above.

Whenever moneys are to be applied by the Master Trustee pursuant to the provisions of the Master Indenture, such moneys shall be applied by it at such times, and from time to time, as the Master Trustee shall determine in its sole discretion, 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 Master 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) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Master 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 shall not be required to make payment to the holder of any unpaid Obligation until such Obligation shall be presented to the Master Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all Obligations and interest thereon have been paid under the provisions of the Master Indenture summarized under this caption and all expenses and charges of the Master Trustee 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 Obligated Group Representative on behalf of the Members.

REMEDIES VESTED IN 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 and any such suit or proceeding instituted by the Master Trustee shall be brought in its name as Master Trustee without the necessity of joining as plaintiffs or defendants any holders of the Obligations, and any recovery of judgment shall be for the equal benefit of the holders of the Outstanding Obligations.

RIGHTS AND REMEDIES OF OBLIGATION HOLDERS

No holder of any Obligation shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Master Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy thereunder, unless a default shall have become an event of default and (a) the holders of 25% or more in aggregate principal amount (i) of the Obligations which have become due and payable in accordance with their terms or have been declared due and payable pursuant to the Master Indenture and have not been paid in full in the case of powers exercised to enforce such payment or (ii) the Obligations then outstanding in the case of any other exercise of power or (b) the holder of an Accelerable Instrument who requested or was entitled to request pursuant to the Master Indenture that the Master Trustee accelerate the Obligations, shall have made written request to the Master Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted or to institute such action, suit or proceeding in its own name, and unless also, in each case, such holders have offered to the Master Trustee indemnity as provided in the Master Indenture, and unless the Master Trustee shall thereafter fail or refuse to exercise the powers granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are declared in every case at the option of the Master Trustee to be conditions precedent to the execution of the powers and trusts of the Master Indenture and to any action or cause of action for the enforcement of the Master Indenture, or for the appointment of a receiver or for any other remedy thereunder; it being understood and intended that no one or more holders of the Obligations shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Master Indenture by its, his or their action or to enforce any right thereunder except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the equal benefit of the holders of all Obligations Outstanding. Nothing in the Master Indenture contained shall, however, affect or impair the right of any holder to enforce the payment of the principal of, premium, if any, and interest on any Obligation at and after the maturity thereof, or the obligation of the Members to pay the principal, premium, if any, and interest on each of the Obligations issued under the Master Indenture to the respective holders thereof at the time and place, from the source and in the manner in said Obligations expressed.

TERMINATION OF PROCEEDINGS

In case the Master Trustee shall have proceeded to enforce any right under the Master Indenture by the appointment of a receiver, or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Master Trustee, then and in every case the Members and the Master Trustee shall, subject to any determination in such proceeding, be restored to their former positions and rights under the Master Indenture with respect to the Property pledged and assigned thereunder, and all rights, remedies and powers of the Master Trustee shall continue as if no such proceedings had been taken.

WAIVER OF EVENTS OF DEFAULT

If, at any time after the principal of all Obligations shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as provided below and before the acceleration of any Related Bond, any Member shall pay or shall deposit with the Master Trustee a sum sufficient to pay all matured installments of interest upon all such Obligations and the principal and premium, if any, of all such Obligations that shall have become due otherwise than by acceleration (with interest on overdue installments of interest and on such principal and premium, if any, at the rate borne by such Obligations to the date of such payment or deposit, to the extent permitted by law) and the expenses of the Master Trustee, and any and all events of default under the Master Indenture, other than the nonpayment of principal of and accrued interest on such Obligations that shall have become due by acceleration, shall have been remedied, then and in every such case the holders of not less than a majority in aggregate principal amount of all Obligations then Outstanding and the holder of each Accelerable Instrument who requested or was entitled to request the giving of notice of acceleration, by written notice to the Obligated Group Representative and to the Master Trustee, may waive all events of default and rescind and annul such declaration and its consequences; but no such waiver or rescission and annulment shall extend to or affect any subsequent event of default, or shall impair any right consequent thereon.

MEMBERS’ RIGHTS OF POSSESSION AND USE OF PROPERTY

So long as each Member is in full compliance with the terms and provisions of the Master Indenture, each Member shall be suffered and permitted to possess, use and enjoy its Property and appurtenances thereto free of claims of the Master Trustee.

RELATED BOND TRUSTEE OR BONDHOLDERS DEEMED TO BE OBLIGATION HOLDERS

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.

LOCK-BOX PROVISIONS

Upon the occurrence and during the continuance of an Event of Default under the provisions of the Master Indenture described under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – EVENTS OF DEFAULT", the Master Trustee shall give to the Obligated Group Representative a notice (the *"Lock-Box Notice"*) referring to the provisions of the Master Indenture summarized under this caption. Upon receipt of a Lock-Box Notice, (a) each Obligated Group Member will immediately commence depositing all Gross Revenues with the Master Trustee and will continue to do so on a daily basis as and when it receives or collects any moneys constituting Gross Revenues and (b) within 30 days the Obligated Group Representative will (i) select a Consultant (which Consultant shall be selected as provided in the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – APPROVAL OF CONSULTANTS") to review the operating budget of the Obligated Group as required by the provisions of the Master Indenture summarized under this caption and (ii) submit to such Consultant and the Master Trustee a proposed operating budget for the Consultant's approval or modification. The proposed operating budget shall include on a month by month basis all operating expenses to be paid by each Obligated Group Member. Upon review of the proposed budget, the Consultant will notify the Obligated Group Representative and the Master Trustee whether such budget is approved as submitted or of any modifications the Consultant will impose. A copy of the budget, as approved or modified (the "*Lock-Box Budget*"), will be sent to the Obligated Group Representative and the Master Trustee. In the event that the Obligated Group Representative fails to submit a proposed operating budget to the Consultant and the Master Trustee, the Consultant will modify the operating budget as it deems appropriate under the then existing circumstances and such modified operating budget will constitute the Lock-Box Budget. The Lock-Box Budget may be amended and modified by the Consultant at any time and from time to time as the Consultant in its discretion determines is necessary or appropriate under the then existing circumstances. A copy of any amendment or modification to the Lock-Box Budget will be sent by the Consultant to the Obligated Group Representative and the Master Trustee. The Master Trustee agrees that, upon receipt of a Lock-Box Notice, unless otherwise directed in writing by the holders of a majority in aggregate principal amount of the Obligations then outstanding, it will make disbursements (from amounts deposited with it by each Obligated Group Member as provided above) in each month to the Obligated Group Representative to pay operating expenses only in accordance with the Lock-Box Budget.

Clause (a) of the immediately preceding paragraph notwithstanding, immediately following receipt of a Lock-Box Notice but prior to the approval of the Lock-Box Budget by the Consultant, the Obligated Group may retain a reasonable amount of working capital outside the Lock Box in an amount that the Obligated Group Representative, in written notice submitted to the Master Trustee, determines is necessary in order to provide cash and working capital sufficient to sustain operations and meet obligations to residents until the Lock-Box Budget is approved provided that such amount shall not exceed 15% of annual budgeted operating expenses of the Obligated Group for any month such amounts are retained.

If at any time following a Lock-Box Notice all amounts due to the Master Trustee have been paid in full and all events of default under the Master Indenture have been cured, the Master

Trustee will notify the Obligated Group Representative in writing that the lock-box provisions of the Master Indenture summarized under this caption are suspended. Additionally, the Master Trustee may in its discretion at any time agree to suspend such lock-box provisions by so notifying the Obligated Group Representative in writing. Thereafter, unless and until any subsequent Lock-Box Notice is received by the Obligated Group Representative, Gross Revenues need not be deposited with the Master Trustee.

RESIGNATION BY THE MASTER TRUSTEE

The Master Trustee and any successor Master Trustee may at any time resign from the trusts created by the Master Indenture by giving thirty days' written notice to the Obligated Group Representative and by registered or certified mail to each registered owner of Obligations then outstanding and to each holder of Obligations as shown by the list of Obligation Holders required by the Master Indenture to be kept at the office of the Master Trustee. Such resignation shall take effect at the end of such thirty days or when a successor Master Trustee has been appointed and has assumed the trusts created by the Master Indenture, whichever is later, or upon the earlier appointment of a successor Master Trustee by the Obligation Holders or by the Obligated Group. If a successor Master Trustee has not accepted its appointment within such 30-day period, the current Master Trustee may apply to a court of competent jurisdiction to appoint a successor Master Trustee to act until such time, if any, as a successor shall have so accepted its appointment. Such notice to the Obligated Group Representative may be served personally or sent by registered or certified mail.

REMOVAL OF THE MASTER TRUSTEE

The Master Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Master Trustee and to the Obligated Group Representative, and signed by the registered owners of not less than a majority in aggregate principal amount of the Obligations then outstanding. So long as no event of default has occurred and is continuing under the Master Indenture, and no event shall have occurred which, with the passage of time or the giving of notice or both would become such an event of default under the Master Indenture, the Master Trustee may be removed at any time by an instrument in writing signed by the Obligated Group Representative, and delivered to the Master Trustee. The foregoing notwithstanding, the Master Trustee may not be removed by the Obligated Group Representative unless written notice of the delivery of such instrument or instruments signed by the Obligated Group Representative is mailed to the owners of all Obligations outstanding under the Master Indenture, which notice indicates the Master Trustee will be removed and replaced by the successor trustee named in such notice, such removal and replacement to become effective on the 60th day next succeeding the date of such notice, unless the owners of not less than 10% in aggregate principal amount of such Obligations then outstanding under the Master Indenture shall object in writing to such removal and replacement.

APPOINTMENT OF SUCCESSOR MASTER TRUSTEE BY THE OBLIGATION HOLDERS; TEMPORARY MASTER TRUSTEE

In case the Master Trustee under the Master Indenture shall resign or be removed, or be dissolved, or shall be in the process of dissolution or liquidation, or otherwise becomes incapable of acting under the Master Indenture, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Obligated Group, or by the owners of not less than a majority in aggregate principal amount of Obligations then outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized, with the approval of the Obligated Group so long as the Obligated Group is not in default, or potentially in default, under the Master Indenture. If a successor trustee shall not have been appointed within 30 days after notice of resignation by or removal of the Master Trustee, the Obligated Group or any holder of an Obligation may apply to any court of competent jurisdiction to appoint a successor to act until such time, if any, as a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Master Trustee appointed pursuant to the provisions of the Master Indenture summarized under this caption shall be a trust company or bank in good standing under the law of the jurisdiction in which it was created and by which it exists, having corporate trust powers and subject to examination by federal or state authorities, and having a reported capital and surplus of not less than $50,000,000.

SUPPLEMENTAL MASTER INDENTURES AND AMENDMENTS TO THE MORTGAGE NOT REQUIRING CONSENT OF OBLIGATION HOLDERS

Subject to the limitations set forth under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – SUPPLEMENTAL MASTER INDENTURES AND AMENDMENTS TO THE MORTGAGE REQUIRING CONSENT OF OBLIGATION HOLDERS," the Members and the Master Trustee may, without the consent of, or notice to, any of the Obligation Holders, amend or supplement the Master Indenture or the Mortgage for any one or more of the following purposes:

(a) To cure any ambiguity or defective provision in or omission from the Master Indenture in such manner as is not inconsistent with and does not impair the security of the Master Indenture or the Mortgage or adversely affect the holder of any Obligation;

(b) To grant to or confer upon the Master Trustee for the benefit of the Obligation Holders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Obligation Holders and the Master Trustee, or either of them, to add to the covenants of the Members for the benefit of the Obligation Holders or to surrender any right or power conferred under the Master Indenture or under the Mortgage upon any Member;

(c) To assign and pledge under the Master Indenture or the Mortgage any additional revenues, properties or collateral;

(d) To evidence the succession of another Person to the agreements of a Member or the Master Trustee, or the successor of any thereof under the Master Indenture;

(e) To permit the qualification of the Master Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar federal statute hereafter in effect or to permit the qualification of any Obligations for sale under the securities laws of any state of the United States;

(f) To provide for the refunding or advance refunding of any Obligation;

(g) To provide for the issuance of Additional Obligations;

(h) To reflect the addition to or withdrawal of a Member from the Obligated Group;

(i) To provide for the issuance of Obligations with original issue discount, *provided* such issuance would not materially adversely affect the holders of Outstanding Obligations;

(j) To permit an Obligation to be secured by security which is not extended to all Obligation Holders;

(k) To permit the issuance of Obligations which are not in the form of a promissory note;

(l) Provide for the release in accordance with the provisions of the Mortgage of any Property subject to the lien of such Mortgage;

(m) To make any other change which, in the opinion of the Master Trustee (which may rely on such opinions, certificates and other information as it deems necessary in making such determination), does not materially adversely affect the holders of any of the Obligations and, in the opinion of each Related Bond Trustee, does not materially adversely affect the holders of the Related Bonds with respect to which it acts as trustee, including without limitation any modification, amendment or supplement to the Master Indenture or any indenture supplemental to the Master Indenture or the Mortgage or any amendment thereto in such a manner as to establish or maintain exemption of interest on any Related Bonds under a Related Bond Indenture from federal income taxation under applicable provisions of the Code; and

(n) To provide for amendments reflecting the election by the Obligated Group Representative to make calculations under the Master Indenture in accordance with GAAP as of the date of execution of the Master Indenture following changes to GAAP as described in the Master Indenture.

Any Supplemental Master Indenture providing for the issuance of Additional Obligations shall set forth the date thereof, the date or dates upon which principal of, premium, if any, and interest on such Obligations shall be payable, the other terms and conditions of such Obligations, the form of such Obligations and the conditions precedent to the delivery of such Obligations which shall include, among other things:

(a) delivery to the Master Trustee of all materials required to be delivered as a condition precedent to the incurrence of the Additional Indebtedness evidenced by such Obligations;

(b) delivery to the Master Trustee of an opinion of Independent Counsel who is acceptable to the Master Trustee to the effect that all requirements and conditions to the issuance of such Obligations, if any, set forth in the Master Indenture and in the Supplemental Master Indenture have been complied with and satisfied; and

(c) delivery to the Master Trustee of an opinion of Independent Counsel who is acceptable to the Master Trustee to the effect that registration of such Obligations under the Securities Act of 1933, as amended, is not required, or, if such registration is required, that the Obligated Group has complied with all applicable provisions of said Act.

If at any time the Obligated Group Representative shall request the Master Trustee to enter into any Supplemental Master Indenture pursuant to subsection (m) above, the Master Trustee shall cause notice of the proposed execution of such Supplemental Master Indenture to be given to each Rating Agency then maintaining a rating on any Obligations or Related Bonds, in the manner provided in the Master Indenture at least 15 days prior to the execution of such Supplemental Master Indenture, which notice shall include a copy of the proposed Supplemental Master Indenture.

SUPPLEMENTAL MASTER INDENTURES AND AMENDMENTS TO THE MORTGAGE REQUIRING CONSENT OF OBLIGATION HOLDERS

In addition to Supplemental Master Indentures covered by the provisions of the Master Indenture summarized under the previous caption and subject to the terms and provisions of the Master Indenture summarized under this caption, and not otherwise, the holders of not less than a majority in aggregate principal amount of the Obligations which are outstanding under the Master Indenture at the time of the execution of such Supplemental Master Indenture or amendment to the Mortgage or, in case less than all of the several series of Obligations outstanding are affected thereby, the holders of not less than a majority in aggregate principal amount of the Obligations of the series affected thereby which are outstanding under the Master Indenture at the time of the execution of such Supplemental Master Indenture or amendment to the Mortgage, shall have the right, from time to time, anything contained in the Master Indenture or in the Mortgage to the contrary notwithstanding, to consent to and approve the execution by the Members and the Master Trustee of such Supplemental Master Indentures as shall be deemed necessary and desirable by the Members 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 or in any Supplemental Master Indenture; *provided, however,* that nothing contained under this caption or under the previous caption shall permit, or be construed as permitting, (i) 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 reduction of any premium payable on the redemption of, any Obligation, without the consent of the holder of such Obligation, (ii) a reduction in the aforesaid aggregate principal amount of Obligations the holders of which are required to consent to any such Supplemental Master Indenture or amendment to the Mortgage or any such amending or supplementing instruments, without the consent of the holders of all the Obligations at the time outstanding which would be affected by the action to be taken, or (iii) modification of the rights, duties or immunities of the Master Trustee, without the written consent of the Master Trustee.

If at any time the Obligated Group Representative shall request the Master Trustee to enter into any such Supplemental Master Indenture for any of the purposes of the Master Indenture summarized under this caption, the Master Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Master Indenture to be mailed by first class mail postage prepaid to each holder of an Obligation or, in case less than all of the series of Obligations are affected thereby, of an Obligation of the series affected thereby. Such notice shall briefly set forth the nature of the proposed Supplemental Master Indenture and shall state that copies thereof are on file at the principal corporate trust office of the Master Trustee for inspection by all Obligation Holders. The Master Trustee shall not, however, be subject to any liability to any Obligation Holder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such Supplemental Master Indenture when consented to and approved as provided under this caption. If the holders of not less than a majority in aggregate principal amount of the Obligations or the Obligations of each series affected thereby, as the case may be, which are outstanding under the Master Indenture at the time of the execution of any such Supplemental Master Indenture shall have consented to and approved the execution thereof as provided in the Master Indenture, no holder of any Obligation 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 Master Trustee or the Members from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Master Indenture as permitted by provisions of the Master Indenture summarized under this caption, the Master Indenture shall be and be deemed to be modified and amended in accordance therewith.

For the purpose of obtaining the foregoing consents, the determination of who is deemed the holder of an Obligation held by a Related Bond Trustee shall be made in the manner provided in the Master indenture.

DEFEASANCE

If the Members shall pay or provide for the payment of the entire indebtedness on all Obligations (including, for the purposes of the provisions of the Master Indenture summarized under this caption, any Obligations owned by a Member) 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 Obligations outstanding, as and when the same become due and payable;

(b) by depositing with the Master Trustee, in trust, at or before maturity, moneys in an amount sufficient to pay or redeem (when redeemable) all Obligations Outstanding (including the payment of premium, if any, and interest payable on such Obligations to the maturity or redemption date thereof), *provided* that such moneys, if invested, shall be invested at the direction of the Obligated Group Representative in Escrow Obligations, in an amount, without consideration of any income or increment to accrue thereon, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Obligations outstanding at or before their respective maturity dates; it being understood that the investment income on such Escrow Obligations may be used at the direction of the Obligated Group Representative for any other purpose permitted by law;

(c) by delivering to the Master Trustee, for cancellation by it, all Obligations outstanding; or

(d) by depositing with the Master Trustee, in trust before maturity, Escrow Obligations in such amount as will, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Obligations outstanding at or before their respective maturity dates;

and if the Obligated Group shall also pay or cause to be paid all other sums payable under the Master Indenture by the Obligated Group and, if any such Obligations are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given in accordance with the requirements of the Master Indenture or provisions satisfactory to the Master Trustee shall have been made for the giving of such notice, then and in that case (but subject to the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – SATISFACTION OF RELATED BONDS") the Master Indenture and the estate and rights granted thereunder shall cease, determine, and become null and void, and thereupon the Master Trustee shall, upon Written Request of the Obligated Group Representative, and upon receipt by the Master Trustee of an Officer's Certificate from the Obligated Group Representative and an opinion of Independent Counsel acceptable to the Master Trustee, each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of the Master Indenture have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging the Master Indenture and the lien thereof. The satisfaction and discharge of the Master Indenture shall be without prejudice to the rights of the Master Trustee to charge and be reimbursed by the Obligated Group for any expenditures which it may thereafter incur in connection with the Master Indenture. The foregoing notwithstanding, the liability of the Obligated Group in respect of the Obligations shall continue, but the holders thereof shall thereafter be entitled to payment only out of the moneys or Escrow Obligations deposited with the Master Trustee as aforesaid.

Any moneys, funds, securities, or other property remaining on deposit under the Master Indenture (other than said Escrow Obligations or other moneys deposited in trust as above provided) shall, upon the full satisfaction of the Master Indenture, forthwith be transferred, paid over and distributed to the Obligated Group.

The Obligated Group may at any time surrender to the Master Trustee for cancellation by it any Obligations previously authenticated and delivered which the Obligated Group may have acquired in any manner whatsoever, and such Obligations, upon such surrender and cancellation, shall be deemed to be paid and retired.

PROVISION FOR PAYMENT OF A PARTICULAR SERIES OF OBLIGATIONS OR PORTION THEREOF

If the Obligated Group shall pay or provide for the payment of the entire indebtedness on all Obligations of a particular series or a portion of such a series (including, for the purpose of the provisions of the Master Indenture summarized under this caption, any such Obligations owned by a Member) in one of the following ways:

(a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on all Obligations of such series or portion thereof outstanding, as and when the same shall become due and payable;

(b) by depositing with the Master Trustee, in trust, at or before maturity, moneys in an amount sufficient to pay or redeem (when redeemable) all Obligations of such series or portion thereof outstanding (including the payment of premium, if any, and interest payable on such Obligations to the maturity or redemption date), *provided* that such moneys, if invested, shall be invested at the direction of the Obligated Group Representative in Escrow Obligations in an amount, without consideration of any income or increment to accrue thereon, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Obligations of such series or portion thereof outstanding at or before their respective maturity dates; it being understood that the investment income on such Escrow Obligations may be used at the direction of the Obligated Group Representative for any other purpose permitted by law;

(c) by delivering to the Master Trustee, for cancellation by it, all Obligations of such series or portion thereof outstanding; or

(d) by depositing with the Master Trustee, in trust, Escrow Obligations in such amount as the Obligated Group Representative determines will, together with the income or increment to accrue thereon without consideration of any reinvestment thereof, be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Obligations of such series or portion thereof at or before their respective maturity dates;

and if the Obligated Group shall also pay or cause to be paid all other sums payable under the Master Indenture by the Obligated Group with respect to such series of Obligations or portion thereof, and, if any such Obligations of such series or portion thereof are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given in accordance with the requirements of the Master Indenture or provisions satisfactory to the Master Trustee shall have been made for the giving of such notice, then in that case (but subject to the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – SATISFACTION OF RELATED BONDS") such Obligations shall cease to be entitled to any lien, benefit or security under the Master Indenture. The liability of the Obligated Group in respect of such Obligations shall continue but the holders thereof shall thereafter be entitled to payment (to the exclusion of all other Obligation Holders) only out of the moneys or Escrow Obligations deposited with the Master Trustee as aforesaid.

SATISFACTION OF RELATED BONDS

The provisions of the Master Indenture summarized under the previous two captions notwithstanding, any Obligation which secures a Related Bond (i) shall be deemed paid and shall cease to be entitled to the lien, benefit and security under the Master Indenture in the circumstances described in subsection (b)(ii) of the definition of "Outstanding Obligations"; and (ii) shall not be deemed paid and shall continue to be entitled to the lien, benefit and security under the Master Indenture unless and until such Related Bond shall cease to be entitled to any lien, benefit or security under the Related Bond Indenture pursuant to the provisions thereof.

SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGE

The following information is a summary of certain provisions of the Mortgage. Reference is made to the Mortgage for a full and complete statement of its provisions.

GENERAL

The Mortgage will secure the obligation of the Borrower (the *"Mortgagor"*), to pay all Obligations issued under the Master Indenture.

REPRESENTATION AND WARRANTIES

The Mortgagor represents and warrants in the Mortgage that it has good and marketable fee simple title to the Land (as defined in the Mortgage) 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. The Mortgagor further represents and warrants that the Mortgage constitutes (i) a valid first mortgage lien upon the Land, including any fixtures affixed thereto, subject only to Permitted

Encumbrances, (ii) a security interest in the Machinery and Equipment (as defined in the Mortgage), 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 in such Machinery and Equipment, General Intangibles and Intellectual Property, subject only to Permitted Encumbrances, and (iii) a legal, valid and binding obligation of the Mortgagor, enforceable in accordance with its terms. The easements, rights-of-way, liens, encumbrances, covenants, conditions, restrictions, exceptions, minor defects, irregularities of title and encroachments 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 hereafter constructed or acquired by the Mortgagor, 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 and that 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 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 hereafter 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 Mortgage, 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 before the 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 or any employee or agent thereof may be appointed as such receiver.

Supplements and Amendments to the Mortgage

The Mortgagor and the Master Trustee may, from time to time, enter into such supplements and amendments to the Mortgage 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

So long as no Event of Default shall have occurred and be continuing under the Mortgage or under the Master Indenture, the Master Trustee shall release:

(a) Machinery and Equipment in accordance with the Mortgage and 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"; and

(b) Mortgaged Land upon receipt by the Master Trustee of:

(i) a written consent to the release of the Mortgaged Land to be released (referred to in the provisions of the Mortgage summarized under this caption as the "Released Property") of a majority in aggregate principal amount of the holders of the outstanding Obligations; or

(ii) in all other cases, the following documents:

1. A Written Request of the Mortgagor for such release, describing the Released Property;

2. A certificate of the Mortgagor to the Master Trustee certifying:

i) The conditions set forth in 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" for the disposition of the Released Property have been satisfied; and

ii) No default or Event of Default shall exist and be continuing under the Mortgage.

3. A supplement to the Mortgage, a release of the Mortgage or a supplement to the Master Indenture (if necessary) and other documents reasonably requested by, and in form reasonably satisfactory to, the Master Trustee necessary to release the Mortgaged Land from the lien of the Mortgage;

4. An opinion addressed to the Master Trustee from Independent Counsel reasonably satisfactory to the Master Trustee to the effect that:

i) The execution and delivery of the requested release will not violate any provisions of the Mortgage or of 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;

ii) The supplemental amendment to the Mortgage or the supplemental indenture to the Master Indenture, if required to effect the release of the Released Property have been duly authorized, executed and delivered and are binding upon the Mortgagor in accordance with their respective terms (subject to customary exceptions for laws affecting creditors' rights and the applicability of equitable principles); and

The Mortgage provides that 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 Mortgage conflict with the Master Indenture, the Master Indenture shall control.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE AND THE LOAN AGREEMENT

TABLE OF CONTENTS

PAGE

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE AND THE LOAN AGREEMENT

Brief descriptions of certain provisions of the Bond Indenture and the Loan Agreement are included hereafter in this APPENDIX D of this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the provisions of the Bond Indenture and the Loan Agreement are qualified in their entirety by reference to each such document, copies of which are available for review prior to the issuance and delivery of the Series 2022 Bonds at the offices of the Authority and thereafter at the offices of the Bond Trustee. All references to the Series 2022 Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto included in the Bond Indenture.

DEFINITIONS OF CERTAIN TERMS

The following are definitions of certain terms used in the Bond Indenture, the Loan Agreement, and this Official Statement.

"Act" means the Illinois Finance Authority Act of the State of Illinois, as from time to time amended.

"Authority" means the Illinois Finance Authority, a body politic and corporate created and existing under and by virtue of the Act, and its successors and assigns.

"Bond Counsel" means any nationally recognized municipal bond counsel selected by the Borrower and not objected to by the Authority and the Bond Trustee.

"Bond Financed Property" means all of the property of the Borrower refinanced with the proceeds of the Series 2022 Bonds.

"Bond Register" means the registration books of the Authority kept by the Bond Trustee to evidence the registration and transfer of the Series 2022 Bonds.

"Bond Registrar" means the Bond Trustee or the Bond Trustee's Agent, as designated by the Bond Trustee, pursuant to the provisions of the Bond Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE — BOND TRUSTEE'S AGENT" in this APPENDIX D.

"Bond Trustee" means UMB Bank, N.A., its successors and assigns, or any successor bond trustee under the Bond Indenture.

"Bond Trustee's Agent" means any agent designated as Bond Trustee's Agent pursuant to the provisions of the Bond Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE — BOND TRUSTEE'S AGENT" at the time serving in that capacity.

"Bondholder," "holder," "owner" or "owner of the Bonds" each means the registered owner of any Series 2022 Bond and does not mean any beneficial owner of a Series 2022 Bond whether through a book-entry system or otherwise.

"Bond Indenture" means the Bond Trust Indenture dated as of March 1, 2022 between the Authority and the Bond Trustee, as it may from time to time be amended or supplemented.

"Bonds" means the Series 2022 Bonds.

"Borrower" means Washington and Jane Smith Community — Orland Park, an Illinois not for profit corporation, and its successors and assigns and any surviving, resulting or transferee corporation.

"Business Day" means a day which is not (a) a Saturday, Sunday or legal holiday on which banking institutions in the State or the State of New York are required or authorized by law to close or (b) a day on which the New York Stock Exchange is closed or Federal Reserve Banks are closed, or banks are otherwise unable to make Federal Reserve wire transfers.

"Closing Date" means the date of the initial issuance and delivery of the Series 2022 Bonds.

"Code" means the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code 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 2022 Bonds or the use of the proceeds thereof.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement dated as of March 1, 2022, between the Borrower and UMB Bank, N.A., as dissemination agent.

"Defaulted Interest" means interest on any Bond which is payable but not duly paid on the date due.

"Electronic Means" means facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephonic communication confirmed by any other method set forth in this definition.

"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.

"Event of Default" means any occurrence or event specified in the provisions of the Bond Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE – EVENTS OF DEFAULT; ACCELERATION; REMEDIES – Events of Default" below.

"Facilities" means all land, leasehold interests and buildings and all fixtures and equipment (as defined in the Uniform Commercial Code or equivalent statute in effect in the state where such fixtures or equipment are located) of a Person.

"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 Borrower with written notice to the Bond Trustee, the Authority and the Borrower.

"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 (a) United States Government Obligations, (b) evidences of a direct ownership in future interest or principal payments on United States Government Obligations, which United States Government Obligations are held in a custodial account by a custodian satisfactory to the Bond Trustee, (c) principal only or interest only strips issued by the United States Treasury or (d) REFCORP Strips issued by the Federal Reserve Bank of New York.

"Immediate Notice" means notice by Electronic Means to such address as the addressee shall have provided in writing, promptly followed by written notice by first class mail, postage prepaid; *provided, however,* that if any Person required to give an Immediate Notice shall not have been provided with the necessary information as to the telephone, email transmission or telecopier number of an addressee, Immediate Notice shall mean written notice by first class mail, postage prepaid.

"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 Borrower, the Bond Trustee or the Master Trustee.

"Initial Purchaser" means B.C. Ziegler and Company, the initial purchaser of the Series 2022 Bonds.

"Interest Payment Date" means each April 15 and October 15, and, if any date so specified is not a Business Day, the Interest Payment Date shall be the immediately following Business Day, payment shall be made by that following Business Day, and no interest shall accrue in the intervening period.

"Loan Agreement" means the Loan Agreement dated as of March 1, 2022 between the Authority and the Borrower relating to the Bonds, as it may from time to time be amended and supplemented.

"Master Indenture" means the Amended and Restated Master Trust Indenture dated as of March 1, 2022, between the Borrower and the Master Trustee, as it may from time to time be supplemented and amended in accordance with the terms thereof.

"Master Trustee" means UMB Bank, N.A., as master trustee, or any other successor trustee under the Master Indenture.

"Member(s)" or *"Member(s) of the Obligated Group"* means the Persons which have executed the Master Indenture or any supplements thereto and thereby have become contractually obligated to comply with the provisions of the Master Indenture and have not withdrawn from 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 Borrower by notice to the Bond Trustee, the Authority and the Borrower

"Obligated Group" means, collectively, the Members of the Obligated Group.

"Officer's Certificate" means a certificate signed, in the case of a certificate delivered by a corporation, by its President, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer or any other officer authorized to sign by resolution of the Governing Body of such corporation or, in the case of a certificate delivered by any other Person, the chief executive or chief financial officer of such other Person, in either case whose authority to execute such Certificate shall be evidenced to the satisfaction of the Bond Trustee.

"Official Statement" means this Official Statement prepared in connection with the issuance and sale of the Series 2022 Bonds.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel in form and substance acceptable to the Authority and the Bond Trustee (which opinion may be based on a ruling or rulings of the Internal Revenue Service).

"Outstanding Bonds," "Outstanding Series 2022 Bonds" or *"Bonds outstanding"* means, as of any given date, all Bonds which have been duly authenticated and delivered by the Bond Trustee under the Bond Indenture, except:

(a) Series 2022 Bonds cancelled after purchase thereof in the open market or because of payment at or redemption prior to maturity;

(b) Series 2022 Bonds for the payment or redemption of which cash or noncallable Government Obligations or both shall have been theretofore deposited with the Bond Trustee (whether upon or prior to the maturity or redemption date of any such Series 2022 Bonds) in accordance with the Bond Indenture; *provided* that if such Series 2022 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) Series 2022 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 a Member. In determining whether a Bond is held by a Member, only Bonds (i) which are registered in the name of a Member (or with respect to which a Member is the beneficial owner) or (ii) which the Bond Trustee knows to be so owned, shall be treated as Bonds owned by a Member.

"Paying Agent" means the bank or banks, if any, designated pursuant to the Bond Indenture to receive and disburse the principal of and interest on the Bonds. The Paying Agent is initially the Bond Trustee.

"*Payment Date"* means an Interest Payment Date or Principal Payment Date, as applicable.

"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.

"Principal Payment Date" means each date on which payments of principal on the Series 2022 Bonds are due as provided under the caption "THE BONDS – Optional and Mandatory Redemption of the Bonds – *Bond Sinking Fund Redemption*" in the forepart to this Official Statement.

"Project Certificate" means the Project Certificate dated the Closing Date delivered by the Borrower in connection with the initial issuance and delivery of the Series 2022 Bonds.

"Project Certificate Exhibit" means Exhibit A to the Project Certificate.

"Property" has the meaning as set forth in the Master Indenture.

"Purchase Contract" means the Bond Purchase Agreement among the Initial Purchaser, the Borrower and the Authority, providing for the sale of the Series 2022 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 respective 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) asset-backed securities, commercial mortgage-backed securities, or mortgage-backed securities which are, at the time of purchase, rated by any Rating Agency in any of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise);

(h) investment agreements with banks (including, without limitation, the Bond Trustee or the Master Trustee) 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;

(i) repurchase agreements with respect to and secured by Government Obligations or by obligations described in clause (b) and (c) above, which agreements may be entered into with a bank (including, without limitation, 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, to the knowledge of the Bond 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 Bond Trustee or the Bond Trustee's agent;

(j) 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

(k) 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 information 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" or *"Rating Agencies"* means, individually and collectively, Moody's, S&P or Fitch and their respective successors and assigns.

"Rebate Fund" means the fund created under the Tax Exemption Agreement to comply with Section 148(f) of the Code.

"Record Date" means, with respect to Bonds, the April 1 or October 1 (whether or not a *Business* Day) next preceding an Interest Payment Date.

"Series 2022 Bonds" means the aggregate principal amount of Illinois Finance Authority Revenue Refunding Bonds, Series 2022 (Smith Crossing) authorized to be issued pursuant to the terms and conditions of the Bond Indenture.

"Series 2022 Obligation" means the Direct Note Obligation, Series 2022 (Illinois Finance Authority) delivered by the Borrower on behalf of the Borrower, in substantially the form attached to the Master Indenture.

"Special Record Date" means the date fixed by the Bond Trustee pursuant to the Bond Indenture for the payment of Defaulted Interest.

"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 which has been designated by the Borrower by notice to the Bond Trustee, the Authority and the Borrower.

"State" means the State of Illinois.

"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 including any disregarded entity treated as such an organization.

"Tax Exemption Agreement" means the Tax Exemption Certificate and Agreement relating to the Series 2022 Bonds dated the Closing Date among the Borrower, the Authority and the Bond Trustee and all amendments and supplements thereto.

"Unassigned Rights" means the Authority's right to receive payment of its fees and expenses, the Authority's rights to be indemnified, defended and held harmless as provided in the Loan Agreement, the Authority's right to execute and deliver supplements and amendments to the Loan Agreement, the Authority's rights to receive notices under the Bond Indenture and under the Loan Agreement and the Authority's rights to give consents and make certain appointments under the Bond Indenture and under the Loan Agreement.

"United States Government Obligations" means noncallable direct obligations of, or noncallable obligations (which shall not include shares or investments in unit investment trusts or

mutual funds) the timely payment of the principal of and interest on which is fully guaranteed by 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.

"Written Request" means, with reference to the Authority, a request in writing (which may be by Electronic Means not objected to by the Bond Trustee) signed by the Chairman, Vice-Chairman, Executive Director, Treasurer, Secretary or an Assistant Secretary of the Authority, and with reference to each Borrower, a request in writing signed by the President, a Vice President, Secretary or Assistant Secretary of each Borrower, or any other officers designated by the Authority or the Borrower, as the case may be.

SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE

The following is a summary of certain covenants and provisions of the Bond Indenture. Reference is made to the Bond Indenture for a full and complete statement of its provisions.

FUNDS; DISPOSITION OF REVENUES

1. *Revenue Fund.* The Authority shall establish with the Bond Trustee and maintain so long as any of the Series 2022 Bonds are outstanding a separate account to be known as the "Revenue Fund – Smith Crossing – Series 2022" (the *"Revenue Fund"*). All payments upon the Series 2022 Obligation pledged under the Bond Indenture, all payments under the Loan Agreement and all transfers from the Rebate Fund, when received by the Bond Trustee, shall be deposited into the Revenue Fund and shall be held therein until disbursed as provided in the Bond Indenture. Pursuant to the assignment and pledge of payments upon the Series 2022 Obligation set forth in the granting clauses contained in the Bond Indenture, the Authority will direct the Borrower to make payments upon the Series 2022 Obligation pledged under the Bond Indenture directly to the Bond Trustee when and as the same become due and payable.

2. *Interest Fund.* The Authority shall establish with the Bond Trustee and maintain so long as any of the Series 2022 Bonds are outstanding a separate account to be known as the "Interest Fund – Smith Crossing – Series 2022" (the *"Interest Fund"*).

On or before the second Business Day preceding each Interest Payment Date commencing October 15, 2022, the Bond Trustee shall deposit in the Interest Fund from moneys in the Revenue Fund an amount which is not less than the interest to become due on each Interest Payment Date of the Series 2022 Bonds. No semi-annual deposit pursuant to this paragraph need be made to the extent that there is a sufficient amount already on deposit in the Interest Fund and available for such purpose.

Moneys on deposit in the Interest Fund, other than income 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 Bonds as it becomes due.

In connection with any partial redemption or defeasance prior to maturity of the Bonds, the Bond Trustee may, at the request of the Borrower, use any amounts on deposit in the Interest Fund in excess of the amount needed to pay the interest on the 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 Bonds to be redeemed or defeased.

3. *Bond Sinking Fund.* The Authority shall establish with the Bond Trustee and maintain so long as any of the Series 2022 Bonds are outstanding a separate account to be known as the "Bond Sinking Fund – Smith Crossing – Series 2022" (the *"Bond Sinking Fund"*).

On or before the second Business Day preceding each October 15 commencing October 15, 2022, after making the deposit required by the provisions of the Bond Indenture summarized under "– 2. *Interest Fund*" above, the Bond Trustee shall deposit in the Bond Sinking Fund from moneys in the Revenue Fund an amount which is not less than the principal to become due on the Bonds on each October 15 by maturity or mandatory Bond Sinking Fund redemption pursuant to the Bond Indenture. No such deposit need be made to the extent that there is a sufficient amount already on deposit and available for such purpose in the Bond Sinking Fund.

Moneys on deposit in the Bond Sinking Fund, other than income earned thereon which is to be transferred to other funds created under the Bond Indenture or to the Rebate Fund, shall be applied by the Bond Trustee to pay principal of the Bonds as it becomes due and to redeem the Bonds in accordance with the mandatory Bond Sinking Fund redemption schedule provided in the Bond Indenture. In lieu of such mandatory Bond Sinking Fund redemption, the Bond Trustee may, at the written request of the Borrower, purchase for cancellation an equal principal amount of Bonds of the maturity to be redeemed in the open market at prices agreed to by the Borrower not exceeding the principal amount of the Bonds being purchased, with such interest portion of the purchase price to be paid from the Interest Fund and the principal portion of such purchase price to be paid from the Bond Sinking Fund. In addition, the amount of Bonds to be redeemed on any date pursuant to the mandatory Bond Sinking Fund redemption schedule shall be reduced by the principal amount of Bonds of the maturity required to be redeemed which are acquired by the Borrower or any other Member and delivered to the Bond Trustee for cancellation.

In connection with any partial redemption or defeasance prior to maturity of the Bonds, the Bond Trustee may, at the request of the Borrower, use any amounts on deposit in the Bond Sinking Fund in excess of the amount needed to pay principal on the Bonds remaining outstanding on the first principal or mandatory sinking fund payment date occurring on or after the date of such redemption or defeasance to pay the principal of and interest on the Bonds to be redeemed or defeased.

4. *Optional Redemption Fund.* The Authority shall establish with the Bond Trustee and maintain so long as any of the Series 2022 Bonds are outstanding a separate account to be known as the "Optional Redemption Fund – Smith Crossing – Series 2022" (the *"Optional Redemption*

Fund"). In the event of (i) prepayment by or on behalf of the Borrower or any other Member of amounts payable on the Series 2022 Obligation pledged under the Bond Indenture, including prepayment with condemnation, insurance or sale proceeds, or (ii) deposit with the Bond Trustee by the Borrower or the Authority of moneys from any other source for redeeming Bonds or purchasing Bonds for cancellation, except as otherwise provided in the Bond Indenture, such moneys shall be deposited into the Optional Redemption Fund. Funds received by the Bond Trustee for the prepayment of the Series 2022 Bonds shall be deposited in the Optional Redemption Fund. Moneys on deposit in the Optional Redemption Fund shall be used first to make up any deficiencies existing in the Interest Fund and the Bond Sinking Fund (in the order listed) and second for the redemption of Bonds in accordance with the provisions of the Bond Indenture.

5. *Expense Fund.* The Authority shall establish with the Bond Trustee a separate account to be known as the "Expense Fund – Smith Crossing – Series 2022" (the *"Expense Fund"*). Deposits to the Expense Fund shall be made as set forth in the Bond Indenture. Moneys in the Expense Fund will be disbursed upon receipt of a Written Request for the payment of expenses for any recording, trustee's and depositary's fees and expenses, accounting and legal fees, financing costs and other fees and expenses incurred or to be incurred by or on behalf of the Authority or the Borrower in connection with or incident to the issuance and sale of the Series 2022 Bonds. At such time as the Bond Trustee is furnished with a Written Request stating that all such fees and expenses have been paid, and in no event later than the first anniversary of the issuance date of the Bonds, the Bond Trustee shall transfer any moneys remaining in the Expense Fund to the Interest Fund.

INVESTMENT OF FUNDS

Upon a Written Request of the Borrower filed with the Bond Trustee, moneys in the Revenue Fund, the Interest Fund, the Bond Sinking Fund, Expense Fund and the Optional Redemption Fund shall be invested only in Qualified Investments. Absent such direction from the Borrower to invest balances in Qualified Investments under the Bond Indenture, the Bond Trustee shall invest any moneys in Qualified Investments under subsection (j) in the definition of such term under "DEFINITIONS OF CERTAIN TERMS – Qualified Investments" above. Investment income on such Funds shall be transferred monthly by the Bond Trustee in accordance with the provisions described under this caption. All such investments shall be made so as to mature on or prior to the date or dates that moneys therefrom are anticipated to be required. The Bond Trustee, when authorized by the Borrower, may trade with itself in the purchase and sale of securities for such investment; *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.

Except as provided in the preceding sentence, all amounts in excess of the requirements (in the case of the Revenue Fund, Interest Fund and Bond Sinking Fund, the amounts expected to be used to make required debt service payments within 13 months of the date of deposit) 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 Bond Sinking Fund to the extent of the amount required to be deposited therein to make the next required principal payment on the Bonds occurring within 13 months of the date of deposit;

(b) The Interest Fund to the extent of the estimated amount required to be deposited therein to make any interest payment on the Bonds occurring within 13 months of the date of deposit; and

(c) The balance, if any, in the Optional Redemption Fund.

Any costs of making any investment of moneys in a fund or account, including investment management fees, shall be charged to that fund or account.

ARBITRAGE; COMPLIANCE WITH TAX EXEMPTION AGREEMENT

The Authority, the Borrower and the Bond Trustee, to the extent of its discretion under the provisions of the Bond Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE – INVESTMENT OF FUNDS," covenant and agree that they will not take any action or fail to take any action with respect to the investment of the proceeds of any Bonds issued under the Bond Indenture or with respect to the payments derived from the Series 2022 Obligation pledged under the Bond Indenture or from the Loan Agreement or any other moneys regardless of the source or where held, which may, notwithstanding compliance with the other provisions of the Bond Indenture, the Loan Agreement and the Tax Exemption Agreement, result in constituting the Bonds "arbitrage bonds" within the meaning of such term as used in Section 148 of the Code. The Authority further covenants and agrees that it will comply with and take all actions required by the Tax Exemption Agreement.

SUPPLEMENTAL BOND INDENTURES

Subject to the limitations set forth in the third paragraph under this caption, 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, as shall not be inconsistent with the terms and provisions of 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 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 or to subject to the Bond Indenture, additional revenues, properties or collateral; (d) to evidence the appointment of a separate 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 hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States; (f) to permit the issuance of coupon bonds under the Bond Indenture and to permit the exchange of bonds from registered form to coupon form and vice versa; (g) to provide for the refunding or advance refunding of any Bonds including to establish and administer an escrow fund and to take related action in connection therewith; (h) to modify, amend or supplement the Bond Indenture or any indenture supplemental to the Bond Indenture in such a manner as to permit certificated Bonds; (i) to modify, amend or supplement the Bond Indenture or any indenture supplemental to the Bond Indenture in such manner as to permit continued compliance with the Tax Exemption Agreement; and (j) to make any other change that, in the judgment of the Bond Trustee, which may be upon reliance on an opinion of counsel or other Consultants, does not materially adversely affect the rights of any Bondholders.

The Authority and the Bond Trustee may not enter into a bond indenture or indentures supplemental to the Bond Indenture pursuant to paragraph (f) of the preceding paragraph unless they shall have received an Opinion of Bond Counsel to the effect that the issuance of coupon Bonds will not adversely affect the validity or enforceability in accordance with their terms of such Bonds or adversely affect any exemption for purposes of federal income taxation to which the interest paid on any Bonds would otherwise be entitled.

In addition to supplemental indentures for the purposes set forth in the previous paragraphs of this caption and subject to the terms and provisions contained in this paragraph, and not otherwise, the owners of not less than a majority in aggregate principal amount of the Bonds which are outstanding under the Bond Indenture at the time of the execution of such supplemental indenture, 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 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 in the Bond Indenture shall permit, or be construed as permitting, a supplemental indenture to effect: (1) 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 reduction of any premium payable on the redemption of any Bonds without the consent of the owners of such Bonds; (2) 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 Bond Sinking Fund; (3) the creation of any lien prior to or on a parity with the lien of the Bond Indenture, without the consent of the owners of all of the Bonds at the time outstanding; (4) a reduction in the aforesaid aggregate principal amount of Bonds the owners of which are required to consent to any such supplemental indenture, without the consent of the owners of all the Bonds at the time outstanding which would be affected by the action to be taken; or (5) a modification of the rights, duties or immunities of the Bond Trustee, without the written consent of the Bond Trustee. The foregoing notwithstanding with respect to clauses (a), (b) and (c) in the preceding sentence, upon the occurrence and continuation of an event of default hereunder, the owners of not less than 80% in aggregate principal amount of the Bonds which are outstanding hereunder at such time, shall have the right to consent and approve the execution by the Authority and the Bond Trustee of 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 reduction of any premium payable on the redemption of any 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 Bond

Sinking Fund; and (c) the creation of any lien prior to or on a parity with the lien of the Bond Indenture.

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 preceding paragraph, the Bond Trustee shall, upon being satisfactorily indemnified with respect to fees and expenses, cause notice of the proposed execution of such supplemental indenture to be mailed to each owner of Bonds as shown 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 designated corporate trust 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 supplemental indenture when consented to and approved as provided under this caption. If the owners of the requisite principal amount of Bonds which are outstanding under the Bond Indenture at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as provided under this caption, no owner 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 as under this caption permitted and provided, the Bond Indenture shall be and be deemed to be modified and amended in accordance therewith.

Anything in the Bond Indenture to the contrary notwithstanding, so long as the Members of the Obligated Group are not in default under the Master Indenture and the Borrower is not in default under the Loan Agreement, a supplemental indenture which adversely affects the rights of the Borrower under the Loan Agreement or the Borrower or any Member under the Master Indenture shall not become effective unless and until the Borrower shall have consented in writing to the execution and delivery of such supplemental indenture.

DEFEASANCE

If the Authority shall pay or provide for the payment of the entire indebtedness on all Bonds (including, for these purposes, Bonds held by any Member of the Obligated Group) 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, as and when the same become due and payable;

(b) by depositing with the Bond Trustee, in trust, at or before maturity, moneys in an amount sufficient to pay or redeem (when redeemable) all Bonds outstanding (including the payment of premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof), *provided* that such moneys, if invested, shall be invested in noncallable Government Obligations in an amount, without consideration of any income or increment to accrue thereon, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Bonds outstanding at or before their respective maturity dates; it being understood that the investment income on such Government 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

(d) by depositing with the Bond Trustee, in trust, noncallable Government Obligations in such amount as will, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, and any uninvested cash, be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Bonds outstanding at or before their respective maturity dates;

and if the Authority shall pay or cause to be paid all other sums payable under the Bond Indenture by the Authority, 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 Officer's Certificate and an opinion of Independent Counsel addressed to the Bond Trustee, each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of the Bond Indenture have been complied with, and, upon the request of the Authority or the Bond Trustee, a verification report of independent certified public accountants (or other consultant acceptable to the Bond Trustee) with respect to the sufficiency of the moneys and Government Obligations deposited with the Bond Trustee, upon which the Bond Trustee may rely, forthwith execute proper instruments acknowledging satisfaction of and discharging the Bond Indenture and the lien thereof.

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 Borrower for any fees and expenditures which it may thereafter incur in connection therewith.

Any moneys, funds, securities, or other property remaining on deposit in the Revenue Fund, Interest Fund, Bond Sinking Fund, Optional Redemption Fund, Expense Fund or in any other fund or investment under the Bond Indenture (other than said Government 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 Authority and the Borrower, as their respective interests may appear.

If the Authority shall pay or provide for the payment of the entire indebtedness on any of the Bonds (including, for these purposes, Bonds held by any Member of the Obligated Group), in one or more of the following ways described in the first paragraph of this caption, such Bonds shall cease to be entitled to any lien, benefit or security under the Bond Indenture. The liability of the Authority in respect of such Bonds shall continue but the owners thereof shall thereafter be entitled to payment (to the exclusion of all other Bondholders) only out of the moneys or Government Obligations deposited with the Bond Trustee as indicated above.

None of the Bonds outstanding under the Bond Indenture may be refunded nor may the Bond Indenture be discharged if under any circumstances such refunding or discharge would result in the loss of any exemption for purposes of federal income taxation to which interest on the Bonds would otherwise be entitled. As a condition precedent to the refunding of any Bonds outstanding under the Bond Indenture, the Bond Trustee shall receive (i) an Opinion of Bond Counsel to the effect that such refunding will not result in the loss of any exemption for purposes of federal income taxation to which the interest on such Bonds would otherwise be entitled, notwithstanding the satisfaction and discharge of the Bond Indenture and (ii) upon the request of the Authority or the Bond Trustee, a verification report of independent certified public accountants (or other consultant acceptable to the Bond Trustee) with respect to the sufficiency of the moneys and Government Obligations deposited with the Bond Trustee, upon which the Bond Trustee may rely.

REDEMPTION AFTER SATISFACTION OF BOND INDENTURE

Notwithstanding anything in the Bond Indenture to the contrary, upon the provision for payment of the Bonds or a portion thereof as specified in the Bond Indenture, 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 in the Bond Indenture) shall remain available to the Authority, upon direction of the Borrower unless, in connection with making the deposits referred to in those sections, the Authority, at the direction of the Borrower, shall have irrevocably elected to waive any future right to call the Bonds or portions thereof for redemption prior to maturity. Notwithstanding anything to the contrary in the Bond Indenture, upon provision for payment of the Bonds or any portion thereof prior to the maturity thereof as specified in the Bond Indenture, the Authority, at the direction of the Borrower, may elect to restructure any escrow deposit account and to pay such Bonds on the respective maturity dates therefor (but prior to the giving of any notice of redemption with respect to such Bonds pursuant to the Bond Indenture) unless, in connection with making the deposits referred to in such sections, the Authority, at the direction of the Borrower 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 Borrower shall deliver on behalf of the Authority to the Bond Trustee (a) noncallable Government Obligations and/or cash sufficient to discharge such Bonds (or portion thereof) on the redemption date or dates selected, (b) a report from an independent certified public accountant (another consultant or a financial institution experienced in providing verification reports) verifying that such noncallable 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 (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 Bonds would otherwise be entitled. The Bond Trustee will give written notice of any such redemption or restructuring to the owners of the Bonds affected thereby.

EVENTS OF DEFAULT; ACCELERATION; REMEDIES

Events of Default. Each of the following events is declared under the Bond Indenture to be an "event of default," that is to say, if:

(a) payment of any installment of interest payable on any of the 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 premium, if any, payable on any of the Bonds shall not be made by the Authority when the same shall become due and payable, either at maturity, by proceedings for redemption, upon acceleration, through failure to make any payment to any fund under the Bond Indenture or otherwise; or

(c) the Authority shall for any reason be rendered incapable of fulfilling its obligations under the Bond Indenture; or

(d) an order or decree shall be entered, appointing a receiver, receivers, custodian or custodians for any of the revenues of the Authority, or approving a petition filed against the Authority seeking reorganization of the Authority under the federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof, or if any such order or decree, having been entered without the consent or acquiescence of the Authority, shall not be vacated or discharged or stayed on appeal within 90 days after the entry thereof; or

(e) any proceeding shall be instituted with the consent or acquiescence of the Authority, or any plan shall be entered into by the Authority, for the purpose of effecting a composition between the Authority and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from any part or all of the trust estate, including the revenues and other moneys derived by the Authority under the Series 2022 Obligation pledged under the Bond Indenture or the Loan Agreement; or

(f) the Authority (i) files a petition in bankruptcy or under Title 11 of the United States Code, as amended, (ii) makes an assignment for the benefit of its creditors, or (iii) consents to the appointment of a receiver, custodian or trustee for itself or for the whole or any part of the trust estate, including the revenues and other moneys derived by the Authority under the Series 2022 Obligation pledged under the Bond Indenture or the Loan Agreement; or

(g) (i) the Authority is adjudged insolvent by a court of competent jurisdiction, (ii) on a petition in bankruptcy filed against the Authority, the Authority is adjudged as bankrupt, (iii) an order, judgment or decree is entered by any court of competent jurisdiction appointing, without the consent of the Authority, a receiver, custodian or trustee of the Authority or of the whole or any part of its property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within 60 days from the date of entry thereof or (iv) the Authority is generally not paying its debts as such debt becomes due; or

(h) the Authority shall file a petition or answer seeking reorganization or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(i) under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property, and such custody or control shall not be terminated within 90 days from the date of assumption of such custody or control; or

(j) any event of default as defined in the Loan Agreement or in the Master Indenture shall occur and such event of default shall be continuing from and after the date the Authority is entitled under the Loan Agreement to request that the Master Trustee declare the Series 2022 Obligation pledged under the Bond Indenture 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; or

(k) the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Bond Indenture or any indenture supplemental to the Bond Indenture to be performed on the part of the Authority, and such default shall continue for the 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 Borrower by the Bond Trustee; 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 10% in aggregate principal amount of the Bonds then outstanding under the Bond Indenture; *provided,* that, if in the judgment of the Bond Trustee such default cannot with due diligence and dispatch be wholly cured within 30 days but can be wholly cured, the failure of the Authority to remedy such default within such 30-day period shall not constitute a default under the Bond Indenture if the Authority 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

(l) the Authority, the Borrower 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 the period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the party in default, the Borrower and the other party; *provided* that, if in the judgment of the Bond Trustee 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 Borrower or the Bond Trustee to remedy such default within such 30-day period shall not constitute a default under the Bond Indenture if the Borrower 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

(m) the default by the Borrower in the performance of its covenant under the Loan Agreement relating to the discharge, vacating, bonding or stay of any order, writ or warrant of attachment, garnishment, execution, replevin or similar process filed against any part of the funds or accounts held by the Bond Trustee under the Bond Indenture, such default being an event of default specified in the Loan Agreement.

Acceleration. Upon the happening of any event of default specified in paragraphs (c) through (m) of this caption, 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, and upon the happening of any event of default specified in subparagraphs (a) or (b) above, or upon the happening and continuance of any other event of default and the written request of the owners of not less than 25% in aggregate principal amount of the Bonds then outstanding under the Bond Indenture exclusive of Bonds then owned by the Authority or any Member, and upon being indemnified to its satisfaction, the Bond Trustee shall, by notice in writing delivered to the Authority, declare the entire principal amount of the 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 with respect to waivers of events of default described under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE – WAIVER OF EVENTS OF DEFAULT" in this APPENDIX D.

Remedies; Rights of Bondholders. Upon the occurrence of any event of default, the Bond Trustee may pursue any available remedy, including a suit at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Bonds outstanding under the Bond Indenture.

If an event of default shall have occurred, and if the Bond Trustee shall have been requested to do so by the owners of 25% in aggregate principal amount of Bonds then outstanding and the Bond Trustee shall have been indemnified as provided in the Bond Indenture, the Bond Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the provisions of the Bond Indenture described under this heading as the Bond Trustee shall deem most expedient in the interests of the owners of Bonds; *provided, however,* that the Bond Trustee shall have the right to decline to comply with any such request if the Bond Trustee shall be advised by counsel (who may be its own counsel) that the action so requested may not lawfully be taken or the Bond Trustee in good faith shall determine that such action would be unjustly prejudicial to the owners of Bonds not parties to such request.

No remedy by the terms of the Bond Indenture conferred upon or reserved to the Bond Trustee (or the owners of Bonds) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bond Trustee (or the owners of Bonds under the Bond Indenture) existing at law or in equity or by statute after the execution date of the Bond Indenture.

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

No waiver of any default or event of default under the Bond Indenture, whether by the Bond Trustee or by the owners of Bonds, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

WAIVER 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 maturity of principal, and shall do so upon being indemnified to its satisfaction and upon written request of the owners of (1) at least a majority in aggregate principal amount of all such 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 such Bonds outstanding, in the case of any other event of default. The foregoing notwithstanding, in no event shall there be waived (a) any event of default in the payment of the principal of any outstanding Bonds when due whether by mandatory redemption through the Bond Sinking Fund or at the dates of maturity specified therein or (b) any default in the payment, other than by reason of an acceleration of the Bonds, when due of the interest on any such Bonds, unless prior to such waiver or rescission all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such default shall have occurred on overdue installments of interest or all arrears of payments of principal when due, as the case may be, and all fees and expenses of the Bond Trustee and any Paying Agent in connection with such default shall have been paid or provided for, including, but not limited to, the reasonable fees of their counsel. 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 default, or impair any right consequent thereon.

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, 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 the enforcement of the rights of the Authority under the Loan Agreement or the appointment of a receiver or any other proceedings under the Bond Indenture; *provided,* that such direction shall not be otherwise than in accordance with the provisions of law and of the Bond Indenture.

APPLICATION OF MONEYS

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 cost and expenses of the proceedings resulting in the collection of such moneys and of the fees of, and the expenses, liabilities and advances incurred or made by, the Bond Trustee (including, but not limited to, the reasonable fees of its counsel), be deposited in the Revenue Fund and, 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 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 to the United States Treasury pursuant to the Tax Exemption Agreement;

SECOND: To the payment to the Persons entitled thereto of all installments of interest then due on the 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 (including unpaid premium, if any) of any of the 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 Bonds due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or privilege;

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;

FIFTH: To the payment of any other sums required to be paid by the Borrower pursuant to any provision of the Loan Agreement, the Bond Indenture or the Series 2022 Obligation;

SIXTH: To the payment of any other sums required to be paid by the Borrower pursuant to any provision of the Master Indenture; and

SEVENTH: To the payment of the surplus, if any, to the Borrower, its successors or assigns upon the written request of the Borrower or to whomsoever may be lawfully entitled to receive the same upon its written request, or as any court of competent jurisdiction may direct.

(b) If the principal of all the 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 to the United States Treasury pursuant to the Tax Exemption Agreement;

SECOND: To the payment of the principal and interest then due and unpaid upon the 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 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 the preceding subparagraph (b) in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of the preceding subparagraph (a).

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 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 expenses and charges of the Bond Trustee have been paid, including, but not limited to, the reasonable fees of its counsel, any balance remaining shall be paid to the Persons entitled to receive the same; if no other Person shall be entitled thereto, then the balance shall be paid to the Borrower.

RIGHTS AND REMEDIES OF BONDHOLDERS

No owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Bond Indenture or for the execution of any trust of the Bond Indenture or for the appointment of a receiver or any other remedy under the Bond Indenture, unless a default shall have become an event of default, and the owners of 25% in aggregate principal amount of Bonds then outstanding shall have made written request to the Bond Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted by the Bond Indenture or to institute such action, suit or proceeding in its own name, and unless also they have offered to the Bond Trustee indemnity as provided in the Bond Indenture, and unless the Bond Trustee shall thereafter fail or refuse to exercise the power granted by the Bond Indenture, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are declared in every case at the option of the Bond Trustee to be conditions precedent to the execution of the powers and trusts of the Bond Indenture and to any action or cause of action for the enforcement of the Bond Indenture, or for the appointment of a receiver or for any other remedy under the Bond Indenture; it being understood and intended that no one or more owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Bond Indenture by any action or to enforce any right under the Bond Indenture except in the manner provided in the Bond Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Bond Indenture and for the equal benefit of the owners of all Bonds outstanding. Nothing in the Bond Indenture contained shall, however, affect or impair the right of any owner to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Authority to pay the principal of and interest on each of the Bonds issued under the Bond Indenture to the respective owners thereof at the time and place, from the source and in the manner in said Bonds expressed.

REMOVAL OF THE BOND TRUSTEE

The Bond Trustee may be removed at any time 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, the Bond Trustee may be removed at any time by an instrument in writing signed by the Authority; *provided, however* that the Authority may not remove the Bond Trustee without the consent of the Borrower so long as no event of default has occurred and is continuing under the Bond Indenture or the Loan Agreement. So long as no default has occurred and is continuing under the Bond Indenture or the Loan Agreement, the Bond Trustee may be removed at any time by an instrument in writing signed by the Authority, upon the written request of the Borrower, and delivered to the Bond Trustee. The foregoing notwithstanding, the Bond Trustee may not be removed by the Authority unless written notice of the delivery of such instrument or instruments signed by the Authority 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 such Bonds then outstanding at the address of such owners then shown on the Bond Register.

BOND TRUSTEE'S AGENT

The Bond Trustee may appoint a Bond Trustee's Agent with the power to act subject to its direction in the authentication, delivery, payment, transfer and exchange of Series 2022 Bonds, and in the holding of funds under the Bond Indenture, as fully to all intents and purposes as though the Bond Trustee's Agent had been expressly authorized under the Bond Indenture to authenticate, deliver, transfer and exchange Series 2022 Bonds, make payments on the Series 2022 Bonds or hold funds.

The Bond Trustee may appoint a Bond Trustee's Agent for the Series 2022 Bonds, with the power to act on the Bond Trustee's behalf and subject to its direction in the authentication, delivery, payment, transfer and exchange of Series 2022 Bonds, as fully to all intents and purposes as though the Bond Trustee's Agent had been expressly authorized under the Bond Indenture to authenticate, deliver, transfer and exchange Series 2022 Bonds and make payments on the Series 2022 Bonds. The Bond Trustee shall serve as Bond Registrar for the Series 2022 Bonds, but may appoint the Bond Trustee's Agent to act on the Bond Trustee's behalf and subject to its direction in the maintenance of the Bond Register. For all purposes, any such Bond Trustee's Agent shall be deemed to be acting solely as the agent of the Bond Trustee and the authentication, delivery, transfer or exchange of Series 2022 Bonds and payment of Series 2022 Bonds by the Bond Trustee's Agent pursuant to the provisions of the Bond Indenture summarized under this caption shall be deemed to be the authentication, delivery, transfer or exchange of Series 2022 Bonds and payment of Series 2022 Bonds by the Bond Trustee. Such Bond Trustee's Agent shall at all times be a commercial bank or trust company organized under the laws of the United States of America or one of the states thereof and shall at all times be an institution organized and doing business under the laws of the United States or of any state, authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authorities and (i) with a combined capital and surplus of at least $20,000,000 or (ii) affiliated with and indemnified by the Bond Trustee. If such institution publishes reports of condition at least annually pursuant to law or the requirements of such authorities, then for the purposes of the provisions of the Bond Indenture summarized under this caption the combined capital and surplus as set forth in its most recent report of condition so published shall be used in determining compliance with the previous sentence. The appointment of a Bond Trustee's Agent under the provisions of the Bond Indenture summarized under this caption shall be effective upon acceptance by the Bond Trustee's Agent and shall continue until the Bond Trustee making such appointment shall rescind such appointment or until the effective date of the resignation or removal of such Bond Trustee pursuant to the provisions of the Bond Indenture summarized under "REMOVAL OF THE BOND TRUSTEE" above. The Bond Trustee shall rescind such appointment and shall terminate any and all agreements relating to the Series 2022 Bonds between the Bond Trustee and the Bond Trustee's Agent upon the written direction of the Authority. Any successor Bond Trustee's Agent must be approved by the Authority.

BOND TRUSTEE AS HOLDER OF THE SERIES 2022 OBLIGATION

The Bond Trustee shall be considered the holder of the Series 2022 Obligation.

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement. The Borrower agrees that the proceeds of the Series 2022 Bonds being loaned to the Borrower as evidenced by the Series 2022 Obligation shall be deposited with the Bond Trustee and applied for the benefit of the Borrower as provided in the Bond Indenture.

REPRESENTATIONS

The Borrower is a not for profit corporation duly incorporated under the laws of the State, is in good standing and duly authorized to conduct its business in the State, is duly authorized and has full power under all the laws of the State and all other applicable provisions of law and its Articles of Incorporation to create, issue, enter into, execute and deliver, as the case may be, the Master Indenture, the Series 2022 Obligation, the Official Statement, the Tax Exemption Agreement, the Mortgage, the Purchase Contract, the Continuing Disclosure Agreement and the Loan Agreement (collectively, the *"Borrower Agreements"*), and all action on its part necessary for the valid execution and delivery of the Borrower Agreements has been duly and effectively taken.

PAYMENT OF SERIES 2022 BONDS; ASSIGNMENT OF RIGHTS UNDER THE LOAN AGREEMENT AND THE SERIES 2022 OBLIGATION

The Borrower agrees that the principal of, the redemption premium, if any, and the interest on the Series 2022 Bonds shall be made payable in accordance with the provisions of the Bond Indenture and the Loan Agreement and that the Loan Agreement and payments to be made thereunder and thereon (excluding Unassigned Rights) and the Series 2022 Obligation shall be assigned and pledged to the Bond Trustee to secure the payment of the Series 2022 Bonds. The foregoing notwithstanding, the Borrower agrees that the moneys and securities, if any, on deposit in the Rebate Fund are not part of the "trust estate" and are not available to make payments of principal, premium, if any, and interest on the Series 2022 Bonds. The Borrower agrees that the Series 2022 Obligation, the Loan Agreement and all of the rights, interests, powers, privileges and benefits accruing to or vested in the Authority thereunder (except Unassigned Rights), may be protected and enforced in conformity with the Bond Indenture and may be thereby assigned by the Authority to the Bond Trustee as additional security for the Series 2022 Bonds and may be exercised, protected and enforced for or on behalf of the Bondholders in conformity with the provisions of the Loan Agreement, the Master Indenture and the Bond Indenture.

PAYMENTS IN RESPECT OF THE SERIES 2022 OBLIGATION AND THE LOAN AGREEMENT

Under the terms of the Loan Agreement, the Borrower agrees to pay the Bond Trustee such amounts at such times as to provide for payment of the principal of, premium, if any, and interest on the Series 2022 Bonds outstanding under the Bond Indenture when due, whether upon a scheduled Interest Payment Date, at maturity, by mandatory or optional redemption, acceleration or otherwise. The Loan Agreement also requires that the Borrower pays certain other charges which may be incurred for such items as the Bond Trustee's and the Master Trustee's fees, the Authority's fees and expenses, taxes and assessments, if any, and costs incurred in connection with the Series 2022 Bonds. All payments due on the Series 2022 Obligation, except for certain enumerated payments described in the Loan Agreement, shall be paid directly to the Bond Trustee and applied in the manner provided in the Bond Indenture.

THE BORROWER'S OBLIGATIONS UNCONDITIONAL

The Authority and the Borrower agree that the Borrower shall bear all risk of damage or destruction in whole or in part to its Property or any part thereof including without limitation any loss, complete or partial, or interruption in the use, occupancy or operation of such Property, or any manner or thing which for any reason interferes with, prevents or renders burdensome, the use or occupancy of such Property or the compliance by the Borrower with any of the terms of the Loan Agreement. In furtherance of the foregoing, but without limiting any of the other provisions of the Loan Agreement, the Borrower agrees that its obligations to pay the principal, premium, if any, and interest on the Series 2022 Obligation, to pay the other sums provided for by the Loan Agreement and to perform and observe its other agreements contained in the Loan Agreement shall be absolute and unconditional and that the Borrower shall not be entitled to any abatement or diminution thereof nor to any termination of the Loan Agreement for any reason whatsoever.

CERTAIN COVENANTS OF THE BORROWER RELATING TO THE USE AND OPERATION OF THE BOND FINANCED PROPERTY

The Borrower agrees under the Loan Agreement that they will use the Bond Financed Property primarily as "health facilities" within the meaning of the Act and related activities and only in furtherance of the lawful corporate purposes of the Borrower; the Borrower will use the Bond Financed Property as a "project" within the meaning of the Act; and the Borrower will operate all of its Property on a nondiscriminatory basis. The Borrower also agrees that it will not permit any of the Bond Financed Property to be used (i) by any Person in an "unrelated trade or business" (as defined in Section 513(a) of the Code) of the Borrower (without regard to whether such activity results in unrelated trade or business income subject to taxation under Section 512(a) of the Code), or (ii) 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 tax exemption of interest on the Series 2022 Bonds otherwise afforded under Section 103(a) of the Code.

The Borrower further agrees 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 or (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 of Illinois and decisions of the Supreme Court of the State interpreting the same.

The Borrower agrees that during the term of the Loan Agreement, the Authority, the Bond Trustee, and their duly authorized agents shall have the right, but shall be under no duty or obligation to exercise this right, during regular business hours, with reasonable notice, to enter upon the premises and examine and inspect the Bond Financed Property, subject to such limitations, restrictions and requirements as the Borrower may reasonably prescribe.

TRANSFER OF ASSETS

The Borrower covenants and agrees that it will not sell, lease or otherwise dispose, of any Property except as permitted by the provisions of the Master Indenture summarized in APPENDIX D under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – SALE, LEASE OR OTHER DISPOSITION OF PROPERTY." The provisions of the Master Indenture notwithstanding, the Borrower covenants and agrees that it will not sell, lease or otherwise dispose, directly or indirectly, in whole or in part, of any portion of the Bond Financed Property unless the conditions set forth in the Project Certificate are satisfied.

INDEMNIFICATION OF THE AUTHORITY AND THE BOND TRUSTEE

The Borrower will pay, and will protect, indemnify and save the Authority and the Bond Trustee and their respective past, present and future members, officers, directors, employees, agents, successors, assigns and any other person, if any, who "controls" the Authority or Bond Trustee, as the case may be, as that term is defined in Section 15 of the Securities Act of 1933, as amended (the Authority, the Bond Trustee and the other listed persons, collectively referred to as, the *"Indemnified Persons"*) harmless from and against any and all liabilities, losses, damages, taxes, penalties, costs and expenses (including attorneys' fees and expenses of the Authority and Bond Trustee), causes of action, suits, proceedings, claims, demands, tax reviews, investigations and judgments of whatsoever kind and nature (including, but not limited to, those arising or resulting from any injury to or death of any person or damage to property) arising from or in any manner directly or indirectly growing out of or connected with the following:

(i) the use, financing, non-use, condition or occupancy of the Bond Financed Property, any repairs, construction, alterations, renovation, relocation, remodeling and equipping thereof or thereto or the condition of any such Bond Financed Property including adjoining sidewalks, streets or alleys and any equipment or facilities at any time located on or connected with such Bond Financed Property or used in connection therewith but which are not the result of the gross negligence of the Authority or the Bond Trustee;

(ii) a violation by the Borrower of any agreement, warranty, covenant or condition of the Loan Agreement or any other agreement executed in connection with the Loan Agreement;

(iii) a violation of any contract, agreement or restriction by the Borrower relating to the Bond Financed Property;

(iv) a violation of any law, ordinance, rule, regulation or court order affecting the Bond Financed Property or the ownership, occupancy or use thereof or the Bonds or use of the proceeds thereof;

(v) a violation of any law, ordinance, rules, regulation or court order relating to the sale of the Bonds or the use of any official statement (or other disclosure statement) related thereto;

(vi) any statement or information concerning the Borrower, any of its officers and members, or its operations or financial condition generally or the Bond Financed Property, contained in any official statement or supplement or amendment thereto furnished to the Authority or the purchaser of any Bonds, that is untrue or incorrect in any material respect, and any omission from such official statement or any statement or information which should be contained therein for the purpose for which the same is to be used or which is necessary to make the statements therein concerning the Borrower, any of its officers and members and the Bond Financed Property not misleading in any material respect, *provided* that such official statement or supplement or amendment has been approved by the Borrower; and

(vii) the acceptance or administration of the Bond Indenture, including without limitation the enforcement of any remedies under the Bond Indenture and related documents; *provided,* that the Bond Trustee shall not be entitled to any indemnity related to liabilities described in this clause caused solely by the negligence or bad faith of the Bond Trustee.

In case any claim shall be made or any action shall be brought against one or more of the Indemnified Persons in respect of which indemnity can be sought against the Borrower pursuant to any of the paragraphs above, the Indemnified Person seeking indemnity shall promptly notify the Borrower, in writing, and the Borrower shall promptly assume the defense thereof, including the employment of counsel chosen by the Borrower and approved by the Authority or Bond Trustee, or both (*provided,* that such approval by the Authority or Bond Trustee shall not be unreasonably withheld), the payment of all expenses and the right to negotiate and consent to settlement. If any Indemnified Person is advised in a written opinion of counsel that there may be legal defenses available to such Indemnified Person which are adverse to or in conflict with those available to the Borrower or that the defense of such Indemnified Person should be handled by separate counsel, the Borrower shall not have the right to assume the defense of such Indemnified Person, but the Borrower shall be responsible for the reasonable fees and expenses of counsel retained by such Indemnified Person in assuming its own defense, and *provided* also that, if the Borrower shall have failed to assume the defense of such action or to retain counsel reasonably satisfactory to the Authority or Bond Trustee within a reasonable time after notice of the commencement of such action, the reasonable fees and expenses of counsel retained by the Indemnified Person shall be paid by the Borrower. Notwithstanding the foregoing, any one or more of the Indemnified Persons shall have the right to employ separate counsel with respect to any such claim or in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be paid by such Indemnified Person unless the employment of such counsel has been specifically authorized in writing by the Borrower or unless the provisions of the immediately preceding sentence are applicable. The Borrower shall not be liable for any settlement of any such action affected without the consent of the Borrower, but if settled with the consent of the Borrower or if there be a final judgment for the plaintiff in any such action with or without consent, the Borrower agrees to indemnify and hold harmless the Indemnified Person from and against any loss, liability or expense by reason of such settlement or judgment.

The Borrower shall also indemnify the Authority, the Bond Trustee and such Indemnified Persons for all reasonable costs and expenses, including reasonable counsel fees, incurred in: (i) enforcing any obligation of the Borrower under the Loan Agreement or any related agreement, (ii) taking any action requested by the Borrower, (iii) taking any action required by the Loan Agreement or any related agreement, or (iv) taking any action considered necessary by the Authority and which is authorized by the Loan Agreement or any related agreement. If the Authority is to take any action under the Loan Agreement or any other instrument executed in connection with the Loan Agreement for the benefit of the Borrower, it will do so if and only if (i) the Authority is a necessary party to any such action or proceeding, and (ii) the Authority has received specific written direction from the Borrower, as required under the Loan Agreement or under any other instrument executed in connection with the Loan Agreement, as to the action to be taken by the Authority.

All amounts payable to the Authority under the provisions of the Loan Agreement summarized under this caption shall be deemed to be fees and expenses payable to the Authority for the purposes of the provisions of the Loan Agreement and of the Bond Indenture dealing with assignment of the Authority's rights under the Loan Agreement. The Authority and its members, officers, agents, employees and their successors and assigns shall not be liable to the Borrower for any reason.

Any provision of the Loan Agreement or any other instrument or document executed and delivered in connection therewith to the contrary notwithstanding, the Authority retains the right to (i) enforce any applicable Federal or State law or regulation or resolution of the Authority, and (ii) enforce any rights accorded to the Authority by Federal or State law or policy or procedure of the Authority, and nothing in the Loan Agreement shall be construed as an express or implied waiver thereof.

MAINTENANCE OF CORPORATE EXISTENCE AND STATUS

Notwithstanding the provisions of the Master Indenture summarized in APPENDIX D under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – MERGER, CONSOLIDATION, SALE OR CONVEYANCE," unless the Borrower complies with the following provisions summarized under this caption, the Borrower agrees that as long as any Series 2022 Bonds are outstanding it will maintain its existence, will not dissolve, liquidate or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it. Any dissolution, liquidation, disposition, consolidation or merger of the Borrower shall be subject to the following conditions unless otherwise waived by the Authority:

(a) no event of default exists under the Loan Agreement, the Bond Indenture or the Borrower Agreements and no event of default thereunder will be caused by the dissolution, liquidation, disposition, consolidation or merger;

(b) the entity surviving the dissolution, liquidation, disposition, consolidation or merger assumes (or, if the surviving entity is the Borrower, affirms) in writing and without condition or qualification the obligations of the Borrower under each of the Borrower Agreements;

(c) neither the validity nor the enforceability of the Bonds, the Bond Indenture or the Borrower Agreements is adversely affected by the dissolution, liquidation, disposition, consolidation or merger;

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

(e) the Bond Financed Property continues to be as described in the Loan Agreement;

(f) any successor to the Borrower shall be qualified to do business in the State and shall continue to be qualified to do business in the State throughout the term of the Loan Agreement; and

(g) the Authority has executed a certificate acknowledging receipt of all documents, information and materials required by the provisions of the Loan Agreement summarized under this caption.

As of the effective date of the dissolution, liquidation, disposition, consolidation or merger, the Borrower (at its cost) shall furnish to the Authority and the Bond Trustee (i) an opinion of Bond Counsel, in form and substance satisfactory to the Authority, as to item (d) above, (ii) an opinion of counsel (reasonably acceptable to the Authority), in form and substance satisfactory to the Authority, as to the legal, valid and binding nature of items (b) and (c) above, (iii) a certificate of the Borrower, in form and substance satisfactory to the Authority, as to items (a), (e) and (f), and (iv) a true and complete copy of the instrument of dissolution, liquidation, disposition, consolidation or merger.

DISCHARGE OF ORDERS, ETC.

The Borrower covenants to cause any order, writ or warrant of attachment, garnishment, execution, replevin or similar process filed against any part of the funds or accounts held by the Bond Trustee under the Bond Indenture to be discharged, vacated, bonded or stayed within 90 days after such filing (which 90-day period shall be extended for so long as the Borrower is contesting such process in good faith), but, notwithstanding the foregoing, in any event not later than five days prior to any proposed execution or enforcement with respect to such filing or any transfer of moneys or investments pursuant to such filing.

RATES AND CHARGES

The Borrower covenants and agrees to operate its Facilities primarily as revenue producing senior housing or health care related facilities or as facilities related thereto or for any other lawful purpose or activity and to operate all of its Property on a nondiscriminatory basis, to charge such fees and rates for its Facilities and services and to exercise such skill and diligence as to provide income from its Property together with other available funds sufficient to pay promptly all expenses of operation, maintenance and repair of its Property, all amounts owing on the Series 2022 Obligation and to pay all other payments required to be made by the Borrower under the Loan Agreement and under the Master Indenture to the extent permitted by law. The Borrower further covenants and agrees that it will from time to time as often as necessary, to the extent permitted by law, revise their rates, fees and charges in such manner as may be necessary or proper to comply with the provisions of the Loan Agreement summarized in this paragraph. The provisions of the Loan Agreement summarized in this paragraph shall not be construed to prohibit the Borrower from serving indigent residents to the extent required for it to continue its qualification as a Tax-Exempt Organization or from serving any other class or classes of residents without charge or at reduced rates so long as such service does not prevent the Borrower from satisfying the other requirements of the Loan Agreement summarized in this paragraph.

LICENSURE

The Borrower warrants that its existing Facilities have all material state and local licenses required for the operation thereof. The Borrower will obtain and maintain or cause to be obtained and maintained all such licenses required for the operation of its Facilities and the Bond Financed Property and will use its best efforts to obtain and maintain or cause to be obtained and maintained such licensure, so long as it is in the best interests of the Borrower and the Bondholders.

FINANCIAL STATEMENTS AND RELATED MATTERS.

The Borrower covenants that it will keep 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 Borrower in accordance with generally accepted principles of accounting consistently applied (except as stated in the notes thereto), and will furnish the materials and notices required to be delivered to the Master Trustee under the provisions of the Master Indenture summarized in APPENDIX D under the caption "SUMMARY OF CERTAIN

PROVISIONS OF THE MASTER INDENTURE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – FINANCIAL STATEMENTS AND RELATED MATTERS" to the Authority and to the Bond Trustee.

SUPPLEMENTS AND AMENDMENTS TO THE LOAN AGREEMENT

Subject to the terms and provisions of the Bond Indenture summarized in the following paragraph, the Authority and the Borrower may amend or modify the Loan Agreement, or any provision thereof, or may consent to the amendment or modification thereof, in any manner not inconsistent with the terms and provisions of the Bond Indenture, for any one or more of the following purposes: (a) to cure any ambiguity or formal defect in the Loan Agreement; (b) to grant to or confer upon the Authority or Bond Trustee, for the benefit of the Bond Owners, any additional rights, remedies, powers or authorities that lawfully may be granted to or conferred upon the Authority or the Bond Trustee; (c) to amend or modify the Loan Agreement, or any part thereof, in any manner specifically required or permitted by the terms thereof, including, without limitation, as may be necessary to maintain the exclusion from gross income for purposes of federal income taxation of the interest on the Series 2022 Bonds; (d) 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 Borrower deem necessary in order to comply with any statute, regulation, judicial decision or other law relating to secondary market disclosure requirements with respect to tax-exempt obligations of the type that includes the Series 2022 Bonds; (e) to provide that Series 2022 Bonds may be secured by additional security not otherwise provided for in the Bond Indenture or the Loan Agreement; (f) to provide for the appointment of a successor securities depository; (g) to provide for the availability of certificated Bonds; (h) to provide for changes in the components of the Project, to the extent permitted by the Bond Indenture and the Loan Agreement and (i) to make any other change which does not, in the opinion of the Bond Trustee, which may be upon reliance on an opinion of counsel or other Consultants, have a material adverse effect upon the interests of the Bondholders. In addition, subject to the terms and provisions summarized under this subcaption, the Bond Trustee may grant such waivers of compliance by the Borrower with the provisions of the Loan Agreement as to which the Bond Trustee may deem necessary or desirable to effectuate the purposes or the intent of the Loan Agreement and which, in the opinion of the Bond Trustee, which may be upon reliance on an opinion of counsel or other Consultants, do not have a material adverse effect upon the interests of the Bondholders, *provided* that the Bond Trustee shall file with the Authority any and all such waivers granted by the Bond Trustee within three (3) business days thereof.

Except for the amendments, changes or modifications as summarized in the preceding paragraph, 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, given and procured as provided in this paragraph, of the owners of not less than a majority in aggregate principal amount of the Series 2022 Bonds which are outstanding under the Bond Indenture at the time of execution of any such amendment, change or modification; *provided* that if such amendment, change or modification will, by its terms, not take effect so long as any Series 2022 Bonds remain outstanding, the consent of the owners of such Series 2022 Bonds shall not be required. If at any time the Authority and the Borrower 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 fees, expenses and liability, cause notice of such proposed amendment, change or modification to be given in the same manner as summarized in the third paragraph under the subcaption "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE — SUPPLEMENTAL BOND INDENTURES" above 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 designated 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 give such notice, and any such failure shall not affect the validity of such amendment, change or modification when consented to and approved as described in this paragraph. If the owners of not less than a majority in aggregate principal amount of the 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 owner 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.

Under no circumstances shall any amendment to the Loan Agreement alter the Series 2022 Obligation pledged under the Bond Indenture regarding the payments of principal, premium, if any, and interest thereon, without the consent of the owners of all the Bonds outstanding.

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 of the Borrower to pay any installment of principal, interest or premium on the Series 2022 Obligation 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 or purchase or by acceleration or otherwise; or

(b) failure by the Borrower to perform or comply with any of the covenants, conditions or provisions of the Loan Agreement or of the Tax Exemption Agreement, and failure to remedy such default within 60 days after notice thereof from the Authority or the Bond Trustee to the Borrower; *provided, however,* that if failure to comply with or perform such covenants, conditions or provisions cannot be remedied within 60 days, but can be remedied, no "event of default" shall be deemed to have occurred or to exist if the Authority in its sole discretion, shall consent to the Borrower commencing corrective action and the Borrower diligently pursues such corrective action until it shall have complied with or performed such covenants, conditions or provisions; or

(c) if any representation or warranty made by the Borrower in the Loan Agreement or in any statement or certificate furnished to the Authority or the Bond Trustee or the purchaser of any Series 2022 Bonds in connection with the sale of Series 2022 Bonds or furnished by the Borrower pursuant to the Loan Agreement including, without limitation, statements in the Official Statement, proves untrue in any material respect as of the date of the issuance or making thereof and shall not be made good within 60 days after notice thereof to the Borrower by the Authority or the Bond Trustee; *provided, however,* that if such default cannot be remedied within 60 days, but can be remedied, no "event of default" shall be deemed to have occurred or to exist if the Authority in its sole discretion, shall consent to the Borrower commencing corrective action and the Borrower diligently pursues such corrective action until such default has been cured; or

(d) any event of default shall occur under the Master Indenture which would permit the acceleration of the Series 2022 Obligation; or

(e) if the Borrower admits insolvency or bankruptcy or its inability to pay its debts as they mature, or is generally not paying its debts as such debts become due, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee, custodian or receiver for the Borrower or for the major part of its Property; or

(f) if a trustee, custodian or receiver is appointed for the Borrower or for the major part of its Property and is not discharged within 60 days after such appointment; or

(g) if bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, proceedings under Title 11 of the United States Code, as amended, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors are instituted by or against the Borrower (other than bankruptcy proceedings instituted by the Borrower against third parties), and if instituted against the Borrower are allowed against the Borrower or are consented to or are not dismissed, stayed or otherwise nullified within 60 days after such institution; or

(h) if payment of any installment of interest, principal or premium on any Series 2022 Bond shall not be made when the same shall become due and payable under the provisions of the Bond Indenture; or

(i) failure of the Borrower to comply with or perform its obligations summarized under the subcaption "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT – DISCHARGE OF ORDERS, ETC."

Whenever any event of default shall have occurred and be continuing under the Loan Agreement:

(a) *Acceleration of Maturity; Waiver of Event of Default and Rescission of Acceleration.* The Authority may at its discretion, by written notice to the Borrower, request that the Master Trustee declare the principal of the Series 2022 Obligation (if not then due and payable) to be due and payable immediately and such principal shall thereupon become immediately due and payable as if all of the sums of money payable thereunder were originally stipulated to be paid on such accelerated payment date, anything in the Series 2022 Obligation or in the Loan Agreement to the contrary notwithstanding. The Authority shall request that the Master Trustee declare the principal of the Series 2022 Obligation due and payable immediately upon the occurrence of any of the defaults described in subparagraphs (a), (e), (f), (g) or (h) above. This provision, however, is subject to the condition that if, at any time after the principal of any of the Series 2022 Obligation shall have been so declared and become due and payable, all arrears of interest, if any, upon the Series 2022 Obligation and the expenses of the Authority shall be paid by the Borrower, and every other default in the observance or performance of any covenant, condition or agreement in the Series 2022 Obligation or in the Loan Agreement contained shall be made good, or be secured, to the satisfaction of the Authority, or provision deemed by the Authority to be adequate shall be made therefor, then and in every such case the Authority by written notice to the Borrower may waive the event of default by reason of which the principal of the Series 2022 Obligation shall have been so declared and become due and payable and may rescind and annul such declaration and its consequences; *provided, however,* that there shall not be waived any event of default in the payment of the principal payable on the Series 2022 Bonds when due whether by mandatory or optional redemption or at the date of maturity specified therein; and *provided further* that no such waiver, rescission or annulment shall extend to or affect any subsequent event of default or impair any right consequent thereon. The Authority may by written notice to the Master Trustee, request that it declare the principal of the Series 2022 Obligation (if not then due and payable) to be due and payable immediately, subject to the provisions of the Master Indenture regarding waiver of events of default, anything in the Series 2022 Obligation or in the Loan Agreement contained to the contrary notwithstanding.

(b) *Right to Bring Suit, Etc.* The Authority, personally or by attorney, may in its discretion, proceed to protect and enforce its rights by pursuing any available remedy 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 Series 2022 Obligation, in the Loan Agreement or in the Master Indenture, 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 Authority shall deem most effectual to collect the payments then due and thereafter to become due on the Series 2022 Obligation, to enforce performance and observance of any obligation, agreement or covenant of the Borrower under the Loan Agreement, under the Series 2022 Obligation or under the Master Indenture or to protect and enforce any of the Authority's rights or duties thereunder.

EXCHANGE OF SERIES 2022 BONDS

In the event the Act or the Authority created thereunder is determined to be unconstitutional under the laws of the State or under the laws of the United States of America, and as a result thereof, the Series 2022 Bonds issued by the Authority are declared to be invalid and unenforceable, and if as a result thereof the obligation of the Borrower to make payments on the Series 2022 Obligation pledged under the Bond Indenture is determined to be unenforceable, then the Borrower agrees that it will issue its own bonds (the interest on which may not be exempt from federal income tax) in exchange for the Series 2022 Bonds, principal amount for principal amount, having the same rate or rates of interest, maturity, redemption provisions, and prepayment provisions as are then applicable to the Series 2022 Bonds being exchanged. The bonds to be issued by the Borrower will be issued under an indenture having substantially the same terms and provisions as the Bond Indenture, the Loan Agreement and the Master Indenture and such bonds of the Borrower will be issued thereunder in exchange for the Series 2022 Bonds surrendered by the holders thereof. Notice of any such exchange shall be given as provided for redemption of the Series 2022 Bonds under the Bond Indenture and the expenses of such exchange, including the printing of the bonds and other reasonable expenses in connection therewith, shall be borne by the Borrower.

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

[THIS PAGE INTENTIONALLY LEFT BLANK]

CONTINUING DISCLOSURE AGREEMENT

Dated as of March 1, 2022

Between

WASHINGTON AND JANE SMITH COMMUNITY – ORLAND PARK

And

UMB BANK, N.A., AS DISSEMINATION AGENT

$58,415,000
ILLINOIS FINANCE AUTHORITY
REVENUE REFUNDING BONDS, SERIES 2022
(SMITH CROSSING)

[THIS PAGE INTENTIONALLY LEFT BLANK]

CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** dated as of **MARCH 1, 2022** (this *"Continuing Disclosure Agreement"*), is executed and delivered by **WASHINGTON AND JANE SMITH COMMUNITY – ORLAND PARK,** (the *"Borrower"*), and **UMB BANK, N.A.,** as dissemination agent (the *"Dissemination Agent"*).

RECITALS

1. This Continuing Disclosure Agreement is executed and delivered in connection with the issuance by the Illinois Finance Authority (the *"Authority"*) of $58,415,000 aggregate principal amount of Revenue Refunding Bonds, Series 2022 (Smith Crossing) (the *"Bonds"*), pursuant to the Bond Trust Indenture dated as of March 1, 2022, between the Authority and UMB Bank, N.A., as bond trustee. The proceeds of the Bonds are being loaned by the Authority to the Borrower, pursuant to the Loan Agreement, dated as of March 1, 2022.

2. The Borrower and the Dissemination Agent are entering into this Continuing Disclosure Agreement for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the *"Rule"*). The Borrower is the only *"obligated person"* (as defined by the Rule) with responsibility for continuing disclosure, and the Authority has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Continuing Disclosure Agreement, and has no liability to any person, including any Beneficial Owner of the Bonds, with respect to the Rule.

In consideration of the mutual covenants and agreements herein, the Borrower and the Dissemination Agent covenant and agree as follows:

Section 1. Definitions.

In addition to the definitions set forth in the Bond Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report filed by the Borrower pursuant to, and as described in, **Section 2** of this Continuing Disclosure Agreement.

"Authority" means the Illinois Finance Authority, and its successors and assigns or any body, agency or instrumentality of the State of Illinois succeeding to or charged with the powers, duties and functions of the Authority.

"Beneficial Owner" means any Registered Owner of any Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Bond Indenture" means the trust indenture between the Authority and the Trustee for the benefit of the bondholders establishing the rights, duties and remedies of the Authority and the Trustee and specifying the security for the Bonds.

"Borrower" means Washington and Jane Smith Community – Orland Park, d/b/a Smith Crossing.

"Business Day" means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal corporate trust office or designated payment office of the Bond Trustee or the Dissemination Agent is located are required or authorized by law to remain closed, or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

"Dissemination Agent" means UMB Bank, N.A., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Borrower.

"EMMA" means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org.

"Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the 12-month period beginning on July 1 and ending on June 30 or any other **12**-month period selected by the Borrower as the Fiscal Year of the Borrower for financial reporting purposes.

"Loan Agreement" means the agreement between the Authority and the Borrower pursuant to which the Authority loaned the proceeds of the Bonds to the Borrower.

"Master Indenture" means the Master Trust Indenture dated as of March 1, 2022, among the Borrower and UMB Bank, N.A., as master trustee, as supplemented and amended in accordance with its terms.

"Material Events" means any of the events listed in **Section 3(a)** of this Continuing Disclosure Agreement.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

"Obligated Group" and "Member of the Obligated Group" have the meanings given those terms in the Master Indenture. The Borrower is the only Member of the Obligated Group as of the date of this Continuing Disclosure Agreement.

"Participating Underwriter" means any of the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Quarterly Report" means a document or set of documents that (a) identifies the *"obligated person"* (as defined by the Rule) as of the date of the Quarterly Report; (b) contains the unaudited financial statements of the Borrower consisting of a statement of revenues and expenses and statement of cash flows and a balance sheet as of the end of each such fiscal quarter, all prepared on substantially the same basis as the most recently prepared audited financial statements of the Borrower, along with a comparison of the Borrower's statement of revenues and expenses for the preceding fiscal quarter to the Borrower's budget for such quarter and year-to-date; and (c) contains the quarterly operating data identified on **Exhibit A**.

"Quarterly Report Date" means the date that is the **45th** day following the end of the first three fiscal quarters of the Borrower's Fiscal Year and the **60th** day following the end of the fourth fiscal quarter of the Borrower's Fiscal Year, commencing with the fiscal quarter ending June 30, 2022.

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

Section 2. Provision of Annual and Quarterly Reports.

(a) The Borrower shall, or shall cause the Dissemination Agent to, not later than **150** days after the end of the Borrower's Fiscal Year, commencing with the year ending June 30, 2022, file with the MSRB, through EMMA, the following financial information and operating data (the *"Annual Report"*): audited financial statements that include the Borrower for the prior Fiscal Year prepared in accordance with accounting principles generally accepted in the United States. If audited financial statements are not available by the time the Annual Report is required to be filed pursuant to this Section, the Annual Report may contain unaudited financial statements in the format included in the Quarterly Reports required by this Continuing Disclosure Agreement, and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available. To the extent that generally accepted accounting principles would require consolidation of certain financial information of entities that are not Members of the Obligated Group with financial information of the Borrower or other Members of the Obligated Group, consolidated financial statements prepared in accordance with generally accepted accounting principles that include information with respect to entities that are not Members of the Obligated Group may be delivered in satisfaction of the requirements of this Continuing Disclosure Agreement so long as: (i) supplemental information in sufficient detail to separately identify the information with respect to the Borrower is included with the audited financial statements; and (ii) such supplemental information has been subjected to the consolidated auditing procedures applied in the audit of the consolidated financial statements.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Borrower is an *"obligated person"* (as defined by the Rule), which have been filed with the MSRB and are available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The Borrower shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; provided that the audited financial statements of the Borrower may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Borrower's Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3(d)**.

(b) Not later than the date specified in subsection (a) for providing the Annual Report to the MSRB, the Borrower shall either (1) provide the Annual Report to the Dissemination Agent, with written instructions to file the Annual Report as specified in subsection (a), or (2) provide written notice to the Dissemination Agent that the Borrower has filed the Annual Report with the MSRB (or will do so prior to the deadline specified in subsection (a)).

(c) If the Dissemination Agent has not received either an Annual Report with filing instructions or a written notice from the Borrower that it has filed an Annual Report with the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as **Exhibit B**.

(d) The Dissemination Agent shall, (1) notify the Borrower each year, not later than **30** days prior to the date for providing the Annual Report to the MSRB, of the date on which its Annual Report must be provided to the Dissemination Agent or the MSRB, and (2) unless the Borrower has filed the Annual Report with the MSRB, promptly following receipt of the Annual Report and instructions required in subsection (a) above, file the Annual Report with the MSRB and file a report with the Borrower, the Authority and (if the Dissemination Agent is not the Bond Trustee) the Bond Trustee certifying that the Annual Report has been filed pursuant to this Continuing Disclosure Agreement, stating the date it was filed.

(e) The Borrower shall provide a Quarterly Report to the Dissemination Agent not later than each Quarterly Report Date, and the Dissemination Agent shall promptly file the Quarterly Report with the MSRB through EMMA after receipt thereof from the Borrower.

(f) The Dissemination Agent shall provide the Borrower and the Bond Trustee written confirmation that the Quarterly Report was filed with the MSRB in accordance with **Section 2(e)** hereof.

(g) If the Dissemination Agent has not received either the Quarterly Report with filing instructions or a written notice from the Borrower that it has filed the Quarterly Report with the MSRB by the date required in subsection (e), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as **Exhibit C**.

(h) In addition to the foregoing requirements of this Section, the Borrower agrees to provide copies of the most recent Annual Report or Quarterly Report to any requesting Beneficial Owner or prospective Beneficial Owner, but only after the same have been filed with the MSRB on EMMA.

(i) The Annual Report and Quarterly Report shall be filed with the MSRB in such manner and format as is prescribed by the MSRB.

Section 3. Reporting of Material Events.

(a) No later than **10** Business Days after the occurrence of any of the following events, the Borrower shall give, or cause to be given, to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds (*"Material Events"*):

(1) principal and interest payment delinquencies;
(2) non-payment related defaults, if material;
(3) unscheduled draws on debt service reserves reflecting financial difficulties;
(4) unscheduled draws on credit enhancements reflecting financial difficulties;
(5) substitution of credit or liquidity providers, or their failure to perform;
(6) 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;
(7) modifications to rights of bondholders, if material;
(8) bond calls, if material, and tender offers;
(9) defeasances;
(10) release, substitution or sale of property securing repayment of the Bonds, if material;
(11) rating changes;
(12) bankruptcy, insolvency, receivership or similar event of the Borrower (which shall be deemed to occur as provided in the Rule);
(13) the consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of a Member of the Borrower, 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;
(14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
(15) incurrence of a Financial Obligation of the 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
(16) 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.

(b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any event that it believes may constitute a Material Event, contact the chief financial officer of the Borrower or his or her designee or such other person as the Borrower shall designate in writing to the Dissemination Agent from time to time, inform such person of the event, and request that the Borrower promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (d). If in response to a request under this subsection (b), the Borrower determines that the event does not constitute a Material Event, the Borrower shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (d).

(c) Whenever the Borrower obtains knowledge of the occurrence of a Material Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Borrower shall promptly notify and instruct the Dissemination Agent in writing to report the occurrence pursuant to subsection (d).

(d) If the Dissemination Agent receives written instructions from the Borrower to report the occurrence of a Material Event, the Dissemination Agent shall promptly file a notice of such occurrence with the MSRB, with a copy to the Borrower. Notwithstanding the foregoing, notice of Material Events described in subsections (a)(8) or (9) of this Section need not be given under this subsection any earlier than the notice (if any) of the underlying event is provided to the Beneficial Owners of affected Bonds pursuant to the Bond Indenture.

Section 4. Termination of Reporting Obligation.

The Borrower's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Borrower's obligations under this Continuing Disclosure Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Agreement in the same manner as if it were the Borrower, and the Borrower shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Borrower shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3(d)**.

Section 5. Dissemination Agent.

The Borrower may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign as dissemination agent hereunder at any time upon **30** days prior written notice to the Borrower. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the Borrower pursuant to this Continuing Disclosure Agreement. The initial Dissemination Agent is UMB Bank, N.A.

Section 6. Amendment; Waiver.

Notwithstanding any other provision of this Continuing Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Continuing Disclosure Agreement and any provision of this Continuing Disclosure Agreement may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the Borrower and the Dissemination Agent with its written opinion that the undertaking of the Borrower contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Agreement.

If a provision of this Continuing Disclosure Agreement is amended or waived, the Borrower shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3(d)**, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information.

Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report, Quarterly Report, or notice of occurrence of a Material Event, in addition to that required by this Continuing Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report, Quarterly Report, or notice of occurrence of a Material Event, in addition to that specifically required by this Continuing Disclosure Agreement, the Borrower shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report, Quarterly Report, or notice of occurrence of a Material Event. The Borrower may direct the Dissemination Agent to file such additional information with the MSRB through EMMA.

Section 8. Default.

If there is a failure of the Borrower or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement, the Bond Trustee may (and, at the request of any Participating Underwriter or the Registered Owners of at least **25%** aggregate principal amount of Outstanding Bonds, shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement shall not be deemed an event of default under the Bond Indenture, the Loan Agreement, or the Master Indenture, and the sole remedy under this Continuing Disclosure Agreement if there is any failure of the Borrower or the Dissemination Agent to comply with this Continuing Disclosure Agreement shall be an action to compel performance.

Section 9. Duties and Liabilities of Dissemination Agent.

The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and the Borrower agrees to 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 attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Borrower shall pay the fees, charges and expenses of the Dissemination Agent in connection with its administration of this Continuing Disclosure Agreement.

The Dissemination Agent shall not be liable for the Borrower's failure to submit a complete Annual Report or Quarterly Report and shall not be liable for any act or omission hereunder except its gross negligence or willful misconduct (as determined by a court of competent jurisdiction). The Dissemination Agent may consult legal counsel in the event of any dispute or question as to the construction of any provisions hereof or its duties hereunder, and it shall incur no liability and shall be fully protected in acting in good faith in accordance with the opinion or instructions of such counsel. The Dissemination Agent shall not be responsible for ensuring the compliance with any rule or regulation of the Borrower or Participating Underwriter in connection with the filings of information herein, but is merely responsible for the filing of any such information provided to the Dissemination Agent by the Borrower.

Section 10. Notices.

Any notices or communications to or among any of the parties to this Continuing Disclosure Agreement may be given by registered or certified mail, return receipt requested, or by facsimile or by e-mail, receipt confirmed by telephone, or delivered in person or by overnight courier, and will be deemed given on the second day following the date on which the notice or communication is so mailed, as follows:

To the Borrower:	**Washington and Jane Smith Community – Orland Park d/b/a Smith Crossing** 2320 W 113th Place Chicago, Illinois 60643 Attention: Chief Financial Officer Telephone: (773) 474-7350 E-mail: rmarneris@smithseniorliving.org
To the Dissemination Agent:	**UMB Bank, N.A.** 100 William Street, Suite 1850 New York, New York 10038 Attention: Corporate Trust Department Telephone: (646) 650-3790 E-mail: david.massa@umb.com

Any person may, by written notice to the other persons listed above, designate a different address or an e-mail address, or telephone number to which subsequent notices or communications should be sent.

Section 11. Beneficiaries.

This Continuing Disclosure Agreement shall inure solely to the benefit of the Authority, the Borrower, the Borrower, the Bond Trustee, the Dissemination Agent, the Participating Underwriter, and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 12. Severability.

If any provision in this Continuing Disclosure Agreement, the Bond Indenture, the Loan Agreement or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of this Continuing Disclosure Agreement shall not in any way be affected or impaired thereby.

Section 13. Counterparts.

This Continuing Disclosure Agreement 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.

Section 14. Electronic Transactions.

The arrangement described herein may be conducted and related documents may be sent, received, or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 15. Governing Law.

This Continuing Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the Borrower and the Dissemination Agent have caused this Continuing Disclosure Agreement to be executed as of the day and year first above written.

WASHINGTON AND JANE SMITH COMMUNITY – ORLAND PARK

By: ____________________________________
Title: Treasurer and Chief Financial Officer

UMB BANK, N.A.,
as Dissemination Agent

By: ____________________________________
Title: Authorized Officer

EXHIBIT A
TO CONTINUING DISCLOSURE AGREEMENT

FINANCIAL INFORMATION AND OPERATING DATA TO BE INCLUDED IN QUARTERLY REPORTS

Quarterly Report

Updates as of the end of the preceding fiscal quarter of the following financial information and operating data in substantially the same format contained in the following tables in Appendix A of the final Official Statement for the Bonds:

(i) Historical Occupancy (on a year-to-date basis);
(ii) Average Payor Mix (on a year-to-date basis);
(iii) Debt Service Coverage Ratio (on a year-to-date basis);
(**iv)** Days Cash on Hand; and
(v) Management's Discussion and Analysis of Finances and Operations.

EXHIBIT B

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Illinois Finance Authority
Name of Bond Issue:	$58,415,000 Illinois Finance Authority Revenue Refunding Bonds, Series 2022 (Smith Crossing)
Name of Obligated Person:	Washington and Jane Smith Community – Orland Park, d/b/a Smith Crossing
Date of Issuance:	March 24, 2022

NOTICE IS HEREBY GIVEN that the Borrower (as defined in the Continuing Disclosure Agreement referenced below) has not filed an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of March 1, 2022, between Washington and Jane Smith Community – Orland Park and UMB Bank, N.A., as Dissemination Agent. [The Borrower has informed the Dissemination Agent that the Borrower anticipates that the Annual Report will be filed by _____________.]

Dated: __________ ___ _____.

UMB BANK, N.A.,
as Dissemination Agent
on behalf of **WASHINGTON AND JANE SMITH COMMUNITY – ORLAND PARK**

EXHIBIT C

NOTICE OF FAILURE TO FILE QUARTERLY REPORT

Name of Issuer:	Illinois Finance Authority
Name of Bond Issue:	$58,415,000 Illinois Finance Authority Facilities Revenue Refunding Bonds, Series 2022 (Smith Crossing)
Name of Obligated Person:	Washington and Jane Smith Community – Orland Park, d/b/a Smith Crossing
Date of Issuance:	March 24, 2022

NOTICE IS HEREBY GIVEN that the Borrower (as defined in the Continuing Disclosure Agreement referenced below) Washington and Jane Smith Community – Orland Park, d/b/a Smith Crossing has not filed a Quarterly Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of March 1, 2022, between Washington and Jane Smith Community – Orland Park and UMB Bank, N.A., as Dissemination Agent. [The Obligated Person has informed the Dissemination Agent that the Obligated Person anticipates that the Quarterly Report will be filed by _____________.]

Dated: __________ ___ _____.

UMB BANK, N.A.,
as Dissemination Agent
on behalf of **WASHINGTON AND JANE SMITH COMMUNITY – ORLAND PARK D/B/A SMITH CROSSING**

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

FORM OF OPINION OF BOND COUNSEL

March 24, 2022

Illinois Finance Authority
Chicago, Illinois

Washington and Jane Smith Community —
Orland Park
Orland Park, Illinois

UMB Bank, N.A.,
as Bond Trustee and Master Trustee
New York, New York

B.C. Ziegler and Company
Chicago, Illinois

Re: $58,415,000 Illinois Finance Authority
Revenue Refunding Bonds, Series 2022
(Smith Crossing)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance on the date hereof by the Illinois Finance Authority (the *"Authority"*) of $58,415,000 in aggregate principal amount of Illinois Finance Authority Revenue Refunding Bonds, Series 2022 (Smith Crossing) (the *"Series 2022 Bonds"*). The Series 2022 Bonds are being issued under the provisions of the Illinois Finance Authority Act, as amended (the *"Act"*), and under and pursuant to a Bond Trust Indenture dated as of March 1, 2022 (the *"Bond Indenture"*), between the Authority and UMB Bank, N.A., as bond trustee (the *"Bond Trustee"*). Reference is made to the Bond Indenture for the definitions of certain capitalized terms not otherwise defined herein.

The Authority will loan the proceeds of the Series 2022 Bonds to Washington and Jane Smith Community — Orland Park, an Illinois not for profit corporation (the *"Borrower"*), pursuant to a Loan Agreement dated as of March 1, 2022 (the *"Loan Agreement"*), between the Authority and the Borrower. In connection with the issuance of the Series 2022 Bonds and to secure their obligations under the Loan Agreement, the Borrower will execute and deliver to the Authority the Direct Note Obligation, Series 2022 (Illinois Finance Authority), dated March 24, 2022 (the *"Obligation"*). The Obligation will be issued under the Master Trust Indenture dated as of March 1, 2022 (the *"Master Indenture"*) between the Borrower, as the sole member of the obligated group created thereunder, and UMB Bank, N.A., as master trustee (the *"Master Trustee"*).

The proceeds of the Series 2022 Bonds will be used to (i) currently refund all of the outstanding (a) $24,500,000 Maximum Principal Amount Illinois Finance Authority Variable Rate Revenue Bonds, Series 2018A (Smith Crossing Project) (the *"Series 2018A Bonds"*), (b) $18,064,000 Illinois Finance Authority Variable Rate Revenue Refunding Bonds, Series 2018B (Smith Crossing) (the *"Series 2018B Bonds"*), and (c) $14,686,000 Illinois Finance Authority

Variable Rate Revenue Refunding Bonds, Series 2018C (Smith Crossing) (the *"Series 2018C Bonds"* and, collectively with the Series 2018A Bonds and the Series 2018B Bonds, the *"Prior Bonds"*), (ii) pay a termination fee for a swap that was integrated with the Prior Bonds and (iii) pay certain expenses incurred in connection with the refunding of the Prior Bonds and the issuance of the Series 2022 Bonds, all as permitted by the Act.

The Series 2022 Bonds have been sold to B.C. Ziegler and Company, as underwriter (the *"Underwriter"*), pursuant to a Bond Purchase Agreement dated March 9, 2022 (the *"Purchase Contract"*) among the Underwriter, the Borrower and the Authority. In connection with the sale of the Series 2022 Bonds, the Borrower has delivered a Preliminary Official Statement dated February 24, 2022 (the *"Preliminary Official Statement"*), and executed and delivered an Official Statement dated March 9, 2022 (the *"Official Statement"*).

In connection with the issuance of the Series 2022 Bonds, the Authority, the Bond Trustee and the Borrower have executed a Tax Exemption Certificate and Agreement dated the date hereof (the *"Tax Agreement"*), which 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 and the Official Statement and the issuance and sale of the Series 2022 Bonds;

(b) an executed Official Statement, the executed Obligation, and executed counterparts of the Bond Indenture, the Loan Agreement, the Purchase Contract, the Master Indenture and the Tax Agreement;

(c) specimen Series 2022 Bonds;

(d) executed opinions, each dated the date hereof, of Quarles & Brady LLP, special counsel to the Borrower; and Gilmore & Bell, P.C., special counsel to the Underwriter; and Sanchez Daniels & Hoffman LLP, counsel to the Authority; and

(e) 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 the matters 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 2022 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 issued by the Authority and constitute 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 2022 Bonds are entitled to the benefits and security of the Bond Indenture.

3. Subject to compliance by the Authority and the Borrower with certain covenants, under present law, interest on the Series 2022 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included 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"*). Failure to comply with certain of such covenants of the Authority and the Borrower could cause the interest on the Series 2022 Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2022 Bonds. Ownership of the Series 2022 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 2022 Bonds. Interest on the Series 2022 Bonds is not exempt from present Illinois income taxation. Ownership of the Series 2022 Bonds may result in other state and local tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2022 Bonds.

4. The Bond Indenture creates a valid assignment to the Bond Trustee of the rights of the Authority in and to the Loan Agreement and the Obligation (with certain limited exceptions referred to in the Bond Indenture).

In rendering this opinion, we have relied upon the opinion of Quarles & Brady LLP, special counsel to the Borrower, referred to in paragraph (d) above, with respect to, among other things, (i) the status of the Borrower as an organization described in Section 501(c)(3) of the Code 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 the Borrower of the Master Indenture, the Loan Agreement, the Obligation, the Tax Agreement, and the Purchase Contract, subject to the exceptions set forth in said opinion.

In rendering the opinions in paragraph 3 hereof, we have relied upon certificates of the Borrower with respect to certain material facts within their knowledge relating to the property financed and refinanced with the proceeds of the Series 2022 Bonds and the Prior Bonds and the application of the proceeds of the Series 2022 Bonds and the Prior Bonds. 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.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2022 Bonds.

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,

Smith
CROSSING
A SMITH SENIOR LIVING COMMUNITY

ILLINOIS FINANCE AUTHORITY • REVENUE REFUNDING BONDS, SERIES 2022 (SMITH CROSSING)

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

Printed by: ImageMaster, LLC
www.imagemaster.com