

FOX HILL VILLAGE DISCLOSURE SUMMARY

May 2015

We are delighted with your interest in Fox Hill Village. For over 20 years, it has provided outstanding service in a beautiful setting, providing peace of mind and many stimulating opportunities for social, intellectual and personal engagement. Planned by the Massachusetts General Hospital and its partners, Fox Hill Village is designed to enable individuals to live graciously with maximum independence throughout their retirement years.

This book explains to prospective Residents and their families the concept and operation of Fox Hill Village. Accompanying this summary is a set of documents that we encourage you to review with your financial advisors and legal counsel. The documents provide details not contained in this summary. Although we are unaware of any discrepancies, if there should be any differences between the summary and the documents, the documents will control.

A. THE VILLAGE SITE AND DESIGN

1. The Site. Fox Hill Village is situated in Westwood on an 83 acre campus near the intersection of Route 128 (I-95) and Route 109. The campus offers wooded areas, walking trails, garden plots, a croquet lawn and putting green. There are three building sites on the campus: (1) the Fox Hill residential building (the "Village Building"), (2) Clark House, a skilled nursing facility and (3) White Oak Cottages, assisted living residences for those with dementia.

2. The Village Building. The Village Building consists of 347 independent and assisted care residences and a "Commons" area in the center of the building. Within the "Commons" are 3 dining options, a private dining room, an auditorium, a fitness center, activities, card and game rooms, a greenhouse, a library, lounges, crafts and woodworking rooms, a laundry, mail center, beauty salon, barber shop, bank, and convenience store.

3. The Village Residences. The Residences range in size from one bedroom to two bedroom deluxe layouts, with a wide variety of designs. There are a small number of Assisted Care Residences ("ACRs"), described more fully in Section E. An outline specification and floor plan will accompany each Purchase and Sale Agreement. Each Residence has the following features and furnishings:

- sheer curtains
- self-defrosting refrigerator and freezer
- range and self-cleaning oven
- dishwasher
- disposal
- washer and dryer hook-ups (other than Residences located on the Baker 1st, 2nd, and 3rd floors)
- telephone, cable television, and high speed Internet hook-ups
- individual thermostat to control heat and air-conditioning

- separate storage area
- emergency response system
- outdoor parking

4. Parking Facilities. Fox Hill Village has 190 assigned underground parking spaces and 200 undesignated outdoor parking spaces. To insure sufficient parking spaces for all Residents and visitors, the Board of Directors requires an incoming Resident to purchase a license for an underground parking space if the incoming Resident intends to bring a vehicle to Fox Hill and underground parking licenses are available.

Fox Hill Village charges a small monthly parking fee to licensees of the underground parking spaces to defray the maintenance costs of the garage. When Residents wish to relinquish an underground space, they must transfer the license to another Resident through Fox Hill Village, which will receive a 5% handling fee. Residents are responsible for paying the monthly fees associated with the license for the underground space until the license is transferred to another Resident. There is no charge for the outdoor parking spaces.

B. THE COOPERATIVE CONCEPT

1. General. Fox Hill Village Homeowners Corporation is structured as a cooperative corporation (the "Co-op"). The Co-op holds title to the Village Building and the 83 acre campus. It handles all resales of Co-op stock, and it establishes the eligibility requirements for all Residents. As a housing cooperative, the Co-op issues its stock solely to its residents. As its shareholders, the residents of a housing cooperative have ultimate control of the Co-op.

When people purchase at Fox Hill, they buy one share of Fox Hill stock and sign a Residency Agreement and Proprietary Lease (the "Proprietary Lease"), entitling the Resident to occupy a specific Residence in the Village. If two Residents occupy one Residence, each person will sign the Proprietary Lease and they will own the share of stock jointly, with a right of survivorship. If a Resident subsequently wants to bring a second person to live in the Residence, the second person must meet all entrance criteria, and execute the Proprietary Lease with the original Resident, creating a joint interest in the Co-op stock with a right of survivorship.

If a person acquires the Coop stock through a trust, the person having the right of occupancy (the "Occupant") must meet all eligibility requirements of the Co-op and the Occupant must be the sole beneficiary of such trust for life. Occupancy and all other rights and benefits will be limited to the Occupant designated in the Proprietary Lease.

2. Capital Stock. There is only one class of stock and each share is entitled to one vote on any issue presented to the Shareholders. In the event two individuals reside in one Residence, the share of stock must be voted as a unit; no split voting on one share of stock is allowed. Sales and transfers of stock are subject to the restrictions described in Section C.

3. The Board of Directors. The Board of Directors consists of nine members, who serve staggered, three year terms. The Board has historically been comprised of residents, although several non-residents with ties to Fox Hill have served as directors. The Board has

ultimate responsibility for the operation of the Co-op. A professional manager is responsible for the day-to-day operation of the Co-op. The Board is responsible for hiring the manager, adopting rules and regulations for the Co-op, managing its fiscal affairs, and overseeing the transfer process for each Co-op share and its appurtenant leasehold interest. The names of the present Officers and Directors of the Co-op are listed in Exhibit B.

4. Shareholder Eligibility. Shareholders must be 62 years of age or older and they must meet the health and financial criteria established by the Board of Directors. These criteria are designed to insure that the Shareholders are capable of residential living at the time of entrance to the Village and that they have the resources to pay the anticipated charges.

5. Shareholder Rights. Shareholders annually elect three individuals to the Board of Directors and they approve the operating budget of the Co-op by a majority vote. Shareholders must also approve any of the following actions, by a two-thirds vote of all shareholders:

- a. Elimination of the meal services or the emergency response system;
- b. Cessation of or substantial change in the operation of the Village as a continuing care retirement community;
- c. Amendment of the stock transfer restrictions, the resale policy or the resale procedure;
- d. Any encumbrance, pledge, hypothecation, sale, transfer or other disposition of all or substantially all the assets of the Co-op;
- e. Elimination of any services described in any Proprietary Lease;
- f. Amendment of the provisions in the Bylaws that would reduce the two-thirds Shareholder approval requirement outlined in this section;
- g. Amendment of the Articles of Organization; and
- h. Consolidation or merger involving the Co-op.

6. Pledge of Stock. Each Proprietary Lease requires the Resident to execute a Pledge and Security Agreement ("Pledge Agreement"), a copy of which is in this Shareholder Document Book. The Pledge Agreement protects the Co-op by giving it a first security interest in the Resident's Co-op share. It also grants foreclosure rights to the Co-op in the event a Resident fails to pay Co-op fees and charges or otherwise fails to perform obligations of the Resident set forth in the Proprietary Lease.

To help ensure stability, the Co-op will not permit Residents to finance the purchase of Co-op stock by granting to a lender a security interest in the Co-op stock. The only permitted security interest in the Co-op stock will be the pledge to the Co-op which is described immediately above.

C. TRANSFER OF FOX HILL SHARES

1. When A Co-op Share Will Be Sold. A Co-op share and the accompanying leasehold will be offered for resale at such time as a Resident permanently moves to a higher level of care or when a Resident dies or otherwise vacates his or her Residence in the Village Building. A Resident will be required to leave the community for failure to abide by its rules and regulations, failure to pay the Monthly Fee or otherwise to perform obligations of the Resident set forth in the Proprietary Lease, or if his or her health requires permanent placement in a setting offering skilled care or continuous support. Transfers to higher levels of care are made in accord with the Fox Hill Policy on Transfers, a copy of which is included in this Book.

The Co-op will require the Resident to make a transfer to a different setting if it determines that the Resident is no longer safe in an unsupervised setting, if the Resident poses a danger to the community, or if the resources of Fox Hill are inadequate to supervise the Resident. Prior to making such a determination, the Co-op will confer, to the extent feasible, with the Resident, the Resident's family and physician if requested. The Co-op's determination is final. If a Resident refuses to transfer upon the request of the Co-op, the Co-op may require the Resident to leave the Village, and the Resident's Co-op stock will be offered for resale.

2. How A Co-op Share Will Be Sold. The Co-op manages all resales of Co-op stock and transfers of leasehold interests. It maintains a waiting list of prospective Residents. Residents who wish to transfer to a different Residence within the Village will have the first right to purchase the share connected to that Residence. If no Resident elects to purchase an available share, the share will be offered to those on the waiting list. If there is no waiting list, or no one on the waiting list purchases the share, it will be offered on the open market through the Sales office.

Upon the resale of the Co-op share and its leasehold interest, the Co-op will distribute the proceeds of the sale of the Co-op stock to the Resident, less the Stock Transfer Fee and all other amounts due and owing to the Co-op. The Stock Transfer Fee is equal to the lesser of (a) 10% of the gross proceeds of the sale of the Co-op share or (b) 1% of the gross proceeds of the sale of the Co-op share multiplied by the number of months the Resident has owned the Co-op share. Pending closing of the sale of a Co-op stock, the Resident will continue to be responsible for the payment of the Monthly Fee. A vacancy credit for meal costs will be applied as appropriate.

3. Resident Transfers Within Fox Hill. If the Resident is selling his or her share (the "First Share") and buying another share for another Residence within the Village (the "Second Share"), the Resident will pay a ten percent Stock Transfer Fee upon the difference in value of the shares, if the value of the First Share exceeds the value of the Second Share. If the value of the Second Share is more than the value of the First Share, the Resident does not pay a Stock Transfer Fee, but pays an Administrative Fee.

If a Resident elects to transfer ownership of his or her stock to an additional person or to a trust or other entity that meets the requirements of the Co-op's bylaws for stock ownership, the Resident must pay to the Co-op an Administrative Fee.

D. VILLAGE SERVICES

A range of social, cultural and health services are available to Residents of Fox Hill Village. A brief summary of current services follows.

1. Meals. Breakfast, lunch, and dinner are served daily. The Village dining room serves a sit-down lunch and dinner daily. The grille/cafe is open for all three meals. The Hunt Room provides lunch in a casual setting. The Baker Dining Room serves breakfast, lunch and dinner. The Monthly Fee includes the cost of one meal for each day of the calendar month, which may be taken one meal per day, several meals per day for some portion of the month, or for guest meals, depending on the preference of the Resident. Additional meals may be taken at additional cost.
2. Transportation. The Village offers regularly scheduled shuttle bus transportation to local shopping areas, social events, and places of worship within a 5-mile radius at no additional cost. Transportation to areas beyond the 5-mile radius is also available with certain restrictions and at an additional charge.
3. Housekeeping/Maintenance. All common areas of the Village are cleaned daily and maintained as necessary by the Co-op. The Residences are cleaned bi-weekly. The Co-op will service all appliances in the Residences supplied by the Co-op. The Co-op is responsible for maintaining the grounds.
4. Emergency Response System. An emergency response system connected to the security desk is located in each bedroom and bathroom of each Residence.
5. Reception/Security. Fox Hill provides twenty four hour reception and security coverage. A receptionist attends the reception desk by the front door during normal business hours, and security guards cover the main reception desk as well as patrol the premises whenever there is no receptionist on duty.
6. Utilities. The Co-op pays all utility charges except for telephone, cable television, and Internet fees.
7. Social Activities. Fox Hill Village has a full-time Director of Resident Services who plans full and diverse offerings for Fox Hill residents each week, which may include tickets to cultural or sporting events, lectures on a wide variety of subjects, musical entertainment, performances by resident groups, movies, theme nights and trips to museums, restaurants, and shopping areas.
8. Fitness Program. Fox Hill has a Fitness Center with a range of equipment designed to maintain core strength of older adults. A trainer is available to assist residents in setting up a fitness regimen. In addition, Fox Hill Village offers a croquet court, putting green, walking trails and garden plots for the use of the Residents.

E. HEALTH CARE SERVICES

1. The Wellness Center. The Wellness Center, staffed by the Massachusetts General Hospital, provides counseling and consultations to all residents. There is a registered nurse and an assistant on site Monday through Friday, 8:30 to 4:30, and on Saturday mornings. The Wellness Center offers Wellness Programs each month and assists Residents transitioning to and from the Assisted Care Program, hospitals and nursing facilities. There is a nurse on call when the Wellness Center is closed up until 11:00 pm each evening. There is an additional charge for the on-call service.
2. Rehabilitation Clinic. Clark House operates a licensed rehabilitation clinic at Fox Hill to meet the needs of Fox Hill Residents for certain skilled rehabilitation therapy. Clark House separately bills for the costs of these services.
3. Assisted Care Residences (ACRs). Some Residences near the Assisted Care Program office in the Baker wing are designed for Residents who need sustained Personal Care Services. Personal Care Services are services rendered by registered and licensed practical nurses, home health aides and/or home makers to assist individuals in the activities of daily living, such as bathing, dressing, eating, toileting and transferring/mobility. Personal Care Services include medication management, but they do not include skilled rehabilitation services, such as physical therapy.
4. Assisted Care Program. Individuals who develop a need for Personal Care Services while residing at Fox Hill, and who do not want to move to an Assisted Care Residence may receive Personal Care Services in their Residence, as long as the Health Services Team has determined that such care may be safely provided there. The Assisted Care Program offers up to 10.5 hours of Personal Care Service each week. The details of transitioning to the Assisted Care Program are set forth in the Policy on Transfers, which is included in this book.
5. White Oak Cottages. White Oak Cottages offers an innovative approach to dementia care in a small home environment. The 2 cottages are licensed as special care assisted living residences, and provide 24-hour supervision and support. The staff receives extensive training in dementia care. There are 12 private bedrooms in each cottage. Fox Hill residents have a priority right of admission. Should a Fox Hill Resident transfer to White Oaks, the Resident's Fox Hill share will be sold and the Resident will pay White Oaks a monthly rental fee pursuant to a Residency Agreement between the Resident and White Oak Cottages, LLC.
6. Clark House. The 70 bed on-site nursing home owned by the Fox Hill Partnership offers post acute rehab and long term care services. The Co-op and the Partnership have signed a Restated Nursing Center Agreement that gives Fox Hill Residents priority admission to Clark House, and a discount for semi-private accommodations through 2023. MGH Services approves the appointment of certain key staff, reviews and approves all operating policies and procedures, and participates in the ongoing quality review of services. Kindred Healthcare Operating, Inc. manages the to day operation of Clark House.

Clark House reserves the right to accept individuals who are not Residents at Fox Hill Village if it has unoccupied beds. In the event a bed at Clark House is not available for a Fox Hill Resident, the Resident will be placed in another skilled nursing facility until an appropriate bed becomes available for that individual at Clark House.

F. PROJECTED CHARGES FOR RESIDENTS

1. Monthly Fees. The Monthly Fees for each Resident will consist of a pro-rated share of the costs incurred by the Co-op, including operating, maintenance, and management costs, reserve fund requirements as set by the Board of Directors, real estate taxes, and mortgage payments. If there is more than one Resident in a Residence, the Monthly Fee will be increased to reflect the additional costs for the second occupant.

The Monthly Fees for the Assisted Care Residences are higher, reflecting the additional costs of Personal Care Services. Residents participating in the Assisted Care Program will be charged an additional fee based on the amount of assistance required. The current monthly fees for all Residences are set forth in Exhibit C.

If a Resident needs more than 10.5 hours of Personal Care Service per week, the Resident must either (a) arrange for additional care through approved home health care providers at Resident's expense, or (b) move to a higher level of care. The Co-op will require the Resident to move to a higher level of care if it determines that providing additional care to a resident is unsafe for the resident or for the community, or if the resources of the Fox Hill staff are insufficient to supervise such care. A history of Monthly Fee increases for the past five years is attached as Exhibit D.

2. Fees upon a Temporary Transfer. If a Resident transfers to any health care facility for a temporary stay, the Resident will continue to pay the usual Monthly Fee for the Residence (less a meal credit), plus the fees charged by the health care facility.

3. Fees upon a Permanent Transfer

a. White Oak. If a Resident moves to White Oak Cottages, the Resident will sign a separate Lease and Residency Agreement with White Oak and pay a monthly rental fee. The White Oak Lease is cancelable with 30 days' notice. The Resident will continue to pay the Fox Hill Monthly Fee, less a meal credit, until the share associated with the Fox Hill Residence is sold. Upon the sale of the share, the Resident will pay only the monthly rent to White Oak.

b. Clark House or Other Skilled Nursing Facility. If a Resident makes a permanent transfer to Clark House or another skilled nursing facility, the Resident will pay the Nursing Facility Daily Charge in effect for that facility and the Fox Hill Monthly Fee for the Resident's Residence, less meal credit, until the share associated with the Residence is sold. Upon the sale of the share, such Resident will pay only the Nursing Center Daily Charge then in effect.

- c. Multiple Residents. In the event two residents occupy a single Residence and one Resident makes a permanent transfer to another setting, the Monthly Fee will be reduced to the single occupancy rate for the remaining Resident.

4. Cost of Medical Services, Home Health and Long Term Care. The Monthly Fees do not pay for Personal Care Services (unless the Resident resides in an ACU), physician services, rehab fees, skilled nursing or other health care. Payment of these charges is the sole responsibility of the Resident.

5. Responsibilities of the Resident for Charges. Each Resident is required to pay the Monthly Fee and other charges on a timely basis. As set forth in the Proprietary Lease, in the event a Resident is unable to pay such fees and charges solely due to financial circumstances beyond the Resident's control, the Resident may request assistance from the Co-op. The Co-op will review all such requests and may, solely in its discretion, provide a subsidy or deferral. The right of a Resident to request a subsidy or deferral however does not alter the Co-op's right to terminate the Resident's Proprietary Lease if it determines that the Resident has been responsible for the financial inability or if a subsidy would impair the Co-op's ability to operate on a sound financial basis or to achieve its objectives. If the Co-op grants a subsidy or deferral, the Resident may be required to provide current tax returns and personal financial statements. If and when the Resident leaves Fox Hill Village and the Co-op share is sold, the sales proceeds will be applied to the repayment of any amounts due to the Co-op and then to repayment of any subsidy provided to the Resident by the Co-op, before any amount is paid to the Resident.

G. FINANCIAL INFORMATION

Copies of the Co-op's most recent audited financial statement, including income statements for the three most recent fiscal years, are attached as Exhibit E.

List of Exhibits and Appendices

Exhibit A	Documents Included in Shareholders Information Book
Exhibit B	List of Officers and Directors
Exhibit C	Schedule of Monthly Fees
Exhibit D	History of Monthly Fee Increases
Exhibit E	Audited Financial Information

07/14

Exhibit A

Fox Hill Village Disclosure Statement

Documents Included in the Shareholders' Information Book

1. DISCLOSURE STATEMENT
2. PURCHASE AND SALE AGREEMENT
3. RESIDENCY AGREEMENT AND PROPRIETARY LEASE

Exhibit I – Apartment Furnishings

Exhibit II – Community Areas Available to ILU and ACU Residents

Exhibit III – Included General Services

Exhibit IV – Additional Services Available on a Fee for Service Basis

Exhibit V – Summary of Basic Fees

Exhibit VI – Policy on Transfers

Exhibit VII – Policies for Use of Private Helpers

4. PLEDGE AND SECURITY AGREEMENT
5. PARKING LICENSE AGREEMENT
6. CO-OP ARTICLES OF ORGANIZATION AS AMENDED
7. CO-OP BY-LAWS
8. STOCK CERTIFICATE
9. RESTATED NURSING CENTER AGREEMENT
10. POLICY ON TRANSFERS BASED ON NEED FOR PERSONAL CARE SERVICES
11. POLICIES AND PROCEDURES FOR THE USE OF PRIVATE HELPERS

Exhibit B

Fox Hill Village Disclosure Statement
Officers and Directors

January 2016

OFFICERS

President	Edwin P. Maynard, M.D.
Vice President	William Latta, M.D.
Treasurer	Thomas Jackson
Secretary	Heather B. Sawitsky
Chief Sales Officer	Karen A. O'Brien

DIRECTORS

Term Expires in 2016

Eli Manchester
Diane Partnoy
Roger Thomas

Term Expires in 2017

Thomas Jackson
Edwin P. Maynard, M.D.
Beverly Singer

Term Expires in 2018

Thomas D. Bushman
William Latta, M.D.
Helen Novack

Exhibit C

Fox Hill Village Disclosure Statement Schedule of Monthly Fees as of January 1, 2016

<u>Residential Type</u>	<u>Monthly Fees</u>
One Bedroom [Ashton/Quincy]	\$1,913.00
One Bedroom Deluxe [Berkley, Compton, Devon]	\$2,136.00
Two Bedroom [Exeter, Fairfax]	\$2,524.00
Two Bedroom Deluxe [Greeley]	\$2,743.00
Two Bedroom w/ Den and Two Bedroom Penthouse [Hastings, Ingalls, Jamestown, Kent, Lawson]	\$2,965.00
Two Bedroom Penthouse, Wing End [Phillips] [Ogden]	\$3,863.00 \$4,517.00
<u>Assisted Care Residences</u>	
One Bedroom	\$1,913.00, plus \$57.90/day for standard ACU services*
Two Bedrooms	\$2,524.00, plus \$57.90/day for standard ACU services*
<u>Second Resident Charges</u>	\$850.00
<u>Underground Parking</u>	\$15.00

* Standard ACU services consist of one and one-half hours of home health care per day.

If second resident requires standard ACU services also, an additional charge of \$57.90 per day shall apply as well.

Exhibit D
Fox Hill Disclosure Statement
History of Monthly Fee Increases

2012	2.50%
2013	2.00%
2014	3.25%
2015	3.90%
2016	3.50%

History of Second Person Charges*

2012	\$751/month
2013	\$765/month
2014	\$790/month
2015	\$821/month
2016	\$850/month

* Fox Hill anticipates that the Second Person Charges will increase annually at the same percentage rate as the Monthly Fees.



Exhibit E

Fox Hill Village Disclosure Statement

Audited Financial Information

1. The first part of the document is a list of the names of the people who were present at the meeting. The names are listed in alphabetical order.

2. The second part of the document is a list of the topics that were discussed during the meeting. The topics are listed in alphabetical order.

3. The third part of the document is a list of the actions that were taken during the meeting. The actions are listed in alphabetical order.

4. The fourth part of the document is a list of the decisions that were made during the meeting. The decisions are listed in alphabetical order.

5. The fifth part of the document is a list of the recommendations that were made during the meeting. The recommendations are listed in alphabetical order.

6. The sixth part of the document is a list of the conclusions that were reached during the meeting. The conclusions are listed in alphabetical order.

7. The seventh part of the document is a list of the next steps that will be taken. The next steps are listed in alphabetical order.

8. The eighth part of the document is a list of the people who were responsible for the actions that were taken. The people are listed in alphabetical order.

9. The ninth part of the document is a list of the people who were responsible for the decisions that were made. The people are listed in alphabetical order.

10. The tenth part of the document is a list of the people who were responsible for the recommendations that were made. The people are listed in alphabetical order.

11. The eleventh part of the document is a list of the people who were responsible for the conclusions that were reached. The people are listed in alphabetical order.

12. The twelfth part of the document is a list of the people who were responsible for the next steps that will be taken. The people are listed in alphabetical order.

13. The thirteenth part of the document is a list of the people who were responsible for the actions that were taken. The people are listed in alphabetical order.

14. The fourteenth part of the document is a list of the people who were responsible for the decisions that were made. The people are listed in alphabetical order.

15. The fifteenth part of the document is a list of the people who were responsible for the recommendations that were made. The people are listed in alphabetical order.

16. The sixteenth part of the document is a list of the people who were responsible for the conclusions that were reached. The people are listed in alphabetical order.

17. The seventeenth part of the document is a list of the people who were responsible for the next steps that will be taken. The people are listed in alphabetical order.

18. The eighteenth part of the document is a list of the people who were responsible for the actions that were taken. The people are listed in alphabetical order.

19. The nineteenth part of the document is a list of the people who were responsible for the decisions that were made. The people are listed in alphabetical order.

**Fox Hill Village Homeowners
Corporation and Affiliate**
(a Cooperative Housing Corporation)

Consolidated Financial Report
December 31, 2014 and 2013

Contents

Independent Auditor's Report	1-2
Financial Statements	
Consolidated Balance Sheets	3
Consolidated Statements of Revenues, Expenses and Comprehensive Loss	4
Consolidated Statements of Changes in Shareholders' Equity	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7-16
Supplementary Information	
Consolidating Balance Sheets	17
Consolidating Statements of Revenues, Expenses and Comprehensive Loss	18
Supplementary Information on Future Major Repairs and Replacements (Unaudited)	19



Independent Auditor's Report

To the Board of Directors
Fox Hill Village Homeowners Corporation and Affiliate
Westwood, Massachusetts

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Fox Hill Village Homeowners Corporation and Affiliate (a Cooperative Housing Corporation) which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of revenues, expenses and comprehensive loss, changes in shareholders' equity 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Fox Hill Village Homeowners Corporation and Affiliate as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

The supplementary information on future major repairs and replacements on page 19 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. Such information has not been subjected to auditing procedures applied in the audits of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

McGladrey LLP

Boston, Massachusetts
April 14, 2015

Fox Hill Village Homeowners Corporation and Affiliate
(a Cooperative Housing Corporation)

Consolidated Balance Sheets
December 31, 2014 and 2013

	2014	2013
Assets		
Cash and Cash Equivalents	\$ 1,377,167	\$ 1,650,633
Cash in Escrow	316,500	288,000
Board-Restricted Investments	8,930,662	8,389,424
Tenant Shareholders Receivables	162,616	161,090
Due from Partnership	12,727	4,198
Prepaid Expenses and Other	336,548	212,304
Property and Equipment		
Land	15,261,724	15,261,724
Building and improvements	72,763,554	73,084,526
Construction in progress	481,589	-
Furniture and equipment	2,802,114	2,649,674
	91,308,981	90,995,924
Less: accumulated depreciation and amortization	(37,154,024)	(35,716,326)
Net property and equipment	54,154,957	55,279,598
Deferred Financing Costs, Net	138,354	179,278
Assets Held for Nursing Home Pledges	474,683	688,755
Total assets	\$ 65,904,214	\$ 66,853,280
Liabilities and Shareholders' Equity		
Liabilities		
Accounts payable	\$ 419,618	\$ 393,274
Accrued expenses	619,234	597,111
Deferred income	126,493	132,244
Waiting list and sales deposits	316,500	288,000
Mortgage notes payable	20,635,430	21,067,940
Nursing home pledges	474,683	688,755
Total liabilities	22,591,958	23,167,324
Commitments and Contingencies		
Shareholders' Equity		
Common stock, \$1 par value; 300,000 shares authorized, 354 shares issued and outstanding (355 in 2013)	354	355
Additional paid-in capital	64,313,065	64,313,064
Accumulated deficit	(21,010,603)	(20,568,183)
Unrealized holding gain (loss) on investments	9,440	(59,280)
Total shareholders' equity	43,312,256	43,685,956
Total liabilities and shareholders' equity	\$ 65,904,214	\$ 66,853,280

See Notes to Consolidated Financial Statements.

Fox Hill Village Homeowners Corporation and Affiliate
(a Cooperative Housing Corporation)

Consolidated Statements of Revenues, Expenses and Comprehensive Loss
Years Ended December 31, 2014 and 2013

	2014	2013
Revenues		
Monthly resident fees	\$ 13,363,069	\$ 12,641,400
Stock transfer fees	1,472,600	1,384,400
Personal care services	1,054,965	999,370
Other resident services	749,031	725,912
Restaurant income	423,970	413,333
Other income	87,716	237,561
Total revenues	17,151,351	16,401,976
Expenses		
Wages, including fringe benefits	7,611,771	7,266,488
General and administrative	1,434,652	1,374,816
Dietary	1,283,000	1,209,210
Real estate taxes	1,235,826	1,197,612
Utilities	1,000,700	1,020,089
Repairs and maintenance	1,037,931	1,012,887
Mortgage interest	1,017,145	994,913
Security	275,561	280,332
Marketing	190,223	242,287
Insurance	188,436	179,099
Legal	170,020	116,586
Total expenses before depreciation and amortization	15,445,265	14,894,319
Excess of revenues over expenses before depreciation and amortization	1,706,086	1,507,657
Depreciation and Amortization	2,148,506	2,127,852
Deficit of revenues over expenses	(442,420)	(620,195)
Net Unrealized Gain (Loss) on Marketable Securities Available for Sale (Net of Realized Losses of \$32,282 in 2014 and \$25,883 in 2013)	68,720	(48,998)
Comprehensive loss	\$ (373,700)	\$ (669,193)

See Notes to Consolidated Financial Statements.

Fox Hill Village Homeowners Corporation and Affiliate
(a Cooperative Housing Corporation)

Consolidated Statements of Changes in Shareholders' Equity
Years Ended December 31, 2014 and 2013

	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Unrealized Holding Gain (Loss) on Investments	Total Shareholders' Equity
Balance at December 31, 2012	\$ 359	\$ 64,443,060	\$ (19,947,988)	\$ (10,282)	\$ 44,485,149
Repurchase of common stock	(4)	(209,996)	-	-	(210,000)
Shareholders' contributions	-	80,000	-	-	80,000
Deficit of revenues over expense	-	-	(620,195)	-	(620,195)
Net unrealized loss on marketable securities available for sale	-	-	-	(48,998)	(48,998)
Balance at December 31, 2013	355	64,313,064	(20,568,183)	(59,280)	43,685,956
Reissuance (repurchase) of common stock	(1)	1	-	-	-
Deficit of revenues over expense	-	-	(442,420)	-	(442,420)
Net unrealized gain on marketable securities available for sale	-	-	-	68,720	68,720
Balance at December 31, 2014	\$ 354	\$ 64,313,065	\$ (21,010,603)	\$ 9,440	\$ 43,312,256

See Notes to Consolidated Financial Statements.

**Fox Hill Village Homeowners Corporation and Affiliate
(a Cooperative Housing Corporation)**

**Consolidated Statements of Cash Flows
Years Ended December 31, 2014 and 2013**

	2014	2013
Cash Flows from Operating Activities		
Deficit of revenues over expenses	\$ (442,420)	\$ (620,195)
Adjustments to reconcile deficit of revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	2,148,506	2,127,852
Realized loss on investments	32,282	25,883
Amortization of investment premiums (discounts), net	85,583	-
Loss on disposal of asset	61,986	3,884
Changes in assets and liabilities:		
(Increase) decrease in:		
Cash in escrow	(28,500)	(67,500)
Tenant shareholders receivables	(1,526)	30,659
Due from Partnership	(8,529)	210
Prepaid expenses and other	(124,244)	(4,239)
Increase (decrease) in:		
Accounts payable	26,344	58,539
Accrued expenses	22,123	80,277
Deferred income	(5,751)	20,599
Waiting list and sales deposits	28,500	67,500
Assets held for nursing home pledges	214,072	(214,072)
Nursing home pledges liability	(214,072)	214,072
Net cash provided by operating activities	1,794,354	1,723,469
Cash Flows from Investing Activities		
Proceeds from sale of investments	1,192,292	1,835,470
Purchase of investments	(1,782,675)	(2,718,111)
Purchases of property and equipment	(1,044,927)	(898,985)
Net cash used in investing activities	(1,635,310)	(1,781,626)
Cash Flows from Financing Activity		
Principal payments under long-term debt	(432,510)	(343,571)
Reissuance of common stock	1	-
Repurchase of common stock	(1)	(210,000)
Shareholders' contributions	-	80,000
Net cash used in financing activities	(432,510)	(473,571)
Change in Cash and Cash Equivalents	(273,466)	(531,728)
Cash and Cash Equivalents at Beginning of Year	1,650,633	2,182,361
Cash and Cash Equivalents at End of Year	<u>\$ 1,377,167</u>	<u>\$ 1,650,633</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	<u>\$ 1,017,145</u>	<u>\$ 994,913</u>

**Fox Hill Village Homeowners Corporation and Affiliate
(a Cooperative Housing Corporation)**

Notes to Consolidated Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization: Fox Hill Village Homeowners Corporation (the "Corporation"), a cooperative housing corporation, was incorporated in Massachusetts on December 16, 1987. The Fox Hill Village Partnership (the "Partnership"), a general partnership that was organized on April 23, 1987, sponsored the development of the Fox Hill Village Retirement Community. The Corporation owns the building known as Fox Hill Village (the "Village") in Westwood, Massachusetts, which consists of 345 residential apartments. The Partnership transferred title to the building, and the related furniture and equipment associated with the retirement community, to the Corporation in exchange for all of the outstanding shares of the Corporation's common stock in 1990. The primary purpose of the Corporation is to operate and maintain the Village as a continuing-care retirement community. In 1996, the Partnership sold the last unoccupied unit at the Village, and since that time, the Partnership has had no ownership interest in the Corporation.

In 2010, the Board of Directors of the Corporation determined that it should expand its continuum of services to meet the needs of residents with cognitive dementia who require continual supervision. On May 20, 2011, the Corporation formed a Delaware limited liability company, Innovative Elder Support Services, LLC, whose name was changed to White Oak Cottages, LLC on December 3, 2011 (the "Affiliate"). The Corporation is the sole member of the Affiliate.

The purpose of the Affiliate is to provide assisted living and support services to those over the age of 62 with cognitive impairment. The Affiliate entered into a 99 year ground lease with the Corporation for four acres of land on the campus of the Corporation. The Affiliate built two 12-bedroom cottages on this land to house individuals over the age of 62 who have dementia. The Commonwealth of Massachusetts Office of Elder Affairs has certified the cottages as Assisted Living Special Care Units. The first cottage opened in April 2012, and the second cottage opened in November 2012.

Principles of consolidation: The accompanying consolidated financial statements include the accounts of the Corporation and the Affiliate, collectively (the "Corporation"). Significant intercompany accounts and transactions have been eliminated in consolidation.

Cash equivalents: The Corporation considers all highly liquid investments with an original maturity date of three months or less when purchased to be cash equivalents.

Cash in escrow: Cash in escrow consists of amounts held as waiting list and sales deposits.

Concentration of credit risk: The Corporation maintains its cash in bank deposit accounts, which may exceed federally insured limits. The Corporation has not experienced any losses in such accounts. The Corporation believes it is not exposed to any significant credit risk based on cash and cash equivalents.

Accounts receivable: Accounts receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

**Fox Hill Village Homeowners Corporation and Affiliate
(a Cooperative Housing Corporation)**

Notes to Consolidated Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Board-restricted investments: Board-restricted investments consist of money market deposits, government debt securities, and corporate bonds classified as available for sale and reported at fair value as reported by the bank at which the securities are held. All marketable debt securities have fixed maturities. Premiums and discounts on investments in debt securities are amortized over the contractual lives of those securities, except for mortgage-backed securities for which prepayments are probable and predictable, which are amortized over the estimated expected lives of those securities. The method of amortization results in a constant effective yield on those securities (the interest method). Interest on debt securities is recognized in income as earned, and dividends on marketable equity securities are recognized in income when declared. Realized gains and losses, including losses from declines in value of specific securities determined by management to be other-than-temporary, are included in income. Realized gains and losses are determined on the basis of the average cost of the securities sold.

The Corporation evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. The Corporation employs a systematic methodology that considers available evidence in evaluating potential impairment of its investments. In the event that the cost of an investment exceeds its fair value, the Corporation evaluates, among other factors, the magnitude and duration of the decline in fair value; the expected cash flows of the securities; the financial health of and business outlook for the issuer; the performance of the underlying assets for interests in securitized assets; and the Corporation's intent and ability to hold the investment. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded in investment income and a new cost basis in the investment is established.

Unrealized gains and losses are included in comprehensive income (loss).

Property and equipment: Property and equipment are recorded at cost. Depreciation and amortization are computed on the straight-line basis based on the following estimated useful lives:

Buildings	45 years
Improvements	10-20 years
Furniture and equipment	3-10 years
Leased equipment	Shorter of lease term or estimated useful life

The building, furniture, and equipment transferred to the Corporation by the Partnership were recorded at the Partnership's cost on the books of the Corporation.

Upon retirement or sale, the cost of assets disposed and the related accumulated depreciation are eliminated, and the related gains or losses are reflected in income. In 2014 and 2013, \$200,431 and \$490,423, respectively, of fully depreciated equipment was retired. Maintenance and repairs are charged to expense as incurred.

Assessment of long-lived assets: The Corporation follows FASB ASC 360, "Property Plant and Equipment", as it relates to the accounting for impairment or disposal of long-lived assets, which requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. There were no impairment indicators noted during the years ended December 31, 2014 and 2013, respectively.

**Fox Hill Village Homeowners Corporation and Affiliate
(a Cooperative Housing Corporation)**

Notes to Consolidated Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Deferred financing costs: The Corporation incurred certain issuance costs related to the issuance of debt, which have been classified as deferred financing costs and are being amortized over the term of the mortgage.

Income taxes: The Corporation and the Affiliate account for income taxes and uncertainty in tax positions in accordance with ASC Topic 740, Income Taxes. ASC 740 requires the use of the asset and liability method of accounting for income taxes. The current or deferred tax consequences of a transaction are measured by applying the provisions of enacted tax laws to determine the amount of taxes payable currently or in future years. Deferred tax assets and liabilities are determined based on the difference between the financial statements and tax basis of assets and liabilities and expected future tax consequences of events that have been included in the financial statements or tax returns using enacted tax rates in effect for the year in which the differences are expected to reverse. Under this method, a valuation allowance is used to offset deferred taxes if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets may not be realized. Management annually evaluates the recoverability of deferred taxes and the adequacy of the valuation allowance. When applicable, the Corporation has elected to recognize interest and penalties related to income tax matters as a component of income tax expense in the statement of revenues and expenses. For additional information regarding ASC 740-10, see Note 7.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising costs: Advertising costs are expensed as incurred. Advertising expense was \$147,547 and \$164,713 for the years ended December 31, 2014 and 2013, respectively.

Recent accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers" (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The updated standard will be effective for annual reporting periods beginning after December 15, 2017, and interim periods with annual periods beginning after December 15, 2018. Early implementation is not permitted. The Corporation has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

In August 2014, the FASB issued ASU 2014-15, "Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern". ASU 2014-15 explicitly requires management to evaluate, at each annual or interim reporting period, whether there are conditions or events that exist which raise substantial doubt about an entity's ability to continue as a going concern and to provide related disclosures. ASU 2014-15 is effective for annual periods ending after December 15, 2016, and annual and interim periods thereafter, with early adoption permitted. The adoption of ASU 2014-15 is not expected to have a material effect on the Corporation's financial statements or disclosures.

**Fox Hill Village Homeowners Corporation and Affiliate
(a Cooperative Housing Corporation)**

Notes to Consolidated Financial Statements

Note 2. Revenue Recognition

Monthly resident fees: Shareholders are entitled to occupy specific units and use the common areas under the terms of their proprietary leases with the Corporation. Monthly resident fees are set by the Board of Directors to cover the estimated costs of the services provided by the Corporation. The amount of the monthly fee is determined by the size of the unit and the number of occupants.

When residents sell their share and purchase a less expensive share within the facility, the Corporation receives a stock transfer fee equal to 1% of the difference between the share sold and the share purchased multiplied by the number of months the residents have owned the share being sold, up to a maximum of 10%.

Residents of White Oak Cottages pay a monthly fee to cover the estimated costs of the services provided by the Corporation, which is set by the Board of Directors.

Other resident services: Other resident services are provided to shareholders by the Corporation on a fee-for-service basis.

Note 3. Board Restricted Investments

The Corporation has classified as board restricted certain investments that are not fully available for use in its operations. Through December 31, 1996, the Corporation had received \$1 million from the Partnership. These funds are restricted to uses approved by the Corporation's Board of Directors, and are intended primarily to provide for capital expenditures and unexpected expenses not included in the annual budget. The Corporation conducts a study annually to estimate the remaining useful lives and the replacement costs of the Corporation's common property. A table, based on the study, is included in the unaudited supplementary information on future major repairs and replacements. The Board of Directors authorizes funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of future replacement costs and considering amounts previously accumulated in the replacement funds. Hence, beginning in 1993, the annual budget has included a funding provision earmarked for deposit into this restricted reserve.

In the event that actual expenditures and investment income accumulated in the replacement fund prove inadequate to meet all future needs for major repairs and replacements, the Corporation has the right to increase monthly fees or delay major repairs and replacements until funds are available.

Investment balances classified as available for sale as of December 31, are as follows:

	2014		2013	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Money market savings	\$ 2,207,633	\$ 2,207,633	\$ 1,510,611	\$ 1,510,611
Fixed income securities:				
U.S Treasury and				
government agency backed	3,181,100	3,184,382	3,426,908	3,420,676
Corporate	3,532,488	3,538,647	3,511,184	3,458,137
	<u>\$ 8,921,221</u>	<u>\$ 8,930,662</u>	<u>\$ 8,448,703</u>	<u>\$ 8,389,424</u>

Pursuant to a board approved investment policy, the Corporation is authorized to acquire corporate bonds meeting prescribed maturity and quality criteria.

Interest and dividend income (loss), net of amortization was (\$31,515) and \$76,070 for the years ended December 31, 2014 and 2013, respectively. Interest and dividends, net of amortization, are included with other income on the statements of revenues and expenses.

**Fox Hill Village Homeowners Corporation and Affiliate
(a Cooperative Housing Corporation)**

Notes to Consolidated Financial Statements

Note 3. Board Restricted Investments (Continued)

The amortized cost and fair value of debt securities classified as available for sale as of December 31, are as follows:

	2014		2013	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in less than one year	\$ 4,844,098	\$ 4,849,857	\$ 3,152,493	\$ 3,138,932
Due in one to five years	4,077,123	4,080,805	5,296,210	5,250,492
	<u>\$ 8,921,221</u>	<u>\$ 8,930,662</u>	<u>\$ 8,448,703</u>	<u>\$ 8,389,424</u>

The following table shows the gross unrealized losses and fair value of the Corporation's investments that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2014 and 2013. There were no investments deemed to be other than temporarily impaired at December 31, 2014 and 2013.

Description of Securities	Less than 12 Months		More than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
2014						
U.S Treasury and government agency backed Corporate	\$ 999,592	\$ (1,075)	\$ 250,157	\$ (88)	\$ 1,249,749	\$ (1,163)
	460,880	(1,435)	805,091	(796)	1,265,971	(2,231)
	<u>\$ 1,460,472</u>	<u>\$ (2,510)</u>	<u>\$ 1,055,248</u>	<u>\$ (884)</u>	<u>\$ 2,515,720</u>	<u>\$ (3,394)</u>

Description of Securities	Less than 12 Months		More than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses

2013

U.S Treasury and government agency backed Corporate	\$ 856,075	\$ (2,246)	\$ 737,701	\$ (7,241)	\$ 1,593,776	\$ (9,487)
	1,770,909	(9,848)	1,488,217	(43,288)	3,259,126	(53,136)
	<u>\$ 2,626,984</u>	<u>\$ (12,094)</u>	<u>\$ 2,225,918</u>	<u>\$ (50,529)</u>	<u>\$ 4,852,902</u>	<u>\$ (62,623)</u>

**Fox Hill Village Homeowners Corporation and Affiliate
(a Cooperative Housing Corporation)**

Notes to Consolidated Financial Statements

Note 3. Board Restricted Investments (Continued)

The above noted unrealized losses deemed temporary as of December 31, 2014 and 2013 relate to investments that are part of a diversified portfolio with an objective being growth of principal and income in real terms subject to providing sufficient cash flow to meet the Corporation's projected annual cash requirements. All investments, including those in a loss position as of December 31, 2014 and 2013, are continuously monitored for quality and appropriateness. Because the Corporation does not intend to sell the investments and it is not more likely than not that the Corporation will be required to sell the investments before recovery of its amortized costs basis, which may be maturity, it does not consider these investments to be other-than-temporarily impaired at December 31, 2014 and 2013, respectively.

Note 4. Commitments and Contingencies

Mortgages and ground Lease: On May 15, 2008 the Corporation purchased the 83 acre parcel on which its building is located (the "Land") from the Partnership for \$15,000,000. The Corporation financed this purchase with a 10 year term loan with Bank of America, N.A. in the principal amount of \$15,500,000. The loan bears interest at a fixed rate of 5.33%. As of December 31, 2014 and 2013 the balance outstanding was \$13,846,846 and \$14,136,661, respectively. The loan is amortized on a thirty-year schedule. The monthly payments due on the loan are \$86,361. At the end of the loan, May 14, 2018, there will be a balloon payment due, which is projected to be \$12,731,610. In connection with the acquisition, the existing ground lease was terminated, and the associated liability was removed from the balance sheet.

Immediately following the Land purchase, the Corporation entered into a 999-year ground lease with the Partnership, pursuant to which the Partnership leases the portion of the Land directly under Clark House, a licensed nursing facility, and its adjacent parking area and patio. The Partnership pays all taxes on the Clark House building, and five percent of the real estate taxes on the Land. The Partnership will pay rent to the Corporation in the amount of \$1.00 per year for the duration of the lease. The ground lease restricts the Partnership's use of the leased premises to the operation of a licensed skilled nursing facility, and it prohibits the Corporation from operating, or allowing any party other than the Partnership to operate, a skilled nursing facility on the Land. The ground lease requires the Corporation to use the Land for either a continuing care retirement community or a senior residential housing community.

In connection with the execution of the ground lease, the Corporation entered into a new Restated Nursing Center Agreement with the Partnership. The ground lease and the Restated Nursing Center Agreement give Fox Hill residents a priority right of admission to Clark House for 100 years and a 15% discount on semi-private rooms for 15 years. The agreements establish a new Operating Standard for the nursing home and require the Partnership to be adequately capitalized throughout the lease term to meet the Operating Standards.

On June 16, 2011 the Corporation and the Affiliate entered into a 7 year term loan with Bank of America in the principal amount of \$6,750,000 (amended and increased to \$7,000,000 in March 2012) with which to construct the Affiliate's buildings and fund expected shortfalls during the Affiliate's first year of operation. The Corporation and the Affiliate are jointly and severally liable for this second note. During the first 2 years, the Corporation and the Affiliate were required to pay only interest on the outstanding loan balance at either a Base Rate or the Libor Rate plus 250 basis points, as elected by them on a month-to-month basis.

**Fox Hill Village Homeowners Corporation and Affiliate
(a Cooperative Housing Corporation)**

Notes to Consolidated Financial Statements

Note 4. Commitments and Contingencies (Continued)

In June 2013 the Corporation and Affiliate notified Bank of America that they were exercising their option to lock in a fixed rate, set at 3.90%, for the remaining term of the loan. At the same time, the loan principal commenced amortization on a 25-year schedule. The interest rates in effect at December 31, 2014 and 2013 were the fixed rate 3.90% and the Libor rate 2.71%, respectively.

As of December 31, 2014 and 2013, the balances outstanding were \$6,788,584 and \$6,931,279, respectively. At the end of the loan term on May 14, 2018, there will be a balloon payment due of \$6,258,075.

The future minimum mortgage principal payments, including a balloon payment, which the Corporation and Affiliate intend to refinance, are as follows for the years ending:

2015	\$ 455,691
2016	480,063
2017	505,740
2018 (includes \$18,989,685 balloon payment due in May 2018)	<u>19,193,936</u>
Future minimum mortgage payments	<u>\$ 20,635,430</u>

On December 23, 2013, the Corporation and Affiliate and Bank of America further modified the loan agreements to allow for the option to extend the maturity date after the fixed interest rates expire in May 2018 for an additional 2 plus years through December 15, 2020. During this extension period the Corporation and Affiliate, together, would pay interest on the outstanding loan balances at either a Base Rate or the Libor Rate plus 250 basis points, whichever they elect on a month-to-month basis. They would also have a one-time option to elect a fixed interest rate for the remainder of the extension period.

Note 5. Related Parties

The development of the Corporation was sponsored by the Partnership. The general partners of the Partnership are MGH Health Services Corporation ("MGH") and Kindred Healthcare Operating, Inc.

MGH provides health services to the Corporation under a consulting contract whereby it is reimbursed for payroll-related and office expenses incurred under the contract. The Corporation incurred \$244,080 and \$247,286 in expenses for these services for the years ended December 31, 2014 and 2013, respectively.

The Corporation has a receivable from Clark House (which is owned by the Partnership) of \$12,727 and \$4,198 at December 31, 2014 and 2013, respectively, for utilities and grounds maintenance.

Note 6. Defined Contribution Plan

Employees of the Corporation participate in a defined contribution retirement savings plan whereby employee contributions are matched by the Corporation up to certain limits. This plan is administered by Fidelity Management Trust Company. Defined contribution expense totaled \$279,998 and \$248,093 for the years ended December 31, 2014 and 2013, respectively.

**Fox Hill Village Homeowners Corporation and Affiliate
(a Cooperative Housing Corporation)**

Notes to Consolidated Financial Statements

Note 7. Federal and State Taxes

The Corporation is taxed as a cooperative housing corporation and, in addition, is subject to federal and state taxation on net income derived from transactions with nonmembers pursuant to Section 277 of the Internal Revenue Code. Federal and State taxes, which are not material, are included in general and administrative expenses. The Corporation has not provided any income taxes on net member-related activity for the period from July 5, 1990 (commencement of operations) through December 31, 2013, the latest date for which a tax return has been filed, since the Corporation continues to operate at a deficit.

Deferred income taxes for 2014 and 2013 reflect the impact of "temporary differences" between amounts of assets and liabilities for financial reporting purposes and such amounts as reported for income tax purposes.

The tax effects of temporary differences that give rise to a significant portion of deferred tax assets and liabilities at December 31 are as follows:

	2014	2013
Deferred tax assets (liabilities):		
Unexpired deductions	\$ 7,001,000	\$ 6,960,000
Accrued vacation and bonus	137,000	134,000
Depreciation	(1,359,400)	(1,272,400)
	5,778,600	5,821,600
Less: valuation allowance	(5,778,600)	(5,821,600)
Net deferred tax assets	\$ -	\$ -

As of December 31, 2014, the Corporation has available certain suspended deductions of approximately \$17.5 million to offset future federal taxable income. Since the Corporation has incurred only losses since its inception, and due to the degree of uncertainty related to the ultimate use of the deduction, the Corporation has fully reserved this tax benefit.

Management has evaluated the Corporation's tax positions and concluded that the Corporation had taken no uncertain tax positions that require adjustment in the financial statements. With few exceptions, the Corporation is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2011.

Note 8. Nursing Home Pledges

The Corporation has fiduciary control over certain money market mutual funds that represent funds held in escrow on behalf of former residents in what is termed as the "Nursing Home Pledge." The balance in this account, including principal and undisbursed investment income, was \$474,683 and \$688,755 as of December 31, 2014 and 2013, respectively.

These Nursing Home Pledge funds are held as collateral security for the payment of certain obligations of former residents who are enrolled in a group long-term care policy underwritten by an insurance company (the "Insurance Program"), and who become permanent residents in a skilled nursing facility. The Insurance Program was closed to new residents of the Village in 1998. At this time, there are 18 residents who are still enrolled in the Insurance Program, two of whom reside in a skilled nursing facility and one at White Oak Cottages.

**Fox Hill Village Homeowners Corporation and Affiliate
(a Cooperative Housing Corporation)**

Notes to Consolidated Financial Statements

Note 8. Nursing Home Pledges (Continued)

Pursuant to the terms of the contract between the Corporation and residents who enrolled in the Insurance Program, in the event an enrolled resident depletes all of his or her assets due to a circumstance beyond the control of the resident, the Corporation is liable for the payment of the amount of the semi-private room charges in the skilled nursing facility, less the daily benefit amount paid by the Insurance Program. The semi-private room charges do not include the cost of medications, durable medical equipment, physician visits, or private duty nurses.

These funds are invested in accordance with the terms of the Pledge and Security Agreement. Accordingly, the entire Nursing Home Pledge portfolio is currently invested in the Fidelity U.S. Government Reserves Money Market Fund.

Note 9. Fair Value Measurements

Under the FASB's authoritative guidance on fair value measurements, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Corporation uses various methods including market, income and cost approaches. Based on these approaches, the Corporation often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Corporation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Corporation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Level 2: Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.

Level 3: Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

The Corporation has various processes and controls in place to ensure that fair value is reasonably estimated. While the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the years ended December 31, 2014 and 2013, there were no changes to the Corporation's valuation techniques that had, or are expected to have, a material impact on its consolidated balance sheet position or results of operations.

**Fox Hill Village Homeowners Corporation and Affiliate
(a Cooperative Housing Corporation)**

Notes to Consolidated Financial Statements

Note 9. Fair Value Measurements (Continued)

The following is a description of the valuation methodologies used for instruments measured at fair value:

Fixed income securities: The fair value of fixed income securities is the market value based on quoted market prices.

Money market mutual funds: Money market mutual funds are open ended funds that generally subscription and redemption activity at a \$1.00 stable net asset value ("NAV"). On a daily basis fund's NAV is calculated using the amortized cost (not market value) of the securities held in the fund.

The following tables summarize the valuation of the Corporation's assets measured at fair value on a recurring basis, by level, within the fair value hierarchy as of December 31:

2014				
	Level 1	Level 2	Level 3	Total
Money market mutual funds	\$ -	\$ 474,683	\$ -	\$ 474,683
Fixed Income Securities				
U.S. Treasury and				
government agency backed	3,184,382	-	-	3,184,382
Corporate	3,538,647	-	-	3,538,647
	6,723,029	-	-	6,723,029
	\$ 6,723,029	\$ 474,683	\$ -	\$ 7,197,712
2013				
	Level 1	Level 2	Level 3	Total
Money market mutual funds	\$ -	\$ 688,755	\$ -	\$ 688,755
Fixed Income Securities:				
U.S. Treasury and				
government agency backed	3,420,676	-	-	3,420,676
Corporate	3,458,137	-	-	3,458,137
	6,878,813	-	-	6,878,813
	\$ 6,878,813	\$ 688,755	\$ -	\$ 7,567,568

Note 10. Subsequent Events

The Corporation evaluated subsequent events through April 14, 2015, when the financial statements were available to be issued.

Fox Hill Village Homeowners Corporation and Affiliate
(a Cooperative Housing Corporation)

Consolidating Balance Sheets
December 31, 2014

	Fox Hill Village Homeowners Corp.	White Oak Cottages, LLC.	Eliminating Entries	Total
Assets				
Cash and Cash Equivalents	\$ 1,017,930	\$ 359,237	\$ -	\$ 1,377,167
Cash in Escrow	102,750	213,750	-	316,500
Board-Restricted Investments	8,870,654	60,008	-	8,930,662
Investment in Affiliate	1,000	-	(1,000)	-
Tenant Shareholders Receivables	136,226	26,390	-	162,616
Due from Partnership	12,727	-	-	12,727
Due from Affiliate	21,059	6,150	(27,209)	-
Prepaid Expenses and Other	296,116	40,432	-	336,548
Property and Equipment				
Land	15,261,724	-	-	15,261,724
Building and improvements	67,190,572	5,572,982	-	72,763,554
Construction in progress	481,589	-	-	481,589
Furniture and equipment	2,427,095	375,019	-	2,802,114
	85,360,980	5,948,001	-	91,308,981
Less: accumulated depreciation and amortization	(36,526,689)	(627,335)	-	(37,154,024)
Net property and equipment	48,834,291	5,320,666	-	54,154,957
Deferred Financing Costs, Net	90,305	48,049	-	138,354
Assets Held for Nursing Home Pledges	474,683	-	-	474,683
Total assets	\$ 59,857,741	\$ 6,074,682	\$ (28,209)	\$ 65,904,214
Liabilities and Shareholders' Equity				
Liabilities				
Accounts payable	\$ 383,869	\$ 35,749	\$ -	\$ 419,618
Due to affiliate	6,150	21,059	(27,209)	-
Accrued expenses	548,765	70,469	-	619,234
Deferred income	993	125,500	-	126,493
Waiting list and sales deposits	102,750	213,750	-	316,500
Mortgage notes payable	13,846,846	6,788,584	-	20,635,430
Nursing home pledges	474,683	-	-	474,683
Total liabilities	15,364,056	7,255,111	(27,209)	22,591,958
Commitments and Contingencies				
Shareholders' Equity				
Member's equity	-	1,000	(1,000)	-
Common stock, \$1 par value; 300,000 shares authorized, 354 shares issued and outstanding	354	-	-	354
Additional paid-in capital	64,313,065	-	-	64,313,065
Accumulated deficit	(19,829,174)	(1,181,429)	-	(21,010,603)
Unrealized holding gain on investments	9,440	-	-	9,440
Total shareholders' equity	44,493,685	(1,180,429)	(1,000)	43,312,256
Total liabilities and shareholders' equity	\$ 59,857,741	\$ 6,074,682	\$ (28,209)	\$ 65,904,214

Fox Hill Village Homeowners Corporation and Affiliate
(a Cooperative Housing Corporation)

Consolidating Statements of Revenues, Expenses and Comprehensive Loss
Year Ended December 31, 2014

	Fox Hill Village Homeowners Corp.	White Oak Cottages, LLC	Eliminating Entries	Total
Revenues				
Monthly resident fees	\$ 10,841,077	\$ 2,521,992	\$ -	\$ 13,363,069
Stock transfer fees	1,472,600	-	-	1,472,600
Personal care services	1,054,965	-	-	1,054,965
Other resident services	749,031	-	-	749,031
Restaurant income	423,970	-	-	423,970
Other income	52,980	34,736	-	87,716
Management fee income	126,975	-	(126,975)	-
Ground rent income	1	-	(1)	-
Total revenues	14,721,599	2,556,728	(126,976)	17,151,351
Expenses				
Wages, including fringe benefits	6,322,150	1,289,621	-	7,611,771
General and administrative	1,285,624	149,028	-	1,434,652
Dietary	1,161,459	121,541	-	1,283,000
Real estate taxes	1,145,265	90,561	-	1,235,826
Utilities	929,657	71,043	-	1,000,700
Repairs and maintenance	979,688	58,243	-	1,037,931
Mortgage interest	745,876	271,269	-	1,017,145
Security	275,561	-	-	275,561
Marketing	137,629	52,594	-	190,223
Insurance	175,129	13,307	-	188,436
Legal	168,935	1,085	-	170,020
Management fee	-	126,975	(126,975)	-
Ground rent	-	1	(1)	-
Total expenses before depreciation and amortization	13,326,973	2,245,268	(126,976)	15,445,265
Excess of revenues over expenses before depreciation and amortization	1,394,626	311,460	-	1,706,086
Depreciation and Amortization	1,905,494	243,012	-	2,148,506
Excess (deficit) of revenues over expenses	(510,868)	68,448	-	(442,420)
Net Unrealized Gain on Marketable Securities Available for Sale (Net of Realized Losses of \$32,282 in 2014)	68,720	-	-	68,720
Comprehensive income (loss)	\$ (442,148)	\$ 68,448	\$ -	\$ (373,700)

**Fox Hill Village Homeowners Corporation and Affiliate
(a Cooperative Housing Corporation)**

**Supplementary Information on Future Major Repairs and Replacements (Unaudited)
December 31, 2014 (Unaudited)**

In 2014, the Board of Directors conducted a study to estimate the remaining useful lives, and the replacement costs, of the components of common property. These estimates were based on future estimated replacement costs over the next 25 years. The Board of Directors has estimated an annual inflation rate of 3% and interest of 3% on amounts funded for future major repairs and replacements. The following table is based on that study, and presents significant information about the components of common property:

Components	Estimated Remaining Useful Lives (Years)	Estimated Future Replacement Costs*
Wall coverings	1-20	\$ 283,610
Roof	24-25	3,151,990
Furniture and other equipment	1-25	4,218,816
Building exterior	1-24	7,882,083
Parking lot	5-20	225,968
Company vehicles	5-24	929,326
Building interior and related equipment	1-25	<u>7,949,786</u>
		<u>\$ 24,641,579</u>

* Reflects multiple replacements of shorter-lived assets.

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FOX HILL VILLAGE

RESIDENCY AGREEMENT AND
PROPRIETARY LEASE

TABLE OF CONTENTS

	<u>PAGE</u>
1. GENERAL SERVICES AND FACILITIES	2
2. HEALTH CARE SERVICES AND FACILITIES	3
3. FEES	5
4. TERMINATION OF OCCUPANCY RIGHTS	6
5. SALE OF COOPERATIVE STOCK; STOCK TRANSFER FEE; ADMINISTRATIVE FEES; TERMINATION OF AGREEMENT.....	8
6. RESIDENTS' RIGHTS AS COOPERATIVE STOCKHOLDER.....	9
7. MISCELLANEOUS.....	10

EXHIBITS

I. APARTMENT FURNISHINGS	14
II. COMMUNITY AREAS AVAILABLE TO RESIDENTS.....	15
III. SERVICES INCLUDED IN THE MONTHLY FEE.....	16
IV. SERVICES AVAILABLE AT AN ADDITIONAL CHARGE.....	18
V. SUMMARY OF BASIC FEES PAYABLE IN EVENT OF A HEALTH CARE TRANSFER.....	19
VI. POLICY ON TRANSFERS.....	20
VII. POLICIES AND PROCEDURES FOR THE USE OF PRIVATE HELPERS.....	24

RESIDENCY AGREEMENT AND PROPRIETARY LEASE

RESIDENT (S):

OCCUPANT (S): (See Section 6.2)

DATE

RESIDENCE NUMBER:

ASSISTED CARE RESIDENCE? YES ____ NO ____

INITIAL MONTHLY FEE FOR RESIDENCE: \$

SECOND RESIDENT FEE \$

TOTAL MONTHLY FEE \$

This Residency Agreement is entered into among the resident(s) whose name(s) is (are) set forth above (individually and collectively "Resident") and Fox Hill Village Homeowners Corporation ("Fox Hill"), a Massachusetts corporation organized pursuant to Chapter 156B of the laws of the Commonwealth of Massachusetts which owns and operates Fox Hill Village in Westwood, Massachusetts (the "Village").

1. GENERAL SERVICES AND FACILITIES

1.1. Basic Agreement. Simultaneously with the execution of this Agreement, Resident has purchased a share of cooperative stock (the "Cooperative Stock") in Fox Hill. As a holder of the Cooperative Stock and in consideration of the payment of a regular monthly fee to Fox Hill (the "Monthly Fee"), initially in the amount stated above (which amount is subject to change in accordance with this Agreement), Resident leases from Fox Hill and is hereby entitled to occupy the Residence indicated above and receive the services and use the facilities described in this Agreement in accordance with, and subject to, the provisions of this Agreement. In accordance with certain procedures of the By-Laws of Fox Hill, generally described in Section 6.3 below, the services and facilities provided to Resident may be revised by Fox Hill.

1.2. Furnishings. The Residence will be furnished as described in Exhibit I.

1.3. Community Areas. Residents have use of the Village's community areas as described in Exhibit II, in accordance with the rules and regulations promulgated by Fox Hill.

1.4. Included General Services. During Resident's occupancy of the Residence, Fox Hill will provide Resident with the services described in Exhibit III as part of the Monthly Fee.

1.5. Additional Services. The additional services described in Exhibit IV (the "Additional Services") will be available at the Village on a fee-for-service basis. Charges for Additional Services will be made in accordance with a fee schedule prepared by Fox Hill, which fee schedule is subject to change as described in Section 3.1 below.

1.6. Alterations to Residence. Resident may at his/her expense make alterations to the Residence (including painting, wallpapering, building of attached bookshelves, etc.) with the prior written approval of Fox Hill. All Residences must have wall-to-wall carpeting in all rooms and halls other than kitchens and bathrooms unless (1) the Residence is located on the first floor, or (2) the Managing Director has reviewed and approved Resident's floor plan which shows that carpeting will cover at least 75% of all floor areas with wood, tile or other non-carpet flooring. To insure the alterations do not compromise the integrity of Fox Hill's systems and to minimize the disruption to others, Resident must use Fox Hill as the general contractor for all Residence alterations. Resident will be responsible for repairing and restoring the Residence due to all alterations made without the approval of Fox Hill.

1.7 Locking Devices. For Resident's safety, Resident agrees not to replace or add any locking devices to the Residence.

1.8. Maintenance of Residence. Fox Hill will maintain, repair and replace the appliances furnished by Fox Hill and the Residence's mechanical systems, but Resident will be liable for the cost of any work necessitated by Resident's negligence or negligence of Resident's invitees or guests. Resident agrees to report to Fox Hill promptly any conditions in need of repair.

Other than those items described in the preceding paragraph that Fox Hill will maintain, Resident will be responsible for keeping the Residence in good repair, clean, and free of any fire or other safety hazard. Resident will also be responsible for not wasting energy. Fox Hill personnel will be available for an additional charge to assist Resident in performing maintenance or repairs for which Resident is responsible.

1.9 Smoke Free Facility. Fox Hill is a non-smoking facility. Residents, guests and employees are not allowed to smoke anywhere in the building, including the Residence, or on the grounds.

1.10 Parking. If Resident brings an automobile to Fox Hill, Fox Hill reserves the right to require the Resident to purchase a license for a designated underground parking space at an additional cost, if a license for a parking space is available. Non-designated outdoor spaces are available at no additional cost for Resident and Resident's guests. Recreational and oversized vehicles will be allowed subject to space availability with the prior written approval of Fox Hill.

2. HEALTH CARE SERVICES AND FACILITIES

Fox Hill provides a continuum of health care and supportive services designed to maintain the independence and comfort of its Residents. The program is overseen by the Fox Hill Health Services Team, consisting of the Managing Director, the Fox Hill social worker, the Wellness Center Nurse and the Nurse Manager of the Assisted Care Program (the "Health Services Team").

2.1. Assisted Care Residences. Assisted Care Residences ("ACRs") are intended for persons in need of sustained personal care services but not skilled nursing care. These

Residences are located near the Assisted Care Program Office in the Baker wing. The assisted care is delivered by home health aides under the supervision of a registered nurse in the Assisted Care Department. Personal Care Services include assistance with bathing, eating, mobility, dressing, toileting, and medication management.

2.2 Assisted Care Program. Residents who do not live in an ACR but who develop a need for Personal Care Services may receive assistance in their Residences if the Health Services Team determines that such care can be safely and effectively provided there. The Assisted Care Department operates the Assisted Care Program at an additional cost to all Residents, except for those residing in ACRs, for whom the cost of the Personal Care Services is included in the Monthly Fee.

2.3. Clark House. Clark House, a skilled nursing facility under separate ownership from Fox Hill, is located on the Village campus. Residents who meet Clark House's standards for admission have a priority right of admission, if a bed is available, to the extent permitted by law. If Resident transfers to another nursing facility because a bed is not then available at Clark House, Fox Hill will arrange for Resident to be moved to Clark House as soon as an appropriate bed becomes available, if the Resident so wishes.

2.4 White Oak Cottages. White Oak Cottages, LLC is a certified special care assisted living residence for those with dementia ("White Oak"), wholly owned by Fox Hill, and located on the Fox Hill campus. Fox Hill residents who require continual supervision and support due to cognitive impairment have a priority right of admission to White Oak, provided they meet its admission criteria.

2.5. Agreement to Make Transfers. Fox Hill endeavors to assure the safety of residents and the appropriate scope of services, which can necessitate a transfer from the Residence to a different care setting. The Policy on Transfers, set by the Board of Directors, may be amended by the Board in its discretion. A copy of the current Transfer Policy is appended to this Agreement as Exhibit VI.

Resident agrees to participate in the Assisted Care Program if requested by Fox Hill, and to make a Temporary or Permanent Transfer (both as defined below) in the event that Fox Hill determines, in accordance with its Policy on Transfers, that such transfer is appropriate.

A Temporary Transfer occurs when Fox Hill determines, based on Resident's health status, that Resident is in need of skilled nursing or care in another type of health care facility, but is likely to return to his/her Residence in the foreseeable future. A Permanent Transfer occurs when Fox Hill determines, based on Resident's health status, that Resident is likely to be in need of skilled nursing care, 24 hour support and supervision, or other health care services not available at Fox Hill for the foreseeable future. All determinations concerning Transfers will be made by Fox Hill in consultation with, to the extent feasible, Resident, Resident's family members or representatives, and Resident's attending physician if requested. The decision of Fox Hill shall be final.

2.6. Agreement to Transfer to Other Facilities if Required. Many transfers will involve a Temporary or Permanent Transfer to a skilled nursing facility. However if Fox Hill

determines that Resident's health requires hospitalization or other health care services for which a skilled nursing facility would not be appropriate, Resident agrees to leave the Village for such care. If Resident's condition requires short-term care, Resident will continue to pay the Monthly Fee during the absence. If Resident's condition requires extended health care services for the foreseeable future, Resident's right to occupancy of the Residence will terminate in accordance with Section 4. Resident will be responsible for all health care costs should a transfer under this Section 2.6 occur.

3. FEES

3.1. Monthly and Additional Service Fees. The initial Monthly Fee is shown on the first page of this Agreement. Upon not less than 30 days prior written notice to Resident, the Monthly Fee may be adjusted as of January 1st of each year. The Monthly Fee is payable on the date of this Agreement, prorated on a daily basis as appropriate. Monthly Fees will be payable every month thereafter, even if Resident has not yet moved into the Village.

Fees for Additional Services ("Additional Service Fees") will be charged in accordance with the Additional Services Fee schedule established by Fox Hill. The Additional Services Fee Schedule is subject to change at any time upon not less than 30 days written notice to Resident.

3.2 Fees Upon Transfer to a Nursing Facility.

(a) Nursing Facility Charges. Upon transfer to a nursing facility, Resident will pay to the nursing facility its Nursing Center Daily Charge in effect during the transfer for the accommodations (private or semi-private) in which the Resident resides. All financial obligations with respect to Resident's care at such nursing facility, including charges for medications, durable medical equipment, physician visits, private duty nurses and additional services, will be those of Resident and Fox Hill will have no responsibility or involvement with respect to payment for such Resident's nursing home care.

(b) Other Charges. If Resident makes a Temporary Transfer, Resident will pay the Monthly Fee for his/her Residence to Fox Hill during the period of the transfer.

If Resident makes a Permanent Transfer and is a single occupant of the Residence, Resident will be required to offer his/her Residence leasehold and the Cooperative Stock for resale and will be responsible for paying the Monthly Fee for the Residence to Fox Hill until the Cooperative Stock is resold and the Residence leasehold is transferred to a new Resident. If there is dual ownership of a Residence, following the Resident's transfer, the Monthly Fee payable to Fox Hill will be adjusted to the single occupancy rate. A summary of the fees payable by Resident should a Temporary or Permanent Transfer occur is contained in Exhibit V.

3.3 Security for Payment of Charges. All of Resident's obligations to make payments to Fox Hill under this Agreement are secured by the Pledge and Security Agreement between the Resident and Fox Hill of even date and delivery herewith ("the Pledge Agreement").

3.4. Billing. During the first week of each month Resident will be billed for Additional Services Fees incurred by Resident for the preceding month and for the Monthly Fee

for the current month. Payment by Resident is due within ten (10) days of receipt.

3.5. Late Charge. Fox Hill will assess Resident a late charge of 1-1/2% per month (or the maximum amount allowed by applicable law, if less) of the amount due if the Monthly Fee or Additional Services Fees are not paid in full within 10 days after receipt of the monthly statement, except if deferral of such Monthly Fee has been approved by Fox Hill, as provided in Section 4.3 herein.

3.6. Adjustment Based on Change in Occupancy. If two persons occupy the Residence and one makes a Permanent Transfer, dies, leaves the Village or otherwise surrenders possession of the Residence to the other, the Monthly Fee will be adjusted to reflect the single occupancy rate then in effect for the Residence.

If Resident desires to have another person live in the Residence (including a new spouse), the new person may live in the Residence only if he/she meets the standards for admission to the Village then in effect, and both persons who will be occupying the Residence execute a new Residency Agreement designating each as "Resident" for purposes of that Agreement, and a new Pledge Agreement. Fox Hill shall issue a new certificate for the Cooperative Stock to such persons, and charge an administrative fee for the costs associated with the stock transfer.

3.7. Liability for Charges. Each person who is designated as Resident and as Occupant in this Agreement (if any person is designated as Occupant) is jointly and severally liable for the performance of all obligations of Resident and Occupant to Fox Hill including, without limitation, the payment of the Monthly Fee, Additional Services Fees, and all other amounts required to be paid pursuant to the provisions of this Agreement. In the event it is necessary for Fox Hill to institute legal action or other proceedings to recover amounts payable under this Agreement, Fox Hill, without limiting its rights under Section 7.11, also will be entitled to recover its legal fees and costs incurred in connection with all such proceedings.

4. TERMINATION OF OCCUPANCY RIGHTS

4.1. Termination of Occupancy Rights. Resident's right to occupy the Residence under this Agreement is subject to termination by Fox Hill upon the occurrence of any of the following events:

- (a) Determination by Fox Hill that (i) a Temporary or Permanent Transfer of Resident is appropriate in accordance with Article 2 and Resident refuses to so transfer;
- (b) After 30 days written notice to Resident by Fox Hill (or such shorter period as may be appropriate under the circumstances) if Fox Hill determines that Resident's continued residence in the Residence presents a danger to the safety or well-being of Resident or others;
- (c) Resident's failure to pay the Monthly Fee, Additional Services Fees or any other amounts payable under this Agreement within 30 days after written notice that any such amounts are past due or Resident's violation of any other provision of

this Agreement or Resident's repeated violation of the Village's rules if any such violation is not cured within 30 days after written notice to Resident;

- (d) Breach of any representation or warranty set forth in Section 7.1 herein;
- (e) Death of Resident;
- (f) Resident's Permanent Transfer; or
- (g) Termination of this Agreement as provided in Section 5.7.

Should Resident's right of occupancy of the Residence be terminated for any reason described in paragraphs (a), (b) or (d) through (f) above, if Resident is the only Resident hereunder who is occupying the Residence, or if Resident's right of occupancy of the Residence is terminated by reason of paragraph (c) above, whether or not Resident is the only Resident hereunder who is occupying the Residence, Resident will be required to make the Cooperative Stock available for resale as provided in Section 5. This Agreement will nevertheless remain in full force and effect until Resident's Cooperative Stock appurtenant to the Residence leasehold has been resold and a new Residency Agreement and Proprietary Lease is executed by the purchaser in accordance with Section 5. From the date the Residence is vacated until the date the Cooperative Stock is transferred to a new purchaser, Resident will be required to continue paying the Monthly Fee (less a meal credit as described in Section 7.8), Additional Services Fees and other amounts payable under this Agreement, except if deferral of such Monthly Fee has been approved by Fox Hill, as provided in Section 4.3 herein.

4.2. Effect of Double Occupancy. If the Residence is occupied by two persons and one dies or transfers from the Residence, the remaining person who is a Resident will continue to have all rights of occupancy of the Residence under this Agreement, and the Monthly Fee will be adjusted to reflect the single occupancy rate payable for the Residence.

4.3. Financial Inability. Without in any way limiting Fox Hill's right to terminate this Agreement as set forth in Section 4.1, if Resident is unable to pay his or her Monthly Fee, Additional Service Fees and any other amounts payable under this Agreement solely due to financial difficulties caused by circumstances not reasonably within the Resident's control, Fox Hill will review the matter with the Resident. If the Resident presents to Fox Hill facts which, in the opinion of Fox Hill, justify special financial consideration, Fox Hill may subsidize payment of the Monthly Fee and other amounts, provided such assistance does not impair Fox Hill's ability to operate on a sound financial basis and to attain its objectives. All determinations concerning the granting or continuing of special financial consideration shall be final and binding on Resident.

If Resident has received financial assistance from Fox Hill, Fox Hill shall be entitled to reimbursement of the full amount of the assistance granted to the Resident from the proceeds of the sale of the Resident's Cooperative Stock. In the event the proceeds of the sale of the Cooperative Stock are insufficient to repay the full amount of such assistance, Resident or Resident's estate shall be liable for the remaining balance of the amount of the assistance received by Resident.

4.4. Resident's Responsibilities. Resident agrees that he or she shall make no gift of real or personal property or make any speculative investment that could impair Resident's ability to satisfy his/her financial obligations under this Agreement. If Resident's financial resources are insufficient to meet his or her financial obligations to Fox Hill, Resident shall make all reasonable efforts to obtain assistance elsewhere, including taking necessary steps to obtain applicable local, county, state or federal aid or assistance. As a condition of receiving a subsidy from Fox Hill, Resident must represent and provide evidence that he/she has not made any gift of real or personal property or speculative investments in contemplation of the execution of this Agreement or thereafter. At the request of Fox Hill, a Resident who requests or receives assistance from Fox Hill shall provide Fox Hill, from time to time and upon request, with personal financial statements and copies of past and current tax returns.

5. SALE OF COOPERATIVE STOCK; STOCK TRANSFER FEE;
ADMINISTRATIVE FEES; TERMINATION OF AGREEMENT

5.1. Sale any Time; Exclusive Management Agent. Resident may sell the Cooperative Stock at any time in accordance with this Section 5. As provided in Fox Hill's By-Laws, Resident agrees that Fox Hill, acting through its Board of Directors or through a designated manager, shall be solely responsible for overseeing sales of the Cooperative Stock and transfer of the related Residence. Accordingly, any resale of the Cooperative Stock, for whatever reason, must be handled through Fox Hill, which may delegate this function to an agent of the Village.

5.2. Sales Process. The By-Laws of Fox Hill establish the procedure for resale of the Cooperative Stock and Resident specifically agrees to be bound by those provisions, as they may be in effect or may change from time to time.

5.3. Waiting List, Qualified Buyers. Fox Hill will maintain a waiting list of persons desiring entrance to the Village. Resident's Cooperative Stock may be resold by Fox Hill only to a purchaser who at the time of occupancy of the Residence meets the standards for admission to the Village, and such determination will be made by Fox Hill in its sole discretion. If Resident wishes to relocate or transfer to another Residence in the Village, he or she will be given a priority right of purchase ahead of individuals who are on the waiting list to purchase Co-op Stock.

5.4. Stock Transfer Fee. A stock transfer fee (the "Stock Transfer Fee") in an amount equal to the lesser of (i) ten percent (10%) of the total gross sale price of Resident's Cooperative Stock, or (ii) one percent (1%) of the total gross sale price of the Stock multiplied by the number of months Resident has owned the Stock (the "Ownership Period"), shall be paid to Fox Hill at the time of the resale of the Stock, provided, however, that in no event shall the Stock Transfer Fee be less than one percent (1%) of the total gross sale price.

In the event a Resident moves from one residence (the "First Residence") to another residence (the "Second Residence"), and the value of the share of stock associated with the First Residence exceeds the value of the share of stock associated with the Second Residence, the Resident shall pay to Fox Hill at the time the stock appurtenant to the First Residence is sold, a

Stock Transfer Fee in an amount equal to ten percent (10%) of the difference between (a) the gross sales price of the stock associated with the First Residence and (b) the gross sales price of the stock associated with the Second Residence (the "Differential Value"). In the event the Resident has owned the stock associated with the First Residence for less than ten months, the amount of the Stock Transfer Fee shall be pro-rated by one percent (1%) of the Differential Value for each month of the Ownership Period, but in no case shall the Stock Transfer Fee be less than 1% of the Differential Value. If the value of the share of stock associated with the First Residence is less than the value of the share of stock associated with the Second Residence, the Resident shall not pay a Stock Transfer Fee, but shall pay an Administrative Fee. Any Stock Transfer Fee paid by a Resident based on the Differential Value shall not be taken into consideration upon the calculation of the Stock Transfer Fee to be paid upon the sale of the Second Residence.

For purposes of this Section, the "Ownership Period" shall be equal to the sum of (i) the number of full months Resident has owned (x) the Stock being sold and (y) other Cooperative Stock previously transferred by Resident and for which no Stock Transfer Fee was paid on its transfer plus (ii) a pro rata portion of any partial month of ownership, calculated according to the number of days in such month.

5.5. Administrative Fees for Certain Stock Transfers Not Subject to the Stock Transfer Fee. In the event a Resident sells his or her Co-operative Stock in connection with a purchase of another share of Co-operative Stock and a move to a different Residence at Fox Hill, Fox Hill shall charge the Resident an administrative Moving Fee, whether or not Resident pays a Stock Transfer Fee pursuant to Section 5.4.

In the event a Resident transfers his or her stock by reason of (a) transfer of Resident's Stock, held individually, to Resident and another individual jointly, (b) transfer of Resident's Stock to the Designated Beneficiary (as defined in Article IX of the Fox Hill Village Bylaws) if Resident is a trust, or (c) transfer of Resident's stock to a trust of which Resident is the Designated Beneficiary, Fox Hill shall charge an administrative transfer fee. Fox Hill reserves the right to adjust the amount of these administrative fees upon thirty days' advance notice.

5.6. Form of Ownership. In the event more than one individual or trust execute this agreement as Residents, the Residents must take title to the Stock as joint tenants, unless the Board of Directors approves another form of ownership.

5.7. Termination of Agreement. Termination of this Agreement will occur when the Cooperative Stock is resold in accordance with Article 5 of this Agreement to a new purchaser who signs a Residency Agreement and Proprietary Lease.

6. RESIDENT'S RIGHTS AS COOPERATIVE STOCKHOLDER

6.1. Rights as Stockholder. As a stockholder of Fox Hill, Resident is entitled to participate in the decision-making process of Fox Hill, as provided in the Fox Hill By-Laws as amended from time to time. The Resident holding title to each share of Fox Hill Cooperative Stock is entitled to one vote. If two persons are Residents under this Agreement, the Cooperative Stock must be voted as a single unit. In accordance with Fox Hill's By-Laws, stockholders may

vote in person or by written proxy.

Fox Hill's stockholders elect the members of the Board of Directors, approve the annual budget, and adopt any amendments to the By-Laws. These stockholder actions require a majority vote. Certain actions that are considered outside the course of routine action require the vote of two-thirds of all stockholders. These actions are listed in Article III of the By-Laws.

6.2. Trusts. If this Agreement is executed by the trustee or trustees of a revocable or irrevocable trust as Resident, the right of occupancy of the Residence shall be limited to the beneficiary or beneficiaries of such trust designated herein as the "Occupant" at the beginning of this Agreement, and whose financial and medical data formed the basis for acceptance by Fox Hill. All provisions herein shall be applicable to Occupant as if he or she was the Resident. Furthermore, Occupant shall be subject to all restrictions applicable to such Trust as a stockholder/tenant contained in the Articles of Organization and the By-Laws of Fox Hill. The Occupant shall be jointly and severally personally and primarily liable with such Trustees for all obligations of such Trustees hereunder and under the Fox Hill Village Instruments referred to in Section 7.14, and shall have the sole and exclusive right to occupy the Residence, which right is non-transferable. Upon the death of the survivor of such Occupant, the Cooperative Stock must be sold to a purchaser who is qualified to be the owner of the Cooperative Stock.

6.3 Services and Facilities Subject to Change. The By-Laws of Fox Hill provide that the services to be supplied by Fox Hill pursuant to any Proprietary Lease may be eliminated upon the affirmative vote of the holders of two-thirds of the outstanding stock of Fox Hill. Resident agrees to abide by the actions of the stockholders pursuant to Fox Hill's By-Laws that result in a modification of the obligations of Fox Hill under this Agreement.

7. MISCELLANEOUS

7.1 Representations and Warranties. Resident hereby represents and warrants that all information provided by Resident with respect to Resident's age, financial, and medical condition are true and correct in all material respects as of the date of this Agreement. In the event Resident is a Trust, the trustees of such trust hereby represent and warrant that (a) such trustees are duly appointed trustees of the trust named as the Resident in this Agreement and they are fully authorized to execute and be bound by this Agreement and all other Fox Hill Documents, as defined in Section 7.14, (b) the beneficiary(ies) of the Trust are the individual(s) signing this Agreement as Occupant(s), (c) the age, financial and medical data provided on behalf of the Occupant(s) are true and correct in all material respects as of the date of this Agreement, (d) the terms of the Trust do not conflict with the requirements for ownership and disposition of stock as set forth in the Fox Hill Articles of Organization, the By-Laws, or this Agreement (collectively, the Fox Hill Instruments) and (e) in the event there is any conflict or inconsistency between the Trust and any of the Fox Hill Village Instruments, the Fox Hill Village Instruments, not the Trust, shall control all matters regarding the exercise of ownership rights and the disposition of the Fox Hill Stock.

7.2 Release of Information. Due to the nature of a continuing care retirement community, the Health Services Team may require access to Resident's health information to assure Resident's safety and to provide proper assistance. Resident hereby authorizes the

Wellness Team to release Resident's relevant information to the Health Services Team, and agrees to execute such other forms as may be necessary for the Health Services Team to obtain relevant health care information from health care providers.

7.3 Insurance: Responsibility for Resident's Property. Resident acknowledges that the insurance maintained by Fox Hill does not cover Resident's personal property, the contents of the Residence or liability for damages or injury to others.

Resident agrees at all times to carry personal property and liability insurance for occurrences within the Residence. In the event of Resident's death or transfer from the Village, Fox Hill will exercise ordinary care in temporarily safekeeping Resident's personal property at the Village. If such property is not removed from the Village premises within 30 days after Resident's right to occupy the Residence terminates or expires, Fox Hill reserves the right to have such property placed in a commercial bonded warehouse at the expense and risk of Resident or his/her estate.

7.4. Right of Entry. Resident hereby authorizes employees and agents of Fox Hill to enter the Residence at reasonable times and upon reasonable notice for the purpose of providing services, repairs, maintenance, alterations, pest control and inspection, showing to prospective purchasers and at any time without notice in the event of perceived medical or other emergency.

7.5. Indemnification for Negligence. Resident will defend, save harmless, and indemnify Fox Hill for any loss, damage, injury or expense incurred by it as a result of the careless, negligent or willful acts of Resident or Resident's invitees or guests.

7.6. Occupancy Restrictions. Occupancy of the Residence and use of the community facilities is limited to Resident and guests. Guests occupying the Residence for more than 14 days during any calendar quarter may do so only with the prior written approval of Fox Hill. Resident will be responsible for the conduct of Resident's guests and for payment of any charges incurred by Resident's guests.

The Residence is intended solely for the personal use of Resident. Limited professional or commercial use is allowable only with the written approval of Fox Hill and subject to all applicable zoning and other local, state and federal laws.

7.7. House Rules. Fox Hill has established, and may amend from time to time, rules and regulations for the orderly operation and management of the Village and the health, safety, welfare, peace and comfort of the residents of the Village, and Resident agrees to abide by such rules and regulations.

7.8. Absence from Village; Meal Credit. Resident agrees to notify Fox Hill's management in advance of any contemplated overnight or longer absence from the Village. Resident will receive a meal credit allowance prorated on a daily basis for absences of at least 30 consecutive days with 10 days' advance written notice to Fox Hill. Advance notice is not required for health related absences.

7.9. Damage to Village. If a portion of the Village is damaged by fire, flood, storm

or other casualty or cause, Fox Hill will proceed diligently to repair and restore if practicable. If more than 90% of the Village buildings are damaged or subject to a condemnation or taking by eminent domain, Fox Hill has the option of rebuilding the Village or terminating this Agreement.

7.10. Pets. A pet may be kept in the Residence. Resident will be responsible for the pet's litter and for any damage caused by the pet. Resident will comply with the Village's rules and regulations, including limitations on the type or size of pet that may be maintained. Resident agrees to relinquish the pet in the event of any violations of such rules and regulations.

7.11. Right to Cure Defaults. Fox Hill, upon such written notice to Resident as is reasonable under the circumstances, may, but will not be under any obligation to, cure any failure by Resident to perform any of his/her covenants, agreements or obligations under this Agreement. If Fox Hill so chooses, all costs and expenses, including reasonable attorney fees and interest on the amount of any advances at Bank of America's Base Rate plus 2% will be deemed a charge against Resident. Resident also will pay Fox Hill all legal and other costs and expenses incurred by Fox Hill in enforcing Resident's obligations under this Agreement.

7.12 Rights Subject to Loan Agreement. Fox Hill has entered into a loan agreement (the "Loan") with Bank of America, N.A. (together with its successors and assigns, the "Bank"). The Loan is secured by, among other collateral, substantially all assets of Fox Hill. The Resident agrees that Resident's rights as lessee and stockholder are subject and subordinate to the rights of the Bank, pursuant to the Loan, any extensions, modifications, or renewals of the Loan, and any future loan which Fox Hill enters into with any other lender. Under the Loan, and any extension, modification, or renewal of the Loan, the Bank may not disturb the occupancy of any Resident, provided that the Resident complies with the terms and conditions of his or her Residency Agreement, and upon the Bank's exercise of rights or remedies under the Loan (as extended, modified or renewed from time to time) recognizes the Bank as a successor to Fox Hill as landlord.

7.13. Survival. The provisions contained in Sections 3.2, 3.7, 4.3, 5.4, 7.1, 7.3, 7.5, 7.11, 7.13 and 7.15 shall survive any termination of this Agreement.

7.14. Entire Agreement. This (a) Agreement with its Exhibits, (b) the Resident's Application and related documents, (c) the provisions of the Purchase and Sale Agreement that expressly survive the closing, (d) the Pledge Agreement, (e) the Fox Hill Articles of Organization and Bylaws, as they may be amended from time to time, (f) the Restated Nursing Center Agreement and, (g) if executed, the Parking License Agreement, constitute the entire agreement between Resident and Fox Hill (collectively the "Fox Hill Village Instruments"). Fox Hill will not be liable for, or bound by, any statements, representations or promises made to Resident by any person representing or purporting to represent Fox Hill or the Village unless such statements, representations or promises are expressly set forth in a writing, signed by an authorized representative of Fox Hill.

7.15. Binding Effect. This Agreement is binding upon the successors and assigns of Fox Hill and the heirs and personal representatives of Resident. The provisions of this Agreement are not assignable or transferable in whole or in part by Resident.

7.16. Severability. Each provision of this Agreement will be deemed separate from each other provision and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the balance of this Agreement.

7.17. Non-Discrimination. The Village is operated to provide the facilities and services described in this Agreement to individuals regardless of race, color, sex, religion, creed, national origin, or handicap. All individuals residing in the Residence either as Occupants or Residents represent they are 62 years of age or older.

7.18. Notices. Any notice to Fox Hill by Resident must be given in writing and mailed or delivered to Fox Hill at the administrative office of the Village or at such other address as Fox Hill may designate in writing. Any notice to Resident by Fox Hill must be given in writing and mailed or delivered to Resident's Residence or at such other address as Resident may designate to Fox Hill in writing.

7.19. Governing Law. This Agreement is governed by the laws of the Commonwealth of Massachusetts.

IN WITNESS WHEREOF, Fox Hill and Resident have signed this Agreement on the date first written above.

FOX HILL VILLAGE HOMEOWNERS
CORPORATION

By: _____
Its: AUTHORIZED AGENT

RESIDENT:

OCCUPANT:

EXHIBIT I

Apartment Furnishings

The Residence is furnished with sheer curtains, self-defrosting refrigerator and freezer, range, self-cleaning oven, dishwasher, garbage disposal, washer and dryer hook-ups (other than units on Baker floors 1, 2, and 3), and an emergency call alert in each bedroom and bathroom. If Resident brings an automobile to Fox Hill, Resident must purchase a license for a designated underground parking space at an additional cost if a parking license is available. Non-designated outdoor parking spaces are available at no cost for Resident and Resident's guests. Recreational and other oversized vehicles will be allowed subject to space availability with the prior written approval of Fox Hill. Each Residence will have a designated storage area (approximately 6' by 5' by 3' in size) for Resident's personal use.

EXHIBIT II

Community Areas Available to Fox Hill Residents

- Central Dining Room
- Private Dining Room
- Grille/café
- Hunt Room (Casual Lunch and Pub)
- Auditorium
- Library
- Fitness Center
- Greenhouse
- Woodworking Room
- Card and Game Rooms
- Multi-Purpose Activity Room
- Laundry Room
- Beauty shop
- Barber shop
- Bank
- Convenience store

EXHIBIT III

Services Included in the Monthly Fee

Food Service. Breakfast, lunch and evening dining, with a selective menu, are served daily. As part of the Monthly Fee, Resident is entitled to one meal credit for each day of the month (for example, 30 meal credits for June and 31 meal credits for July). Meal credits may be used at any time during that month for Resident's meals or for guest dining. Any unused meal credits for any calendar month will be forfeited and may not be applied as a credit against meal charges for any other period. A Resident absent from the Village for more than 30 consecutive days will receive a meal credit allowance prorated on a daily basis if Resident gives Fox Hill written notice at least 10 days in advance, except that advance notice is not required for health-related absences.

Housekeeping. Housekeeping of the Residence, including vacuuming, dusting, bathroom and kitchen cleaning and changing of bed linen, will occur on a scheduled basis every other week.

Utilities. Sewer, water, electricity, heat and air-conditioning for the Residence are provided. The Residence is centrally wired for cable television, high-speed Internet service, and telephone hookup. Installation and monthly cable, Internet and telephone charges will be paid by Resident if service is desired.

Emergency Alert System. Village personnel will monitor the emergency alert systems and coordinate emergency responses as appropriate.

Security. Each building entrance has a security access system. Security personnel are on duty twenty-four hours a day, seven days a week.

Laundry. Self-service laundry facilities for Resident's personal laundry are provided at a designated location.

Maintenance. Fox Hill will maintain all grounds and community areas and will be responsible for repairs, maintenance and replacement of the Residence appliances provided by Fox Hill and the mechanical systems as are necessary due to normal wear and tear. Resident is responsible for the cost of repairs and replacements due to Resident's negligence.

Transportation. Local transportation to designated shopping, social events, medical facilities, places of worship and other local destinations within a five-mile radius of the Village is available Monday through Friday (holidays excluded) on a regularly scheduled basis.

Social and Recreational Programs. The Director of Resident Services will coordinate a variety of social, recreational, educational and cultural programs.

Wellness Center. A nurse practitioner and administrative assistant are on site Monday through Friday, and on Saturday mornings. Residents are able to drop in during morning hours to discuss health concerns with the nurse at no charge. The Wellness Center also conducts programs promoting wellness and preventive health maintenance, including flu clinics and blood pressure screenings.

Social Worker. A social worker is on staff full time and will meet with all new Residents to assist with their transitioning to Fox Hill. The social worker will meet with any Resident to discuss any concerns. The social worker will either work directly with the Resident to resolve an issue or refer the Resident to an appropriate resource.

Personal Care Services in ACRs. Home health aides under the supervision of a registered nurse will provide up to 10.5 hours of Personal Care Services each week to Residents in the ACRs. Services in excess of 10.5 hours per week will be billed separately as an Additional Service to ACR Residents. Personal Care Services provided to Residents not residing in an ACR will be billed as an Additional Service.

EXHIBIT IV

Services Available at an Additional Charge

- Additional housekeeping
- Laundry services for personal items
- Guest rooms on a reservation basis
- Additional transportation
- Catering for special occasions
- Room service
- Additional and guest meals
- Maintenance personnel
- Home visits by the on-call nurse, who is available between 4:30 p.m. and 11:00 p.m. on week nights, 12:30 p.m. to 11:00 p.m. Saturdays, and 8:00 a.m. to 11:00 p.m. on Sundays
- Personal Care Services provided through the Fox Hill Assisted Care Program (other than the 10.5 hours of Personal Care Service provided to residents in Assisted Care Residences)

EXHIBIT V

Summary of Basic Fees Payable in Event of Health Care Transfer

<u>Transfer</u>	<u>Basic Fees Payable</u>
A. Temporary Transfer to a Nursing Home	Nursing Center Daily Charge - AND - (i) Monthly Fee for Residence less meal credit (single occupancy) - OR - (ii) Monthly Fee at single occupancy rate (double occupancy)
B. Permanent Transfer to a Nursing Home	Nursing Center Daily Charge - AND - (i) Monthly Fee for Residence less meal credit until Cooperative Stock is resold (single occupancy) - OR - (ii) Monthly Fee at single occupancy rate (double occupancy)
C. Transfer to White Oak	Monthly Rental Charge AND (i) Monthly Fee for Residence less meal credit (single occupancy) OR (ii) Monthly Fee at single occupancy rate (double occupancy)

EXHBIT VI

Policy on Transfers Based on Need for Support Services 2010

I. Introduction

All continuing care retirement communities face challenges in developing fair and humane policies for the transfer of residents based on the need for support and medical services. The Fox Hill Board of Directors first adopted a Policy on Transfers in 1995, and it has modified its policy over the years to reflect experience with the policy. In developing the policy, the Board has been guided by the provisions of the Shareholder Documents, the requirements of federal and state law, including requirements for licensure, the expressed concerns of Fox Hill Residents, and the experience of Fox Hill and other retirement communities.

Fox Hill is known for its attentive care and quality of service, and the Board wants to ensure the continuation of the service for which Fox Hill is known. Over the years, it has become clear that it is necessary for Fox Hill to supervise the care delivered to Residents in their homes to insure quality and appropriate scope of care, and to maintain safeguards for the community at large. The Board is also guided by the knowledge that a retirement community does not have the trained staff, equipment or safety features found in health care settings, and that at certain points these factors become paramount when assessing appropriate placement.

Taking all these factors into account, the Board's current transfer policy may be summed up as follows: Residents may remain in their residential living units as long as such placement is medically safe for the Resident, does not unreasonably tax the resources of the Fox Hill staff, and does not pose a risk to the community at large.

It is intended that this policy with regard to transfer will be implemented with fairness, compassion and flexibility. Although each case will be evaluated individually, as a general matter, the community is not set up to coordinate the level of care and supervision generally required by those needing assistance twenty four hours per day. The Board reserves the right to modify this policy in the future as it deems necessary to assure quality medical care and the smooth operations of Fox Hill Village as a residential retirement community.

II. Definitions

- A. Activities of Daily Living. Eating, dressing, toileting, bathing, transferring, and mobility and for those with cognitive deficits, general supervision.
- B. Fox Hill Assisted Care Program. A program of health related services supervised and delivered by Fox Hill staff to Fox Hill Residents who need assistance with Activities of Daily Living, pursuant to a plan approved by the Health Services Team and the Resident. The Program offers up to 1.5 hours of care per day.

- C. Fox Hill Health Services Team. The team consisting of the Managing Director, the Fox Hill Social Worker, the Wellness Center Nurse, and the Nurse Manager of the Assisted Care Program. The team meets weekly to assess care and service needs of Fox Hill Residents.
- D. Home Health Care Services. Any home health care services delivered to Residents in their Units by Listed Agency Personnel or by a Private Helper, as a supplement to services delivered to Residents under the Fox Hill Assisted Care Program.
- E. Listed Agency. Any home care agency listed by the Fox Hill Health Services Team which a Resident may employ directly to supplement the services provided by the Assisted Care Program. A Listed Agency has established to Fox Hill's satisfaction that it i) has established high quality care criteria, ii) conducts background checks of its employees, iii) provides its employees with appropriate training and on-going supervision, and iv) makes satisfactory provision for substitute coverage as needed.
- F. Listed Agency Personnel. Individuals employed by a Listed Agency.
- G. Private Helper. An individual listed by the Fox Hill Health Services Team whom Residents may employ directly to supplement the services provided in the Assisted Care Program. These individuals have demonstrated their familiarity with the rules and procedures at Fox Hill, and other Fox Hill residents have found their performance to be satisfactory.

III. Criteria and Process for Provision of Assisted Care Services

Residents who need limited assistance with Activities of Daily Living or limited support due to cognitive impairment may remain in their residential units with support from the Assisted Care Program if the Health Services Team determines such arrangement will not pose a threat to the wellbeing of the Resident or the community at large. Generally speaking, the Health Services Team will request that a Resident participate in the Assisted Care Program when:

- a. The Resident requires ongoing assistance in one or two of the Activities of Daily Living, and in the opinion of the Health Services Team, such need for assistance is permanent; and/or
- b. The Resident needs regular, but limited cognitive support; and
- c. The Health Service Team believes necessary assistance may be safely delivered and monitored in a home setting.

The process for setting up an Assisted Living Care plan starts with an evaluation of the Resident. The Health Services Team will then meet with the Resident, and any family members, physicians or other representatives whom the Resident wishes to be invited to discuss its evaluation and proposed program of Assisted Care.

The Health Services Team will monitor the care and condition of residents participating in the Assisted Care Program. If, over time, the Resident requires more support than the Assisted Care Program offers, the Health Services Team will assess whether such additional care

can be safely provided and monitored in a residential setting, or whether the Resident should transfer to a higher level of care.

If the Health Services Team determines that a Resident may safely receive additional care in a home setting, a Resident may arrange for Home Health Care from a Listed Agency or a Private Helper. Resident must agree to abide by the Policies and Procedures for the Use of Listed Agencies and Private Helpers, as it may be amended from time to time. A current copy is appended as Exhibit VII.

If the Health Services Team concludes that the Resident requires medical care or supervision that cannot be safely provided or monitored in a residential unit, Fox Hill will require a Resident to transfer to a higher level of care. Fox Hill will make the final decision regarding all transfers.

IV. Criteria for Transfer to a Nursing or Other Facility

When a Resident requires extensive assistance with Activities of Daily Living, or has a medical condition which requires ongoing licensed medical care, the Resident will usually require a higher level of care than can be provided at Fox Hill. In such cases, the Health Services Team will evaluate the Resident to determine the most appropriate setting and meet with the Resident and any family members, physicians or other representatives whom the Resident wishes to be invited to discuss its evaluation. Fox Hill will generally recommend that a Resident transfer from a residential unit to a nursing home or other facility when:

- a. The Resident regularly requires assistance with three or more Activities of Daily Living; or
- b. The Resident has cognitive impairments that require constant supervision; or
- c. The Resident is a safety risk to self or to others; or
- d. The Resident disrupts others in the community, and is unable or unwilling to modify behavior appropriately.

The Health Services Team will meet with the Resident, and any family members, physicians or other representatives whom the Resident wishes to be invited to discuss its evaluation and proposed transfer plan. If the Resident disagrees with the decision of the Health Services Team to request a transfer of the Resident to a nursing or other health care facility outside of Fox Hill, the Resident may appeal the decision of the Health Services Team to the Board of Directors.

V. Appeals Process

To appeal the decision of the Health Services Team regarding a transfer to a higher level of care, the Resident must contact the President of the Board of Directors and request a review of the decision. The request must be in writing and must be sent within 14 (fourteen) days of the Health Services Team decision. In the request, the Resident should state all reasons why the

Resident believes the decision to be in error. The Resident must sign, in a timely fashion, all necessary forms to enable the Board to review any of the resident's medical records used by the Health Services Team in reaching its decision.

The Board or a subcommittee of the Board will review the records, speak with the Resident, members of the Health Services Team, and any other individuals with information which the Board deems important to its decision. The Board will make a final determination within a month of the Resident's request for a Board review, provided that the review period will be extended in the event there is a delay in obtaining relevant medical records.

During the review process, Fox Hill may require the Resident to transfer from Fox Hill to either the facility designated by the Health Services Team or such other facility selected by Resident, but such transfer shall be classified as a Temporary Transfer pending completion of the review process.

As amended through July 2010.

EXHIBIT VII.

Policies and Procedures for the Use of Listed Agencies and Private Helpers

A. Overview

Residents who wish to supplement the assistance provided by the Assisted Care Program may hire either a Listed Agency or a Private Helper as long as (1) the care only supplements the Assisted Care Program, (2) the Health Services Team has approved the use of the Listed Agency or Private Helper for the Resident, and (3) the Resident and the Listed Agency or Private Helper(s) follow these Fox Hill policies and procedures, as they may be amended.

A Listed Agency is any home care agency that has established to Fox Hill's satisfaction that it i) has established high quality care criteria, ii) conducts background checks of its employees, iii) provides its employees with appropriate training and on-going supervision, and iv) makes satisfactory provision for substitute coverage as needed.

Private Helpers are individuals who have demonstrated to Fox Hill's satisfaction that they are familiar with the rules and procedures at Fox Hill, and who have provided satisfactory service to other Fox Hill residents.

B. Process.

1. The Resident (or representative) completes and returns an application for use of a Listed Agency/Private Helper to the Assisted Care Nurse Manager.
2. The Resident, any Listed Agency, and any Private Helper directly employed by a Resident each must sign an acknowledgment and release form submitted by Fox Hill.
3. In the event Fox Hill determines that a Listed Agency or a Private Helper fails to meet Fox Hill's standards for services, supervision, training or background checks, Fox Hill may withdraw its approval of the Listed Agency or Private Helper, as the case may be. In such event, the Listed Agency or Private Helper will not be allowed access to Fox Hill and Resident will be required to immediately make other arrangements for care with another Listed Agency or Private Helper.

C. Policies for Listed Agency Personnel/Private Helpers

1. Listed Agency Personnel and Private Helpers are limited to the Resident's Unit unless escorting the Resident to or from a meal or an activity. They may use the Facility's common laundry area only for doing the Resident's laundry. Listed Agency Personnel/Private Helpers may pick up mail and meals ordered by the Resident, return books to the Library and purchase items in the Pantry.
2. Listed Agency Personnel and Private Helpers are expected to present themselves in a neat, clean and professional looking manner. Clothing should fit so as to allow for freedom of

movement – especially when providing direct care to Residents. Skirts that reach the knee, pants or pantsuits are appropriate. Footwear should be comfortable. Low heels, flat shoes or black sneakers are appropriate. Sandals are not acceptable. Jeans, Capri's or clam-digger style pants, cut-offs, tank tops, tee shirts, sweat shirts or workout clothing are not acceptable. Listed Agency Personnel and Private Helpers are required to wear the designated uniform smock provided by Fox Hill whenever they are outside the Resident's Unit.

3. Listed Agency Personnel and Private Helpers are not allowed in Fox Hill staff break areas or working stations.
4. Listed Agency Personnel and Private Helpers cannot be current employees of Fox Hill and cannot have worked as an employee of Fox Hill within the last 24 months without the written approval of the Managing Director. No previous employee of Fox Hill may be considered for employment as a Private Helper if such employee's termination of service was not on good terms.
5. Listed Agency Personnel and Private Helpers are permitted to be on the premises of Fox Hill only when they are working. Family members or friends of Listed Agency Personnel and Private Helpers are not permitted to be at Fox Hill.
6. Listed Agency Personnel and Private Helpers will be assigned specified parking areas, and it is their responsibility to instruct persons who may drive them to or from work as to the proper parking, drop-off and pick up areas, as well as the speed limits on Fox Hill driveways.
7. Listed Agency Personnel and Private Helpers are to enter and leave the building through the main front door in order to enable the security staff to keep a record of who enters the building. Listed Agency Personnel and Private Helpers must sign in and out when entering and departing the main entrance. Keys to the building's exterior doors, which are provided for Residents, are for use by Residents only and must not be given to any Private Helper or to anyone else.
8. Fox Hill is a non-smoking facility. Smoking is not allowed anywhere in the building.
9. A Resident employing a Listed Agency or a Private Helper must allow the Fox Hill Health Service Team to assess the Resident from time to time at its discretion.
10. Residents employing Private Helpers must familiarize themselves with the policies and procedures, and see that their Private Helpers abide by them. Failure of Private Helpers to abide by the Fox Hill Policies and Procedures may result in withdrawal of Fox Hill's permission to work at Fox Hill.
11. Private Helpers and Listed Agency Personnel may be scheduled and work a maximum of 12 hours per shift. They are not allowed to sleep during their shift.

As amended through July 2010.

Acknowledgement and Release Form

WHEREAS, the Resident desires to employ a Listed Agency or Private Helper to augment the care received by the Assisted Care Program at Fox Hill; and

WHEREAS, Fox Hill requires all Residents, Listed Agencies and Private Helpers to be familiar with and observe its Policies and Procedures as a condition to such employment on the premises of Fox Hill;

NOW, THEREFORE, the parties hereto agree as follows:

1. Each of the undersigned has read and understands the Policies and Procedures for the Use of Private Help at Fox Hill Village, and agrees to conform to them. If this form is signed by a Listed Agency which has agreed to furnish Listed Agency Personnel to a Fox Hill Resident, the Listed Agency also acknowledges that it has participated in an orientation session at Fox Hill Village and that the Listed Agency Personnel it furnishes will have received a copy of, and will conform to the Policies and Procedures referred to above.
2. The Resident hereby acknowledges that the list of Listed Agencies/Private Helpers maintained by Fox Hill is developed in consideration of the management and security concerns of Fox Hill. It is the responsibility of the Resident to make an independent determination of the ability of the Agency/Private Helper to meet the Resident's needs. The Resident hereby releases Fox Hill Village Homeowners Corporation, its officers, employees and agents for any and all liability arising from any acts or omissions of the Listed Agency, its personnel, and the Private Helpers. Resident further acknowledges and agrees that Fox Hill will not be responsible for providing a substitute worker or additional care if Listed Agency Personnel or a Private Helper is unable to report for work for any reason.
3. The Resident, the Private Helper and the Listed Agency hereby acknowledge that the employment relationship between the Resident, the Listed Agency, if any, and the Private Helper is strictly between said parties, and that there is no employee or independent contractor relationship between Fox Hill and the Listed Agency or Private Helper. All payroll and other taxes and all workers' compensation, liability and other insurance and documentation with respect to the employment of Private Helpers are the sole responsibility of the Resident who employs the Listed Agency and/or Private Helper. Fox Hill reserves the right to request proof of personal property and liability insurance for occurrences within the Unit.

Executed by the duly authorized representatives of the parties on this ____ day of ____, 201__.

FOX HILL VILLAGE HOMEOWNERS CORPORATION By: _____

RESIDENT _____

LISTED AGENCY/PRIVATE HELPER By: _____

