

DISCLOSURE STATEMENT
THE VILLAGE AT DUXBURY SENIOR LIVING COMMUNITY



May 2016

This Disclosure Statement replaces any Disclosure Statements that may have been previously provided to you and is referred to below as the “Disclosure Statement”. Upon your receipt of this Disclosure Statement, you should review it carefully and be in touch with the Marketing Office at The Village at Duxbury if you have any questions.

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INTRODUCTION

This Information Booklet is given to you so that you may become aware of many of the important features of The Village at Duxbury and to fulfill the requirements of Massachusetts General Law c. 93, s.76. This Disclosure Statement is based on information available at the time of printing and is subject to change. In addition to providing to you some basic information concerning The Village, this Disclosure Statement also contains a summary of certain of the agreements you will be required to enter into in order to become a resident at The Village. In the event of any inconsistency between the summary in this Disclosure Statement and the actual agreement, the provisions of the actual agreement will govern. You may wish to review this Disclosure Statement (as well as the other agreements) with your financial advisor and legal counsel. If you have any questions please do not hesitate to contact the Marketing Office at The Village at the number and address set forth on the cover page. This Information Booklet is subject to change for events and circumstances occurring after the date printed on the cover page.

A. THE VILLAGE SITE AND IMPROVEMENTS

1. The Site. The Village at Duxbury (“The Village”) is located at 290 Kingstown Way, Route 53, Duxbury, Massachusetts. The total land area is approximately 37.4 acres (the “Village Site”) consisting of two adjacent parcels of land, one being an approximately 30 acre parcel (the “Original Village Parcel”) and the other an approximately 7.4 acre parcel (the “Garden Homes Parcel”).

2. The Improvements. 2.1. As of the date of this Disclosure Statement, The Village improvements include one hundred and forty-two (142) independent living apartments (the “Independent Living Apartments” or “Apartments”) in a combination of one-bedroom and two-bedroom floor plans and thirty-four (34) one-bedroom assisted living apartments (the “ALAs”), together with associated common areas, located in one building (the “Village Main Building”) on the Original Village Parcel and thirty (30) detached homes in fifteen (15) buildings (the “Garden Homes”) located on the Garden Homes Parcel.

The ALAs, which are intended for individuals who desire additional services, are made available by the Sponsor (as defined in Section C.2.) on a month-to-month leasehold basis (instead of on a purchase of cooperative stock basis, as more fully described below). Individuals interested in learning more about ALAs should contact the Marketing Office. This Disclosure Statement is intended only for those individuals interested in purchasing cooperative stock in order to live in an Independent Living Apartment or Garden Home.

2.2. Four Additional Garden Homes. The Sponsor also intends to construct and incorporate into The Village four (4) additional Garden Homes to be constructed on the Original Village Parcel or at some other location (the “Additional Garden Homes”).

It is anticipated that upon completion of construction each of the four Additional Garden Homes will be transferred to Residents eligible for residency in The Village and that the four Additional Garden Homes will become a part of The Village and the Cooperative. The Additional Garden Homes are still in the planning stages and thus the estimated dates for commencement and completion of construction have not yet been determined.

2.3. Appliances, Etc. Each Apartment and each Garden Home has a full kitchen and bath, individually controlled heating and air conditioning systems, an emergency call system (as further described below), closet and storage space, cable television access, and washer, dryer and dishwasher.

2.4. The Commons. A central area of The Village, called “The Commons”, which is open to all who live at The Village, allows those who live at The Village to pursue a variety of interests and group activities. Outside areas include gardens and walking paths.

2.5. Parking Facilities. Automobile parking is available at The Village. Parking facilities consist of outdoor parking spaces, of which some are covered parking spaces that are licensed to Resident Shareholders on a first-come first-served basis. The remainder of the parking spaces are unreserved and are generally available to Residents of The Village. Each Garden Home includes a garage; in addition each Garden Home includes exclusive rights to park in the Garden Home’s driveway.

The Village will assist any Resident who wants to transfer the license to use a covered parking space. A handling fee of \$500.00 is due to The Village for the transfer of any such license. Covered parking spaces will be made available only to Residents of The Village

B. VILLAGE SERVICES

The philosophy of The Village is to encourage all who live at The Village to enjoy a full and active life with the benefits and convenience of cooperative ownership. The Commons is only one of the ways that The Village provides convenient, attractive, and exciting opportunities to pursue individual and group interests, and other amenities are available. The current charges for certain amenities are set forth in the Exhibits attached. Amenities, more fully described in the Resident Handbook, include the following:

1. Meals. Optional daily meals are available to Residents upon payment of the Dining Services Plan Fee set forth in Exhibit A. The meal plan policy, as established by the Board of Directors, is described in the Resident Handbook. Additional meals are available at additional charges. Guests who are accompanied by Residents are welcome at meals on payment of an extra charge.

2. Transportation. The Village offers transportation to locations in the local vicinity in accordance with the transportation policy established by the Board of Directors and published in the Resident Handbook.

3. Housekeeping/Maintenance. Optional housekeeping services are provided upon payment of the appropriate Housekeeping Service Fee (as described on Exhibit A), and includes cleaning of bathroom and floors, surface cleaning of kitchen and floors, vacuuming of all exposed carpeted surfaces and bed making with clean linens. Deep cleaning treatments, additional housekeeping services and standard linens for twin or full sized beds are available for an extra charge. The Village maintains originally supplied standard appliances and fixtures in Apartments and Garden Homes, subject to the Resident's obligation to exercise reasonable care in using such items.

4. Emergency Situations. To facilitate timely responses to emergencies, each Apartment and Garden Home has an emergency call system and staff personnel (not licensed to provide nursing, medical or other health related services) on duty 24 hours each day for the purpose of providing assistance in contacting appropriate off-site emergency help (but such staff personnel will not provide nursing, medical or other health related services).

5. Utilities. Basic utility service to each Apartment and Garden Home for water, sewer, heating, air-conditioning, and electricity is included in the Monthly Service Charge. Residents are responsible for their own telephone, cable television and internet services.

6. Social Activities. Residents are able to engage in personal activities or participate in large group gatherings. The Village's Resident Services Department facilitates a range of activities reflecting the interests of the Residents, such as travel, cultural and sporting events, music appreciation classes, cocktail parties, lectures, classes, concerts and films, recitals and a creative arts center.

7. Fitness Center. The Village has a Fitness Center where Residents can take advantage of exercise and lifestyle programs, focused on promoting full and active lives for Residents. The Fitness Center programs are described in the Resident Handbook.

8. Care Management and Wellness Center. The Village maintains a Care Management and Wellness Center that offers a preventative health program for Residents of The Village and coordinates all health care and personal care services provided to Resident Shareholders by home health agencies, individuals or other third-party providers. The Center's principal purpose is to provide information, advice and educational services to improve the overall health of the community. In addition, the Center maintains a list of approved providers of health care and personal care services and reviews and approves potential new providers. The Care and Wellness Center's programs are described in the Resident Handbook, including the then-current Care Management Policy.

9. Additional Services. With the exception of the services included in the Monthly Service Charge, all additional services are made available on a fee-for-service basis. As such, no reserves are set aside for these additional services, including any health related services.

10. Rules and Regulations. The Village publishes a Resident Handbook, which is revised from time to time by the Cooperative's Board of Directors, describing in greater detail services available to Residents and establishing policies, rules and regulations to promote harmonious and pleasant living (the "Resident Handbook").

C. THE PARTICIPANTS

A number of business groups have and continue to work together to plan, develop and provide for the ongoing management and operation of The Village. The array of skills and experience that each participant brings to The Village allows for the smooth management and operation of The Village.

1. The Village at Duxbury Homeowners Cooperative Corporation, a Massachusetts cooperative housing corporation (the "Cooperative").

In order to live at and obtain an ownership interest in The Village a prospective Resident must purchase a share of stock in the Cooperative (for convenience, such a Resident is referred to as a "Resident Shareholder"). The Sponsor Shareholder (as defined below), as an owner of shares attributable to the ALAs, and the Resident Shareholders, together own all the currently outstanding shares of stock in the Cooperative. The Cooperative owns all the land, the buildings and other improvements that comprise The Village. The Cooperative's address is 290 Kingstown Way (Route 53), Duxbury, Massachusetts 02332.

2. The Village at Duxbury Limited Partnership, a Massachusetts limited partnership (the "Sponsor"). (For convenience, the Sponsor, in its capacity as a holder of shares of stock in the Cooperative, is sometimes referred to below as the "Sponsor Shareholder").

The Sponsor planned and developed The Village, created the Cooperative, and has planned and intends to develop the four Additional Garden Homes. The Sponsor's address is 52 Accord Park Drive, Norwell, Massachusetts 02061.

In order to provide the Assisted Living Apartments (the "ALAs"), the Sponsor holds thirty-four (34) shares of stock in the Cooperative. The Sponsor may sell or pledge any of its shares

The General Partner of the Sponsor is Welch Duxbury Development Corporation, a Massachusetts business corporation, the principals of which have built and managed several skilled nursing facilities in Massachusetts, including Bay Path at

Duxbury Nursing and Rehabilitation Center (“Bay Path”) which is located adjacent to The Village, four other nursing home facilities, several assisted living communities, a senior living community, a home health agency, day health centers and a residential apartment complex.

The principals of the General Partner and its Officers and Directors are as follows:

Paul T. Casale, a resident of Duxbury, has been a Director and the Vice President and Treasurer of The Village at Duxbury Homeowners Cooperative Corporation since 1994. He has been responsible for the financial management of the business and the development of new facilities for the Welch Group since 1976. He is also responsible for the management of all Welch Senior Living Communities. Prior to that time Mr. Casale was Administrator of the John Scott House since 1970. Mr. Casale is a Director and former Vice President of the Massachusetts Federation of Nursing Homes and is a former Director of the Health Planning Council for Greater Boston, Inc. He holds an M.B.A. Degree. Mr. Casale is a Director for the Massachusetts Assisted Living Facilities Association and serves that association as Chairman of its Governance Committee.

Richard M. Welch, a resident of Braintree, has been the President and a Director of The Village at Duxbury Homeowners Cooperative Corporation since 1994. He served as Administrator of the 209 bed Colonial Nursing and Rehabilitation from 1966–2001. Mr. Welch's primary responsibility with the Welch Group is to oversee that the physical environment standards of its communities are maintained. He also is responsible for the oversight of the Colonial Village Apartments, an 89 unit senior housing community located in Weymouth. Mr. Welch is a former Board member of the Rice Eventide Home, Quincy and a Board member of the Maria Doste Services Counseling Agency in Quincy. Mr. Welch is a past Chapter President of the Massachusetts Extended Care Federation; past Board member of the Massachusetts Extended Care Federation; Founding President of the Friends of Nursing, University of Massachusetts, Boston Campus; Founding President of the Hospice of the South Shore; past Director of the Homemakers of the South Shore and past Director of Visiting Nurses of the South Shore. Mr. Welch holds a B.A. Degree in English Literature and a M.Ed. Degree in Rehabilitation Administration.

Michael F. Welch, a resident of Mashpee, is a Director and a Vice President, and Clerk of the General Partner. He has served as the Administrator of the John Scott House. In addition, Mr. Welch has been responsible for the development of management programs for personnel and facility operations for Welch Healthcare and Retirement Group's skilled nursing facilities. He is also past President of the South Shore Chapter of the Massachusetts Federation of Nursing Homes.

Robert E. Tuffy is a resident of Hanover. Formerly a Certified Public Accountant, his experience includes public accounting, investment and mortgage

banking, and he is currently a principal in several investment firms, whose investments include senior housing and health care projects. Currently, Mr. Tuffy is a part owner of the Willows at Westborough, a full service retirement housing community which opened in 1987. Mr. Tuffy holds a B.S. Degree with honors in Business Administration. Mr. Tuffy is a Director of and a Vice President of the General Partner.

3. Welch Group Duxbury Management Corporation, a Massachusetts business corporation (the “Manager”).

The Manager, with a business address at 52 Accord Park Drive, Norwell, Massachusetts 02061, is affiliated with the Welch Group. Accordingly, the Manager’s officers and directors are certain of the individuals named above; its business experience has been focused on the management of The Village at Duxbury since its opening.

4. No Affiliation. Neither the Sponsor, the General Partner, the Cooperative or the Manager are affiliated with, and are not intended to be affiliated with, a religious, charitable or other nonprofit organization. Neither the Sponsor, the General Partner, the Cooperative or the Manager are, and it is not intended that any will be, exempt from the payment of income tax under the Internal Revenue Code. The address of the Cooperative is 290 Kingstown Way, Duxbury, Massachusetts 02332. The address of the Sponsor, the General Partner and the Manager is 52 Accord Park Drive, Norwell, Massachusetts 02061.

D. THE COOPERATIVE CONCEPT

1. The Cooperative. 1.1. The Village is organized as a cooperative housing corporation pursuant to Chapter 157B of the General Laws of the Commonwealth of Massachusetts; the Village is not a lifecare or endowment facility. Instead, individuals desiring to acquire an Apartment or Garden Home and to live in The Village must purchase a share of stock in the cooperative corporation. The Village is owned by the cooperative corporation and the Resident Shareholders, in turn, own a share of stock in that corporation. The Resident Shareholders are entitled to benefits of ownership including income tax benefits to the extent provided by law and the opportunity to benefit from increase of the value of their share and to have voting rights in the corporation. No assurance can be given that the value of any share will increase and each Shareholder is subject to the risk of decrease in value of each such Shareholder's share. (For convenience, the Sponsor Shareholder and the Resident Shareholders as the owners of all shares of stock in the Cooperative are collectively referred to below as the “Shareholders”). Only one share is attributable to each Apartment or Garden Home, and if two individuals live in an Apartment or Garden Home they own one share jointly and together have only one vote as a Shareholder. Ownership of a share entitles a Shareholder to cast one vote in elections for members of the Board of Directors of the Cooperative (as more fully described below).

1.2. Among the benefits of a cooperative form of ownership (as distinguished from so-called lifecare, endowment or other housing community arrangements in which Residents do not receive ownership of a share of stock but instead pay so-called entrance

fees or endowment deposits) is voting rights for Shareholders and the opportunity to benefit from deductions available for the payment of real estate taxes by the Cooperative, to the extent permitted by law. Prospective purchasers are encouraged to consult with their personal tax advisers for further information regarding tax matters.

1.3. The Cooperative is governed by its Articles of Organization and By-Laws as they exist from time to time. The power to make, amend or repeal the Articles of Organization and the By-Laws is reserved to the Shareholders. The By-Laws provide for election of a Board of Directors of the Cooperative by the Shareholders on the basis of one vote per share of stock.

1.4. Members of the Board of Directors of the Cooperative are voted upon by the Shareholders, and a vote of a majority of the Shareholders will prevail.

1.5. The operations and management of the Cooperative are financed by the assessment and collection of rent and other charges from the Shareholders, including a Monthly Service Charge, a Community Fee, a Reserve Fund Fee and a Stock Transfer Fee as described below and such other fees and special assessments as may be imposed by the Board of Directors of the Cooperative. The financial viability of the Cooperative is in part dependent upon the payment of such charges to the Cooperative by the Sponsor and the Resident Shareholders on a timely basis. The failure of either the Sponsor Shareholder or Resident Shareholders to pay such charges on a timely basis could adversely affect the financial viability of the Cooperative. Exhibit A attached sets forth additional information regarding current charges.

2. The Shareholder's Ownership Interest. As owners of the Cooperative, the Shareholders own the shares of stock in the Cooperative attributable to their respective Apartments or Garden Homes. Each Resident Shareholder also has a Residency Agreement and Proprietary Lease for an Apartment or Garden Home and the Sponsor Shareholder has a Master Proprietary Lease for the ALAs. The Residency Agreement and Proprietary Lease entitles the Resident Shareholder to occupy a designated Apartment or Garden Home. The Master Proprietary Lease, which entitles Sponsor Shareholder to occupy the ALA's, includes terms and conditions different from those of the Residency Agreement and Proprietary Lease, including that the Sponsor Shareholder may sublease the ALA's without the consent of the Cooperative's Board of Directors.

Occupancy of an Apartment or Garden Home is subject to certain conditions and limitations as set forth in the Residency Agreement and Proprietary Lease, including (i) a Resident Shareholder may not sublease or license to others the right to occupy an Apartment or Garden Home except with the consent of the Cooperative's Board of Directors, (ii) a Resident Shareholder may not make structural alterations to an Apartment or Garden Home except with the consent of the Board of Directors, (iii) a Resident Shareholder may not make non-structural alterations or install non-standard fixtures or features in an Apartment or Garden Home except with the consent of the Executive Director of the Cooperative, (iv) occupancy of an Apartment or Garden Home

is subject to the rules and regulations set forth in the Resident Handbook as amended from time to time, and (v) a Resident Shareholder's right of occupancy may be terminated by the Board of Directors of the Cooperative if it determines that the Resident Shareholder is not capable of providing or arranging for, or has failed to provide or arrange for, his or her own health care or personal care needs while he or she resides at The Village or that the Resident Shareholder constitutes a direct threat to the health or safety of themselves or other individuals at The Village or that continued occupancy would result in substantial physical damage to Village or Resident Shareholder property.

3. The Board of Directors. The Shareholders elect a Board of Directors for terms specified in the By-Laws. The Board of Directors oversees the management of the business of the Cooperative. The Board is responsible for supervising the Manager, adopting rules and regulations for the Cooperative, managing fiscal affairs and determining the charges payable by Shareholders to the Cooperative and overseeing the transfer of shares.

4. The Shareholders. Each share of stock has one vote. The Shareholders elect the Board of Directors. Most actions of the Shareholders require approval by a majority of those Shareholders in attendance at a meeting at which a quorum is present. However, certain actions require approval by not less than 75% of the voting power of the Cooperative.

5. Taxation as a Cooperative. It is intended that the Cooperative will continue to qualify as a cooperative housing corporation under Section 216 of the Internal Revenue Code ("Section 216") and the Shareholders will be thereby entitled to deduct for Federal income tax purposes their proportionate share of the real estate taxes paid by the Cooperative, subject to the particular tax status of each Shareholder and applicable provisions of the Internal Revenue Code and to the maximum extent permitted by law. In order to qualify for such cooperative housing corporation tax status, among other requirements, no more than 20% of the Cooperative's income can be derived from sources other than the tenant-stockholders' payments of rent (within the meaning of Section 216). Prospective purchasers are encouraged to consult with their personal tax advisors for further information regarding tax matters.

E. THE PURCHASE PROCESS

1. The Reservation. Apartment and Garden Home Resales. Prospective Residents intending to purchase an Apartment enter into a Reservation Agreement with the selling Shareholder and deliver a \$2,500.00 check ("Reservation Deposit") to the Manager to reserve an Apartment at The Village. Prospective Residents intending to purchase a Garden Home enter into a Reservation Agreement with the selling Shareholder and deliver a \$5,000.00 check ("Reservation Deposit") to the Manager to reserve a Garden Home at The Village. The Reservation Deposit will be credited toward the total \$10,000.00 deposit (for an Apartment) or the total \$20,000.00 deposit (for a

Garden Home) required under the applicable Purchase and Sale Agreement (the “Purchase and Sale Deposit”).

2. The Purchase and Sale Agreement. After signing a Purchase and Sale Agreement and payment of the applicable Purchase and Sale Deposit, a prospective Resident will have a contractual right to buy a share in the Cooperative pursuant to the terms and conditions of the Purchase and Sale Agreement. If a prospective Resident later decides to not go forward with the purchase, all of the applicable Purchase and Sale Deposit will be forfeited, together with payments for the costs of special finishes or extras incurred at the request of the prospective Resident as set forth in any Addendum to the Purchase and Sale Agreement. The applicable Purchase and Sale Deposit is retained as payment of a reasonable service charge and as payment of administrative costs related to the closing. However, if a prospective Resident dies prior to the closing, fifty percent (50%) of the applicable Purchase and Sale Deposit is returned to the prospective Resident’s estate, but payments for the costs for such special finishes or extras are forfeited. Additional information regarding the purchase process and the rights and benefits of prospective Residents is set forth below.

3. Stock and the Residency and Pledge Agreements. 3.1. At the time of closing under the Purchase and Sale Agreement, a Resident Shareholder will be issued a stock certificate evidencing an ownership interest in the Cooperative. The Shareholder will also enter into a Residency Agreement and Proprietary Lease under which the Cooperative is named as the lessor and the Resident Shareholder is named as the lessee, giving the Resident Shareholder the right to occupy a designated Apartment or Garden Home and setting forth certain rights, benefits and obligations of the Resident Shareholder and the Cooperative. Resident Shareholders are not permitted to sublease, license, or otherwise permit a non-Resident Shareholder to occupy an Apartment or Garden Home in The Village, except if the Cooperative’s Board of Directors approves a sublease arrangement.

3.2. A Resident Shareholder also enters into a Pledge Agreement whereby the Resident Shareholder pledges his or her share in the Cooperative and gives to the Cooperative a first lien on and a perfected security interest in the Resident Shareholder's share and grants to the Cooperative foreclosure rights if the Resident Shareholder fails to meet the obligations under the Residency Agreement and Proprietary Lease. The Pledge Agreement also prohibits any subordinate liens or security interests in such share. Thus, unless the Cooperative, acting by and through its Board of Directors in accordance with the By-Laws, elects to waive such restriction, a Resident Shareholder will not be able to pledge (that is, mortgage or create a security interest in) a share of stock in the Cooperative for purposes of obtaining financing from a lender.

4. Criteria for Occupancy. 4.1. Prior to the closing of a purchase under the Purchase and Sale Agreement, the Cooperative will determine whether a potential Resident Shareholder meets the Cooperative's criteria for Resident Shareholders. At least one Resident Shareholder living in an Independent Living Apartment or Garden Home must be 62 years of age or older. A potential Resident Shareholder must have the

capacity for Residential Living (see section 5 below), must be financially able to purchase a share of stock in the Cooperative without pledging (that is, mortgaging or creating a security interest in) the share of stock to a lender (unless this requirement is waived by the Board of Directors).

4.2. The By-Laws require that no one may live at The Village (other than the occupants of the ALAs or occupants of Independent Living Apartments attributable to shares owned by the Sponsor Shareholder) unless he or she is a Resident Shareholder, except with the prior approval of the Cooperative's Board of Directors.

5. Capacity for Residential Living. Resident Shareholders must be able at all times to demonstrate to the Executive Director of the Cooperative that they are capable of providing or arranging for their own health care and personal care needs while they reside at The Village at Duxbury. Resident Shareholders may arrange for services from home health agencies or other providers to ensure that their health care and personal care needs are met while they reside at The Village. Shareholders must abide by Village policies regarding the use of outside caregivers. If the Board of Directors of the Cooperative determines that a Resident Shareholder is not capable of providing or arranging for, or has failed to provide or arrange for, his or her own health care or personal care needs while he or she resides at The Village, the Board of Directors may terminate the Resident Shareholder's occupancy rights under the Proprietary Lease and Residency Agreement. These matters are described in more detail in the Cooperative's Care Management Policy, which is included in the Resident Handbook.

6. Power of Attorney and Health Care Proxy; Guardianship. Resident Shareholders shall maintain a Health Care Proxy and a durable power of attorney authorizing one or more named individuals to act for Resident Shareholder and on Resident Shareholder's behalf in all matters related to decisions with respect to Resident Shareholder's healthcare, person or property, as appropriate, in the event Resident Shareholder should be incapable of making such decisions. Copies of these instruments shall be given to the Cooperative. The Cooperative retains the right to institute proceedings for the appointment of a guardian and/or conservator if Resident Shareholder becomes incompetent to care for him/herself or Resident Shareholder's property. The Resident Shareholder shall be responsible for the cost of these proceedings.

F. CHARGES TO RESIDENTS

1. Monthly Service Charges and Monthly Statement. 1.1. A Monthly Service Charge, including the Basic Monthly Service Fee applicable to the Resident Shareholder's Apartment or Garden Home, together with fees for the Dining Service and the Housekeeping Service if selected, is due and payable by a Resident Shareholder. A monthly statement is provided to Resident Shareholders on or about the 15th day of each month. The statement includes the Monthly Service Charge for the following month, any credits and charges for additional services rendered, and any other amounts due to the Cooperative.

1.2. Monthly Service Charges are due and payable in full not later than the end of the month in which each monthly statement is rendered. The Cooperative will neither extend credit nor accept payment in installments. Monthly Service Charges and other fees not paid when due will be subject to reasonable delinquency charges. Under the Pledge Agreement, the Cooperative will have the right to foreclose its security interest in the share of the delinquent Resident Shareholder and to terminate the Residency Agreement and Proprietary Lease of such Shareholder.

1.3. Failure of a Resident Shareholder to pay outstanding amounts within fifteen days after any Monthly Service Charges or other fees become due will constitute a default under such Shareholder's Residency Agreement and Proprietary Lease. If collection proceedings are undertaken, the Shareholder will be liable for all costs of collection, including reasonable legal fees and expenses.

1.4. The Monthly Service Charge and any charges for extra services that may be requested by Resident Shareholders will increase as and when the costs of operation, maintenance, management and repair and other costs increase. By way of example, if real estate taxes assessed with respect to The Village increase or the costs of maintaining the grounds, the structures or the equipment which are a part of, and the utility services for, The Village increase, the Monthly Service Charge will be increased to enable any such increase to be paid. These charges are reviewed not less frequently than annually by the Board of Directors. Additional information concerning the Monthly Service Charge and other fees is set forth in Exhibit A attached.

2. Community Fee. A Community Fee (the "Community Fee") in the amount of two percent (2%) of the purchase price of the share is payable by a Resident Shareholder to the Cooperative at the time a Resident Shareholder acquires a share in the Cooperative and enters into a Residency Agreement and Proprietary Lease with respect to an Apartment or Garden Home in The Village. The Community Fee paid with respect to any Apartment or Garden Home shall not be refunded by the Cooperative. (For shares purchased between January 31, 2007 and December 31, 2007, only, the applicable Community Fee was \$5,000.00 and this amount is refundable by the Cooperative, without interest, at such time as the applicable share in the Cooperative is sold. These terms are applicable only to shares purchased between January 31, 2007 and December 31, 2007.)

3. Stock Transfer Fee and Reserve Fund Fee. As described in Section G below, a Stock Transfer Fee and a Reserve Fund Fee are due and payable by a selling Resident Shareholder upon the sale of a share of stock in the Cooperative. A Reduced Stock Transfer Fee and Reduced Reserve Fund Fee is payable when a Resident Shareholder is selling a share in order to live in another Independent Living Apartment or Garden Home at The Village as a Resident Shareholder. No Stock Transfer Fee or Reserve Fund Fee is due on account of any sales of Cooperative shares owned by the Sponsor Shareholder. See Section G for terms and conditions applicable to the Stock

Transfer Fee and the Reserve Fee, including the Reduced Stock Transfer Fee and the Reduced Reserve Fund Fee.

4. Maximum Fees. The aggregate amount payable by a selling Resident Shareholder for (x) the Community Fee (except to the extent such Community Fee is to be refunded to the Resident Shareholder), (y) the Stock Transfer Fee and (z) the Reserve Fund Fee, shall not exceed one percent (1%) of the gross purchase price paid by the Resident Shareholder for such share multiplied by the number of months that the Resident Shareholder owned the share. If that aggregate amount exceeds this 1% per month limitation, then the Stock Transfer and the Reserve Fund Fees shall be reduced proportionally. This paragraph shall not apply in the case of a Resident Shareholder who is selling a share in order to live in another Independent Living Apartment or Garden Home at The Village as a Resident Shareholder.

5. Changes in Cooperative Charges and Fees. The Board of Directors of the Cooperative has authority under the Cooperative's Articles of Organization and By-Laws to set the charges and fees payable by Resident Shareholders, including the Monthly Service Charge, the Community Fee, the Stock Transfer Fee and the Reserve Fund Fee, and to impose new, increased or modified charges and fees as the Board deems necessary. In addition, the By-Laws provide for the imposition of special assessments if, as and when determined to be necessary by the Board of Directors. The Board's practice has been to review and establish such fees and charges annually. See Exhibit A for additional information concerning current charges and fees.

G. SALE OF INTEREST IN THE COOPERATIVE

1. Not Lifecare. Unlike occupants of lifecare or endowment housing communities in which occupants do not possess an ownership interest such as a share of stock in the Cooperative, Shareholders at The Village are able to sell their shares to prospective Resident Shareholders who meet the criteria for occupancy, and retain all of the sales proceeds, after payment of applicable fees. Accordingly, neither a Resident Shareholder nor his/her estate is entitled to the refund of any portion of the purchase price paid by such Resident Shareholder for the share.

2. Financial Ability. A prospective Resident Shareholder must be financially able to pay the purchase price for a share of stock in the Cooperative and the Monthly Service Charge and any extra charges expected to be incurred by such prospective Resident Shareholder in order to purchase a share and become and remain a Resident Shareholder of The Village. A failure of a Resident Shareholder to meet his/her obligations under his/her Proprietary Lease and Residency Agreement can result in the sale of such Resident Shareholder's share and the cessation of the right to occupy the Apartment or Garden Home in The Village.

3. Stock Transfer Fee. A Stock Transfer Fee will be due and payable by the selling Resident Shareholder to the Cooperative upon the sale of a share by a Resident

Shareholder in an amount equal to the lesser of (a) 1% of the gross proceeds of sale for each month a Resident Shareholder owns a share, or (b) 10% of the gross proceeds of such sale. Effective January 1, 2016, the Cooperative entered into an agreement with the Sponsor reducing the portion of the Stock Transfer Fee to be remitted to the Sponsor to 45% of the Stock Transfer Fees collected. The transfer fee for transfer of the license to covered parking spaces is \$500.00. No Stock Transfer Fees or parking license transfer fees are due on account of any sales of Cooperative shares or transfers of parking licenses owned by the Sponsor Shareholder.

4. Reduced Stock Transfer Fee. A reduced Stock Transfer Fee will be charged for any Resident Shareholder who is selling a share in order to live in another Independent Living Apartment or Garden Home at The Village as a Resident Shareholder, in an amount equal to the lesser of (a) 1% of the gross proceeds of such sale for each month the Resident Shareholder owns a share, or (b) 5% of such gross proceeds of sale. The Stock Transfer Fee will not be reduced for a Resident Shareholder who ceases to be a Resident Shareholder or who moves to an ALA.

5. Reserve Fund Fee. In addition to the Stock Transfer Fee, a Reserve Fund Fee will be due and payable by the selling Resident Shareholder to the Cooperative upon the sale of a share by a Resident Shareholder, in an amount equal to five percent (5%) of the gross sale proceeds from the sale of the Resident Shareholder's share. No Reserve Fund Fee is due on account of any sales of Cooperative shares owned by the Sponsor Shareholder.

6. Reduced Reserve Fund Fee. A reduced Reserve Fund Fee will be charged for any Resident Shareholder who is selling a share in order to live in another Independent Living Apartment or Garden Home at The Village as a Resident Shareholder, in an amount equal to two and one half percent (2½%) of the gross proceeds of such sale. The Reserve Fund Fee will not be reduced for a Resident Shareholder who ceases to be a Resident Shareholder or who moves to an ALA.

7. Until the sale of a Resident Shareholder's share, the Resident Shareholder will be responsible for the payment of the Monthly Service Charge. A vacancy credit (more fully described in Exhibit A) will be applied as appropriate.

8. All outstanding charges and fees related to the applicable Apartment or Garden Home must be paid prior to the sale of a Resident Shareholder's share, including any unpaid Monthly Service Charges, charges for other services or Community Fee as described in Section F.

9. In the case of a gift of a share by a Resident Shareholder or other non-arm's length transfer, the Community, Stock Transfer and Reserve Fund Fees will be determined based on the Cooperative's good faith estimate of the fair market value of the applicable Independent Living Apartment or Garden Home.

H. BAY PATH AT DUXBURY NURSING AND REHABILITATION CENTER

1. The 120-bed Bay Path at Duxbury Nursing and Rehabilitation Center (“Bay Path”) is located immediately adjacent to The Village but is neither owned by nor a part of The Village or the Cooperative. In operation since 1984, Bay Path provides short term and long term nursing and rehabilitation care. Although Bay Path provides care to non-residents of The Village, Bay Path has assured the Sponsor and the Cooperative that, subject to the availability of a bed and compliance with then applicable admissions criteria and to the extent allowed by law, each Resident Shareholder has a priority right of admission to Bay Path. There is no guarantee that a bed will be available at Bay Path at the time a Resident Shareholder desires to be admitted.

2. No part of the purchase price for a share of stock in the Cooperative or of any Monthly Service Charge or other charges payable by a Shareholder to the Cooperative is payable to or received in consideration of admission to Bay Path or services provided by Bay Path or any other nursing home. All arrangements for a nursing home admission and care are made by and between the Resident and the nursing home, including arrangements for payment of the nursing home's charges.

I. FINANCING

1. The construction of The Village was made possible through financing provided by several institutional lenders. These financings have been repaid in full and all mortgage liens associated with these financings and affecting the Cooperative’s assets have been discharged.

2. The Sponsor anticipates that development and construction of the four Additional Garden Homes will be financed by a mortgage loan with an institutional lender secured by a mortgage on the leasehold interests held by the Sponsor in connection with the four Additional Garden Homes. The Sponsor further anticipates that, upon completion of construction of each of the four Additional Garden Homes and their transfers to Residents meeting applicable residency requirements and incorporation into The Village and the Cooperative, this financing will be repaid and the four Additional Garden Homes will be released from the mortgage lien associated with this financing.

3. In February 2012, the Cooperative entered into an amended and restated loan agreement with South Shore Savings Bank in the amount of \$2,030,000. This financing (the “2012 Cooperative Financing”) consisted a five year term loan in the principal amount of \$2,030,000 to refinance existing debt and to fund certain capital improvements. The loan bears interest at a rate of 5.25%, is secured by a mortgage and rent payments, and is payable in monthly installments of principal and interest, and matures on February 16, 2017.

4. In March 2016, the Cooperative closed on a term loan from South Shore Bank (formerly South Shore Savings Bank) in the amount of \$3,390,000 that refinanced the outstanding balance of the above mentioned loan of \$2,030,000 and provided for

additional funds of up to \$1,600,000 for capital expenditures. The interest rate on this new loan is 4.90%, it is secured by the property and rental payments, will be payable in monthly installments of \$22,186 including interest, and will mature in seven years. The Cooperative will be required to maintain a debt service ratio of 1.25, as defined in the loan agreement.

5. In February of 2012, the Cooperative increased its line of credit from \$150,000 to \$500,000. This line of credit is used to fund the deferred service fee program. The loan is secured by assets of shareholders who have deferred the payment of their monthly fees. The line of credit requires monthly payments of interest only at the “Base Rate”, plus 1%.

J. ADDITIONAL PROVISIONS

1. Fees. The fees required to become and remain a Resident of The Village are the payment of the purchase price for a share of stock, the payment of the one-time Community Fee, and the payment of the Monthly Service Charge and any charges for extra services desired by a Shareholder. In addition, as described above, a Stock Transfer Fee and a Reserve Fund Fee are due and payable by the selling Resident Shareholder upon the sale of a share of stock in the Cooperative. If an Apartment or Garden Home is occupied by two individuals, then a Monthly Service Charge for two individuals must be paid. A Resident Shareholder who fails to timely pay the Monthly Service Charge or such extra charges so incurred will be subject to the exercise by the Cooperative of its rights and remedies as the secured party and holder of a security interest in the share of stock owned by such Shareholder Resident under the Pledge Agreement, and among those rights will be the right to cause such share to be sold in accordance with applicable law governing the rights of secured parties and to require the Resident Shareholder to leave The Village as and when such share is so sold. All fees and charges, including the Monthly Service Charge, the Community Fee, the Stock Transfer Fee, the Reserve Fund Fee and any extra charges may be adjusted by the Board of Directors when the Board of Directors deems it necessary.

2. Insurance. The Cooperative maintains casualty and public liability insurance. A summary of the insurance is available through The Village. Because accidents, thefts and damages to personal effects, as well as property damage attributable to Residents or their guests might occur, all Resident Shareholders are advised to carry liability and other appropriate insurance and to insure the contents of their Apartments and general liability at their own expense with an agent of their own selection.

3. Financial Matters. Attached as Exhibit B are certified financial statements of the Cooperative, including (a) a balance sheet as of the end of the Cooperative’s most recent fiscal year and (b) income statements for the Cooperative’s three most recent fiscal years. If this Disclosure Statement is being delivered more than ninety days after the end of the Cooperative’s fiscal year, Exhibit B also includes (c) the Cooperative’s interim

financial statements (uncertified) as of a date not more than ninety days before such delivery.

EXHIBIT A

[Disclosure Statement]

Monthly Service Charge

EXHIBIT B

[Disclosure Statement]

Cooperative's Financial Reports

Attached are certified financial statements of the Cooperative, including (a) a balance sheet as of the end of the Cooperative's most recent fiscal year and (b) income statements for the Cooperative's three most recent fiscal years. Furthermore, if this Disclosure Statement is being delivered more than ninety days after the end of the Cooperative's fiscal year, also attached are (c) the Cooperative's interim financial statements (uncertified) as of a date not more than ninety days before such delivery.