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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

IN RE: § Chapter 11
§
FRIENDSHIP VILLAGE OF § Case No.: 17-12470
MILL CREEK, NFP, d/b/a §
GREENFIELDS OF GENEVA, §
§
FEIN: 20-3300991, §
§
Debtor. § Hon. LaShonda A. Hunt

SECOND AMENDED DISCLOSURE STATEMENT IN SUPPORT OF THE
AMENDED JOINT PLAN OF REORGANIZATION UNDER
CHAPTER 11 OF THE BANKRUPTCY CODE

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Dated: September 18, 2017

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- Exhibit 1 Debtor's Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated September 18, 2017
- Exhibit 2 Projected amount payable by the Debtor, for each twelve-month period ending on November 30, for the payment of principal of (whether at maturity or by mandatory sinking fund redemption) and interest on each Series of Series 2017A and Series 2017B Bonds.
- Exhibit 3: Financial statements (unaudited) for the fiscal year ending on March 31, 2017.
- Exhibit 4: Financial statements (unaudited) for the period of April 1 – June 30, 2017.
- Exhibit 5: The Reorganized Debtor's financial projections. Exhibit 5A contains the pro-forma balance sheet assuming a restructuring transaction date of November 10, 2017. Exhibit 5B contains the projected income statement, balance sheet, cash flow statement and major underlying operating assumptions.
- Exhibit 6: Liquidation Analysis

IF YOU ARE ENTITLED TO VOTE TO APPROVE THE DEBTOR'S "AMENDED JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE" (THE "PLAN"), YOU ARE RECEIVING A BALLOT WITH YOUR COPY OF THIS "SECOND AMENDED DISCLOSURE STATEMENT IN SUPPORT OF THE AMENDED JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE" (THE "DISCLOSURE STATEMENT"). THE DEBTOR AND FSO URGE YOU TO VOTE TO ACCEPT THE PLAN.

EACH HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTOR ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN SHOULD READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING. NO SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN MAY BE MADE EXCEPT PURSUANT TO THIS DISCLOSURE STATEMENT AND BANKRUPTCY CODE SECTION 1125. NO HOLDER OF A CLAIM SHOULD RELY ON ANY INFORMATION RELATING TO THE DEBTOR, ITS PROPERTY OR THE PLAN OTHER THAN THAT CONTAINED IN THIS DISCLOSURE STATEMENT AND THE ATTACHED EXHIBITS.

THIS DISCLOSURE STATEMENT IS THE ONLY DOCUMENT AUTHORIZED BY THE COURT TO BE USED IN CONNECTION WITH THE PLAN. NO SOLICITATIONS FOR OR AGAINST THE PLAN MAY BE MADE EXCEPT THROUGH THIS DISCLOSURE STATEMENT.

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN. ALTHOUGH THE DEBTOR AND FSO BELIEVE AND HAVE MADE EVERY EFFORT TO ENSURE THAT THIS SUMMARY PROVIDES ADEQUATE INFORMATION WITH RESPECT TO THE PLAN, IT DOES NOT PURPORT TO BE COMPLETE AND IS QUALIFIED TO THE EXTENT IT DOES NOT SET FORTH THE ENTIRE TEXT OF THE PLAN, IF THERE IS ANY INCONSISTENCY BETWEEN THE PLAN AND THE SUMMARY OF THE PLAN CONTAINED IN THIS DISCLOSURE STATEMENT, THE PLAN SHALL CONTROL. ACCORDINGLY, EACH HOLDER OF A CLAIM SHOULD REVIEW THE PLAN IN ITS ENTIRETY.

SECTION 8.3 OF THE PLAN CONTAINS A PROVISION WHICH, IF THE PLAN IS CONFIRMED, WILL EFFECT A LIMITED RELEASE OF ANY CLAIMS WHICH CREDITORS (INCLUDING BOND HOLDERS) MAY HAVE OR ASSERT AGAINST THE DEBTOR, THE REORGANIZED DEBTOR, THE DEBTOR'S CORPORATE MEMBER, FRIENDSHIP SENIOR OPTIONS, AND OTHER PARTIES WHICH HAVE PARTICIPATED IN THE NEGOTIATION OF THE TERMS OF THE PLAN, THE DISCLOSURE STATEMENT OR, IN SOME CAPACITY, THE FINANCING ACTIVITIES WHICH ARE DESIGNED TO FUND THE PAYMENTS TO BE MADE TO CREDITORS UNDER THE PLAN, INCLUDING UMB BANK (AS THE MASTER TRUSTEE AND THE BOND TRUSTEE DEFINED IN THE PLAN), THE ILLINOIS FINANCE AUTHORITY (DEFINED AS THE "ISSUER" BY THE PLAN), AND CURRENT AND FORMER OFFICERS, DIRECTORS, MEMBERS OF THE ISSUER, ATTORNEYS AND ADVISORS (EACH IN THEIR REPRESENTATIVE

CAPACITIES) FOR ACTIONS (WITHOUT LIMITING THE GENERALITY OF THE LIMITED RELEASE PROVISIONS CONTAINED IN SECTION 8.3 OF THE PLAN) WHICH OCCURRED DURING OR IN CONNECTION WITH THE DEBTOR'S BANKRUPTCY CASE. THIS LIMITED RELEASE DOES NOT APPLY TO ANY EXECUTORY CONTRACT OR RESIDENCY AGREEMENT WHICH THE DEBTOR WILL ASSUME UNDER THE PLAN, AMONG OTHER MATTERS EXCLUDED.

IN ADDITION, SECTION 8.5 OF THE PLAN WOULD, IF THE PLAN IS CONFIRMED, CREATE AN INJUNCTION WHICH WOULD APPLY TO ALL CREDITORS AND PREVENT THEM FROM TAKING CERTAIN ACTIONS AGAINST THE DEBTOR, THE REORGANIZED DEBTOR AND THE RELEASED PARTIES. THESE RELEASE AND INJUNCTION PROVISIONS MAY AFFECT YOUR RIGHTS, AND YOU MAY WISH TO SEEK INDEPENDENT LEGAL ADVICE WITH RESPECT TO THE PLAN AND THE DISCLOSURE STATEMENT.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH BANKRUPTCY CODE SECTION 1125 AND BANKRUPTCY RULE 3016 AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAW OR OTHER APPLICABLE NON-BANKRUPTCY LAW. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING CLAIMS AGAINST THE DEBTOR SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH IT WAS PREPARED. THIS DISCLOSURE STATEMENT SHALL NOT BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE REORGANIZATION OF THE DEBTOR AS TO HOLDERS OF CLAIMS AGAINST THE DEBTOR.

IRS CIRCULAR 230 NOTICE: TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY HOLDERS OF CLAIMS OR EQUITY INTERESTS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE DEBTOR OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

THIS DISCLOSURE STATEMENT HAS NEITHER BEEN APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR

LIABILITY, STIPULATION OR WAIVER BUT RATHER AS THE DEBTOR'S STATEMENT OF THE STATUS OF THE RESPECTIVE MATTER.

ALL OF THE PROJECTED RECOVERIES TO CREDITORS ARE BASED UPON THE ANALYSES PERFORMED BY THE DEBTOR AND ITS PROFESSIONALS. ALTHOUGH THE DEBTOR HAS MADE EVERY EFFORT TO VERIFY THE ACCURACY OF THE INFORMATION PRESENTED HEREIN AND IN THE EXHIBITS ATTACHED HERETO, THE DEBTOR CANNOT MAKE ANY REPRESENTATIONS OR WARRANTIES REGARDING THE ACCURACY OF THE INFORMATION.

THE DEBTOR AND FSO RECOMMEND THAT CREDITORS SUPPORT AND VOTE TO ACCEPT THE PLAN. IT IS THE OPINION OF THE DEBTOR AND FSO THAT THE TREATMENT OF CREDITORS UNDER THE PLAN CONTEMPLATES A GREATER RECOVERY THAN THAT WHICH IS LIKELY TO BE ACHIEVED UNDER OTHER ALTERNATIVES FOR THE REORGANIZATION OR LIQUIDATION OF THE DEBTOR. ACCORDINGLY, THE DEBTOR AND FSO BELIEVE THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTERESTS OF CREDITORS.

I. INTRODUCTION

A. General.

The following introduction is qualified by the Joint Plan of Reorganization of Friendship Village of Mill Creek, NFP, d/b/a GreenFields of Geneva and Friendship Senior Options NFP as Debtor and Debtor-in-possession (the "Debtor") and Friendship Senior Options, NFP ("FSO") dated August 30, 2017 (the "Plan")¹ which is attached hereto as **Exhibit 1**, and the more detailed information and financial statements contained elsewhere in this document. The Debtor believes that confirmation and implementation of the Plan is in the best interest of creditors and that the Plan provides the best available alternative to creditors.

The Debtor owns a continuing care retirement community known as GreenFields of Geneva, consisting of (i) 147 independent living apartments, (ii) 51 assisted living apartments, (iii) 26 memory support assisted living apartments, (iv) 43 nursing beds, and (v) related common areas and parking (the "Campus" or sometimes, "GreenFields"). The Campus is managed by FSO, which is the Debtor's sole corporate member.

The Plan is a plan of reorganization. Under the Plan, the Debtor will make the payments described below to its creditors in full satisfaction of their claims against the Debtor. The Debtor will continue to own the Campus after the Effective Date of the Plan. The Debtor expects that the Effective Date of the Plan will occur on or about November 10, 2017. FSO, in consideration for a Five Million Dollar (\$5,000,000.00) capital contribution to the Debtor, will retain its ownership interest in the Debtor and its right to continue to manage the Debtor's business.

¹ All capitalized terms not defined herein shall have the meanings ascribed to them in the Plan.

All payments made by the Debtor to Creditors under the Plan will come from these sources: (a) a tax exempt bond issue made through the Illinois Finance Authority, which will be the source of a \$52.8 Million payment to be made by the Debtor to the Bond Trustee (as defined below) for distribution to Bond Holders; (b) a Five Million (\$5,000,000.00) contribution of new equity made by FSO to the Debtor; (c) the Debtor's operating cash on hand on the Effective Date of the Plan, net of reserves to pay Administrative Claims; and (d) entrance fees which were deposited by certain residents of the Campus into an escrow account (the "Escrow Account") pending the successful conclusion of this Case through a refinancing of the approximately \$100 Million of bond debt which now encumbers the Campus.

B. Treatment of Claims Under the Plan.

The Debtor's creditors fall into four categories:

- a. "Unclassified Claims" including Residents and certain former Residents of the Campus;
- b. "Bond Holders" whose claims are classified in Class 1 of the Plan;
- c. "Unsecured Priority Claims" which are classified in Class 3 of the Plan; and
- d. "Unsecured Nonpriority Claims" which are classified in Class 4 of the Plan.

Unclassified Claims, including Claims of Current and Former Campus Residents

"Unclassified Claims" include Administrative Claims, Priority Tax Claims and the U.S. Trustee Fees which, under the Bankruptcy Code, must be paid in full, in cash under a plan of reorganization. The "Unclassified Claims" also include the claims of current residents of the Campus ("**Residents**") and certain former residents of the Campus (or their estates) ("Former Residents") whose residency agreements with the Debtor ("Residency Agreements") have not yet been fully performed.

Under the Plan, Administrative Claims, Priority Tax Claims and the U.S. Trustee Fees will be paid by the Debtor in full and in cash promptly following the later of the Effective Date of the Plan or the date that those Claims become due. The Debtor estimates that it will owe approximately \$296,000.00 to the holders of Administrative Claims, Priority Tax Claims and the U.S. Trustee Fee on the Effective Date of the Plan.

With respect to **Residents** and **Former Residents**, the Debtor will "assume" pursuant to Section 365 of the Bankruptcy Code each and every Residency Agreement which is now in effect with Residents and Former Residents, and pay all funds, if any, which are due to those Residents or Former Residents, under the terms of their respective Residency Agreements.

Residents have, throughout the bankruptcy, received everything they were entitled to receive from the Debtor under the terms of their Residency Agreements and will continue to do

so after the Effective Date of the Plan. The Debtor does not anticipate that it will owe any funds to Residents following Plan confirmation.

Former Residents will receive a payment from the Debtor in the amount which is due to them under the terms of their respective Residency Agreements. This payment will be drawn from the Escrow Account. The Escrow Account had a balance of \$2,779,880.00 on August 30, 2017.

On or promptly after the Effective Date, an estimated 10 Former Residents (or their estates) which have already fulfilled the conditions of their Residency Agreements which entitle them to receive a refund of the refundable portion of their entrance fee deposits with the Debtor will receive those refunds, in the aggregate amount of \$1,414,060.17. The Debtor projects that another 19 Former Residents will receive entrance fee refunds aggregating \$3,995,041.01 promptly after the conditions occur which entitle them to receive such refunds.

All Unclassified Claims are unimpaired by the Plan. Accordingly, the holders of Unclassified Claims, including Residents and Former Residents, do not have the right to vote to accept or reject the Plan.

Bond Holders

The “Bond Holders” are the owners and holders of tax exempt bonds (the “Bonds”) which were issued by the Illinois Financing Authority in 2010 to provide funds for the construction and development of the Campus. The Bond Holders’ Claims are impaired by the Plan, and therefore, the Bond Holders have a right to vote to accept or reject the Plan.

The Bonds are widely held by both individuals and institutions which own or hold Bonds. The Debtor owes approximately \$100,000,000.00 to the Bond Holders (the “Bond Debt”). The Bond Debt is secured by first priority and perfected liens on the Campus held by UMB Bank, National Association, in its capacity as successor Bond Trustee under the Bond Indenture and as successor Master Trustee under the Master Trust Indenture (together, the “Bond Trustee”).

Under the Plan, the Debtor will make a payment to the Bond Trustee (for distribution to the Bond Holders under the terms of the bond indenture and trust agreements which are now in effect) of \$52.8 million, plus a portion of the Debtor’s cash held on deposit or drawn from an escrow account established to hold entrance fee deposits.

The Debtor estimates that under the Plan, the Bond Trustee will receive a payment from the Debtor (for the benefit of Bond Holders) on or before November 10, 2017 of approximately \$54,542,233.00 (exclusive of application of the Bond Trustee Funds). The Debtor estimates that the Bond Trustee will receive approximately 56% of its Allowed Class 1 Claim (which amount for this calculation includes the \$52.8 million (from the Series 2010 Refund Payment), plus cash provided by the Debtor on the Effective Date as well as the Bond Trustee Funds).

Unsecured Priority Claims

“Unsecured Priority Claims” include a handful of relatively small claims which the Debtor owes to taxing authorities for taxes which arose prior to the filing of the Case. Unsecured Priority Claims are also held by approximately 8 individuals (“Prospective Residents”) who paid small (\$1,000.00) “place-holding” deposits with the Debtor prior to the commencement of the Debtor’s Case, in order to reserve specific apartments or types of apartments in the Campus for their use, as those apartments become available. All Unsecured Priority Claims will be paid in full and in cash under the Plan. However, Prospective Residents may forego such payments and keep their “place-holding” deposits with the Debtor, if they choose.

All Unsecured Priority Claims are unimpaired by the Plan. Accordingly, the holders of Unsecured Priority Claims do not have the right to vote to accept or reject the Plan.

Unsecured Nonpriority Claims

“Unsecured Nonpriority Claims” consist of the claims of entities who are not Residents or Former Residents, which Claims are not entitled to “priority” payment under the Bankruptcy Code. Most of the holders of Unsecured Priority Claims are individuals and businesses which provided goods or services to the Debtor.

Under the Plan, FSO and the Debtor have the right to designate Executory Contracts which give rise to any Unsecured Nonpriority Claim for “assumption” pursuant to Section 365 of the Bankruptcy Code. The Debtor and FSO have expressed an intention to “assume” most if not all of the Executory Contracts which gave rise to Unsecured Priority Claims held by individuals and businesses which had current accounts with the Debtor at the time of the commencement of the Debtor’s Case. All holders of Unsecured Nonpriority Claims whose Executory Contracts are assumed by the Debtor will receive payment in full of the amounts due to them on or shortly after the Effective Date of the Plan. The Debtor estimates that it will assume the Executory Contracts of the holders of approximately 23 Unsecured Nonpriority Claims, and pay “Cure” payments of approximately \$95,144.99 to those holders in November of 2017.

Holders of Unsecured Nonpriority Claims whose Executory Contracts are not assumed by the Debtor will receive a payment from the Debtor equal to their pro-rata share of an amount equal to the value of the Debtor’s “Unencumbered Assets” which consist of three titled motor vehicles. The Debtor believes that the Unencumbered Assets have a value of \$30,937.74. The Debtor estimates that the handful of holders of Unsecured Nonpriority Claims whose Executory Contracts will *not* be “assumed” by the Debtor will receive a payment from the Debtor equal to approximately 2.5% of their Claims in November of 2017.

Further information concerning the treatment of creditors under the Plan is contained in the following Summary.

Summary of Classification and Treatment of Claims Under the Plan

<u>Class Description</u>	<u>Estimated Amount of Allowed Claims</u>	<u>Impaired</u>	<u>Treatment</u>
Class 1 – Series 2010 Bond Claims	Approx. \$100 Million	Yes	<p>This Class consists of the Bond Claim, which is payable to the Bond Trustee for the benefit of Bond Holders. The Bond Claim is an Allowed Claim. In full satisfaction of the Bond Claim, the Bond Trustee shall receive on the Effective Date (a) the Series 2010 Refund Payment; (b) all Cash of the Debtor that is on hand as of the Effective Date after the payment of Professional Compensation as set forth in Section 2.2 hereof and those Administrative Claims accrued before the Effective Date up to the amounts set forth in the Budget; and (c) a payment from the Escrow Account in the amount of \$366,600. In addition, the Master Trustee and the Bond Trustee may apply any and all of the Bond Trustee Funds in their possession as set forth in the Bond Documents free from the automatic stay imposed by Bankruptcy Code section 362(a), the injunction contained in this Plan, or any rights of the Debtor or the Reorganized Debtor. Such estimated distribution includes the Bond Trustee Funds. The Debtor estimates that the Bond Trustee will receive approximately 56% of its Allowed Class 1 Claim (which amount for this calculation includes the \$52.8 million (from the Series 2010 Refund Payment), plus cash provided by the Debtor on the Effective Date as well as the Bond Trustee Funds).</p>
Class 2 – Other Secured Claims	\$ 0	No	<p>This Class consists of all Secured Claims other than Series 2010 Bond Claims. Unless otherwise agreed by the holder of any Claim in this Class, each Allowed Other Secured Claim that has not been satisfied as of the Effective Date, in full and final satisfaction and discharge of and in exchange for each Allowed Other Secured Claim, will receive (a) deferred Cash payments from the Reorganized Debtor of a value, as of the Effective Date, equal to the holder’s Allowed Other Secured Claim; (b) payment in Cash from the Reorganized Debtor in full on the later of: (i) the third (3rd) Business Day after the Effective Date or as soon as reasonably practicable thereafter as determined by the Disbursing Agent; and (ii) the date on which there is a Final Order allowing such Claim; or (c) reinstatement and otherwise left unaltered the legal, equitable and contractual rights to which the holder of such Claim is entitled in accordance with Bankruptcy Code section 1124. Debtor does not believe that there are any presently valid Class 2 Secured Claims.</p>

<u>Class Description</u>	<u>Estimated Amount of Allowed Claims</u>	<u>Impaired</u>	<u>Treatment</u>
Class 3 – Unsecured Priority Claims	\$11,000.00	No	This Class consists of Claims that are specified as having priority under Bankruptcy Code section 507(a), if any such Claims still exist as of the Effective Date. Unless otherwise agreed by the holder of any Claim in this Class, each Allowed Claim under Bankruptcy Code section 507(a), which has not been satisfied as of the Effective Date, in full and final satisfaction and discharge of and in exchange for each Allowed Unsecured Priority Claim, will receive from the Reorganized Debtor: (a) deferred Cash payments of a value, as of the Effective Date, equal to the Allowed Priority Claim or (b) payment in Cash in full on the later of: (i) the third (3rd) Business Day after the Effective Date or as soon as reasonably practicable thereafter as determined by the Disbursing Agent; and (ii) the date on which the Claim is Allowed.
Class 4 – Unsecured Nonpriority Claims	\$1.2 MM (including disputed claims)	Yes	This Class consists of all nonpriority unsecured claims against the Debtor. Except to the extent that a holder of an Allowed Unsecured Nonpriority Claim agrees to a less favorable treatment, in full and final satisfaction and discharge of and in exchange for each Claim, each holder of an Allowed Unsecured Nonpriority Claim will receive payment in Cash of their pro rata share of the Unencumbered Assets on the latest of (a) the third (3rd) Business Day after the Effective Date or as soon as practicable thereafter as determined by the Disbursing Agent, (b) the date such Allowed Unsecured Nonpriority Claim becomes due and payable in the ordinary course of business, and (c) as otherwise agreed to by the Debtor and the holder of such Claim, and (d) the Date such Claim is Allowed. The Debtor reserves its rights, however, to dispute the validity of any Unsecured Nonpriority Claim, whether or not objected to prior to the Effective Date. Notwithstanding the foregoing, no distributions shall be made in respect of any intercompany Claims, including but not limited to the FSO Claims.
Class 5 - Interests	\$0	No	This Class consists of all prepetition ownership interests in the Debtor. All Interests shall be affirmed, assumed and deemed Allowed by the Reorganized Debtor on the Effective Date. For the avoidance of doubt, the Interests of FSO, as the sole member of the Debtor, will not be impaired in any way by the Debtor's Chapter 11 Case or by this Plan, and that Interest shall continue to be the sole membership Interest in the Reorganized Debtor after the Effective Date.

C. Summary of Confirmation Requirements.

Under the Bankruptcy Code, only classes of claims that are “impaired” are entitled to vote to accept or reject the Plan. The Bankruptcy Code requires, as a condition to confirmation of a consensual plan of reorganization, that each impaired class of claims accepts the Plan. A class of creditors is deemed to accept a plan if the holders of at least two-thirds in dollar amount, and more than one-half in number, of those creditors that actually cast ballots, vote to accept such plan.

Liabilities incurred in the ordinary course of business by the Debtor since the Petition Date that are described in the Plan as Allowed Administrative Claims will be paid on the later of: (1) the third Business Day after the Effective Date; (2) the date on which such Person becomes the holder of an Allowed Administrative Claim; or (3) the date or dates on which that Claim is payable by its terms, consistent with past practice and in accordance with past terms. Holders of Administrative Claims will not be entitled to vote on the Plan.

Any Claims arising from the rejection of executory contracts and unexpired leases are treated under the Bankruptcy Code as if they arose before the filing of the Chapter 11 petition.

Any Claim in an impaired Class that is subject to a pending objection or is scheduled as unliquidated, disputed or contingent is not entitled to vote unless the holder of such Claim has obtained an order of the Bankruptcy Court temporarily allowing the Claim for the purpose of voting on the Plan.

D. Voting Instructions and Deadline.

The Debtor has prepared this Disclosure Statement as required by Bankruptcy Code section 1125 and Bankruptcy Rule 3016(c). It is being distributed to holders of Claims against the Debtor to assist such holders in evaluating the feasibility of the Plan, the manner in which their Claims are treated and in determining that the Plan satisfies the requirements for confirmation set forth in Bankruptcy Code section 1129. A copy of the Plan is attached hereto as **Exhibit 1**. The purpose of this Disclosure Statement is to assist those entitled to vote on the Plan to make an informed judgment in voting to accept or reject the Plan.

This Disclosure Statement is subject to the Bankruptcy Court’s approval, as containing information of a kind, and in sufficient detail, adequate to enable a hypothetical, reasonable investor typical of each of the Classes whose votes are being solicited to make an informed judgment with respect to the Plan.

THE BANKRUPTCY COURT’S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A DETERMINATION WITH RESPECT TO THE MERITS OF THE PLAN. ALL CREDITORS ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS EXHIBITS CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE TO ACCEPT OR REJECT THE PLAN.

This Disclosure Statement describes the background of the Debtor and the significant events leading up to and following the filing of the Chapter 11 Case on the Petition Date. It summarizes the major events that have taken place during the Debtor's Chapter 11 Case and describes the Plan, which divides creditor Claims into Classes and Interest and provides for the treatment of Allowed Claims and Interest.

1. General Information. Under the Bankruptcy Code, certain Classes of creditors are deemed to accept or reject the Plan and the vote of these Classes will not be solicited.

2. Unimpaired Classes Are Deemed to Accept the Plan and Do Not Vote. If a Creditor holds a Claim included within a Class that is not impaired under the Plan, under Bankruptcy Code section 1126(f), the Creditor is deemed to have accepted the Plan with respect to such Claim and its vote of such Claim will not be solicited. Classes 2, 3 and 5 are unimpaired under the Plan.

3. Claims Which Are Not Allowed. The Bankruptcy Code provides that only the holders of Allowed Claims are entitled to vote on the Plan. A Claim to which an objection has been filed is not an Allowed Claim unless and until the Bankruptcy Court rules on the objection and allows the Claim. If the Bankruptcy Court has not ruled on the objection or status of such a Claim, but the holder of a Claim wishes to vote, the holder of the Claim may petition the Bankruptcy Court to estimate its claim for voting purposes under Bankruptcy Rule 3018(a). Consequently, although holders of such Claims may receive ballots, their votes will not be counted unless the Bankruptcy Court, prior to the Voting Deadline, rules on the objection and allows the Claim or, on proper request under Bankruptcy Rule 3018(a) prior to the hearing on Confirmation, temporarily allows the Claim in an amount that the Bankruptcy Court deems proper for the purpose of voting on the Plan.

4. Voting and Record Date. If a Creditor holds a Claim classified in a voting Class of Claims under the Plan, the Creditor's acceptance or rejection of the Plan is important and must be in writing and filed on time. The record date for determining which creditors may vote on the Plan is Wednesday, September 20, 2017. The Voting Deadline is Monday, October 23, 2017 at 4:00 p.m. (prevailing Central Time).

a. How to Vote- IN ORDER FOR A VOTE TO BE COUNTED, THE BALLOT MUST BE PROPERLY COMPLETED IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND RETURNED (I) TO THE RESPECTIVE NOMINEES IN SUFFICIENT TIME TO ENABLE THE RESPECTIVE NOMINEES TO COMPLETE THE MASTER BALLOT AND DELIVER IT TO THE VOTING AGENT BY THE VOTING DEADLINE OR (II) TO THE VOTING AGENT BY THE VOTING DEADLINE, AS EACH IS APPLICABLE.

b. Ballots. Creditors must use only the ballot or ballots sent to them with this Disclosure Statement. If a Creditor has Claims in more than one Class, it should receive multiple ballots. IF A CREDITOR

RECEIVES MORE THAN ONE BALLOT THE CREDITOR SHOULD ASSUME THAT EACH BALLOT IS FOR A SEPARATE CLAIM AND SHOULD COMPLETE AND RETURN ALL OF THEM.

IF A CREDITOR IS A MEMBER OF A VOTING CLASS AND DID NOT RECEIVE A BALLOT FOR SUCH CLASS, OR IF SUCH BALLOT IS DAMAGED OR LOST, OR IF A CREDITOR HAS ANY QUESTIONS CONCERNING VOTING PROCEDURES, PLEASE CONTACT:

If you are a Bond Holder: Globic Advisors, Inc.
880 Third Avenue, 12th Floor
New York, New York 10022
www.globic.com/greenfields
Attn: Robert A. Stevens
1-800-974-5771
rstevens@globic.com

If you are a creditor (but not a Bond Holder):

Donlin, Recano & Company, Inc.
Re: Friendship Village of Mill Creek, NFP
P.O. Box 199043
Blythebourne Station
Brooklyn, NY 11219
www.donlinrecano.com/greenfields

or

Stahl Cowen Crowley Addis LLC
55 W. Monroe Street, Suite 1200
Chicago, IL 60603
Tel: 312-641-0060

Bruce Dopke, Member (ARDC # 3127052)
Kevin V. Hunt, Member (ARDC# 6283126)
email: bdopke@stahlcowen.com
email: khunt@stahlcowen.com

E. The Confirmation Hearing.

The Debtor has requested that the Bankruptcy Court schedule a hearing to consider confirmation of the Plan on Thursday, October 26, 2017 at 2:00 p.m. (prevailing Central Time), before the Honorable LaShonda A. Hunt, at the United States Bankruptcy Court, Northern District of Illinois, Eastern Division, Dirksen Federal Building, 219 S. Dearborn, Chicago, IL 60604. The Bankruptcy Court has ordered that objections, if any, to confirmation of the Plan be filed and served within the time and in the manner described in the Confirmation Notice and Order that accompany this Disclosure Statement. The date of the Confirmation

Hearing may be continued at such later time(s) as the Bankruptcy Court may announce during the Confirmation Hearing or any continued hearing without further notice.

If the Plan is confirmed by the Bankruptcy Court, it will be binding on all Claim holders regardless of whether an individual Claim holder has supported or opposed the Plan.

F. Definitions.

1. Defined Terms. As used in this Disclosure Statement, terms defined in the Plan annexed hereto and not otherwise specifically defined herein will have the meanings attributed to them in the Plan.

2. Interpretation of Terms. Each definition in this Disclosure Statement and in the Plan includes both the singular and the plural, and references in this Disclosure Statement include the masculine and feminine where appropriate. Headings are for convenience or reference and shall not affect the meaning or interpretation of this Disclosure Statement.

II. BACKGROUND INFORMATION

The Debtor is an Illinois not for profit corporation which was incorporated on July 20, 2005. The Debtor was formed for the purpose of constructing, owning and operating a senior living community known as GreenFields of Geneva (*i.e.*, the Campus). The Internal Revenue Service (the "IRS") issued a letter, dated December 6, 2006, stating its determination that the Debtor is a charitable organization as described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") and is, therefore, exempt from federal taxation under Section 501(a) of the Code.

Affiliated Entities

The Debtor is an affiliate of FSO, an Illinois not for Profit corporation and charitable organization described in Section 501(c) (3) of the Code. FSO has received a determination letter from the IRS that it is exempt from federal income taxation under Section 501(a) of the Code. FSO was founded in September of 2003 as an Illinois not for profit corporation to focus on existing and future operations, expand off-campus services, and/or new campus development. FSO is the sole corporate member of the Debtor and elects all voting members of the Debtor's Board of Directors (as hereinafter defined).

FSO also serves as the sole corporate member of Evangelical Retirement Homes of Greater Chicago, d/b/a Friendship Village of Schaumburg ("FVS"). Organized in 1974 by a group of Christian ministers and business people to fulfill the community's moral and social obligation to the elderly, FVS campus includes 28 independent living garden homes, 640 independent living apartments, 81 assisted living apartments, 25 memory support assisted living apartments and a 248 bed skilled nursing facility located on a 60-acre campus in suburban Schaumburg, Illinois, approximately 32 miles from downtown Chicago. FSO also serves as the sole corporate member of Friendship Village Neighborhood Services and Friendship Senior Service Foundation, NFP.

Board of Directors – The Debtor

The business affairs of the Debtor are governed by a voluntary Board of Directors (the “Directors” of the “Board”). The board is structured to consist of not less than five but no more than 10 directors, each of whom serves without compensation. Each Director is appointed by FSO and serves for a one year term in office.

Currently the Board consists of seven Directors, who are identified below:

<u>Name</u>	<u>Profession</u>	<u>Years of Tenure</u>
Ronald Ahlman	Retired, Director of Labor and Education Services for the Builder’s Association	6
Charles W. Cassell	Retired, Founding Partner Burnidge Cassell Associates, Architects	5
Tom Castronovo* Treasurer	Managing Director, Chief Marketing Officer PrivateBancorp	6
Geoffrey B Roehl* Secretary	Leader of Senior Living Studio Group at Hitchcock Design Group	4
Paul J Schaffhausen	Retired, Senior Federal tax Counsel for McDonald’s Debtor	1
Stephen B Smith	Retired Senior Vice President for Revenue Cycle Solutions, Accretive Health	1
Catherine Tardy* Chair	Vice President, Branch Sales Manager Baird & Warner	6

* Also a member of FSO’s Board of Directors

Current Management Team – FSO

The Debtor is managed by FSO, its corporate member. The individuals who have had management responsibility for the Debtor prior to the commencement of the Debtor’s Case will manage the Debtor’s affairs if the Court confirms the Plan and the Debtor exit chapter 11. Those individuals are identified below:

President and Chief Executive Officer. Mr. Stephen A. Yenchek has served as President and Chief Executive Officer of the Debtor and FSO since November 2009. He is responsible to the respective Boards of Directors of the Debtor and FSO for all day-to-day operations of both organizations. He formerly served as Senior Vice President to FSO since

2005 and Chief Operating Officer of the Friendship Village of Schaumburg since 1999 where he also served in the position of Vice President, Operations and Corporate Development since 1997. Mr. Yenchek is a 1976 graduate of Boston College with a B.S. majoring in Economics and Biology, and a Master of Health Administration from Duke University in 1978. He is a Certified Aging Services Professional from the Coalition for Leadership in Aging Services and served on their Board of Advisors. He is a frequent contributor to state and national organizations through their educational programs.

Vice President and Chief Financial Officer. Mr. Michael A. Flynn is a senior executive with over 34 years' experience, with 28 of those years in the long-term care field. Mr. Flynn rejoined FSO in 2012 to provide leadership and direction for all aspects of the financial operations for the parent and all affiliate organizations. Mr. Flynn currently serves as the Chair of the CARF/CCAC financial advisory panel. He has conducted surveys for CARF/CCAC for the past 28 years. He is a Retirement Housing Professional. He is past chair elect of the Leading Age Illinois Board, and a member of the Leading Age Illinois Finance Committee. Mike is a frequent speaker at national and state association meetings.

Executive Director. Throughout his distinguished career, James Holbrook has served the family and senior services industries in a variety of positions. In 2015, Mr. Holbrook was named Executive Director of GreenFields of Geneva. In this position, he provides leadership and has overall responsibility for the day-to-day operations of the community.

James Holbrook most recently served as Senior Vice President Corporate Operations at Lutheran Life Communities in Arlington Heights, Illinois. He began with Lutheran Life Communities in 2000 and previously held the titles of Administrator of Home and Services as well as Administrator of Community Services. Prior to joining LLC, Mr. Holbrook worked at Lutheran Child and Family Services, Lutheran Social Services of Illinois, Proviso Family Services, and Concordia University.

Vice President, Planning & Marketing. Ms. Patricia Mash has served as Vice-President of Planning and Marketing since March 2011. In this position, she leads the strategic planning, marketing, branding, communications and sales for Friendship Senior Options, Friendship Village of Schaumburg and GreenFields of Geneva. Ms. Mash is a graduate of Binghamton University with an MBA in Marketing and St. Lawrence University with a B.A. in Sociology. She is a Certified Marketing Professional.

Corporate Director of Risk Compliance and Accreditation. Ms. Linda Flaherty is an RN with a BS in Business Management and an MBA with progressive experience in risk management, patient safety, healthcare quality, compliance and management, accreditation and IDPH compliance. Her diverse background includes acute care, senior care, outpatient settings, and physician offices. She has worked for Resurrection Medical Center, Weiss Memorial Hospital, Care Centers (a long-term care management company), and as a consultant for Pendulum, LLC, a Risk Management Consulting firm.

The Campus

The Campus was developed as a continuing care retirement community (“CCRC”) offering independent living, assisted living, memory support assisted living and nursing services. The Campus, located in the Mill Creek master planned development, is surrounded by a golf course, park, school and residential neighborhood. Mill Creek is located in Geneva, Illinois in Kane County which is approximately 40 miles due west of downtown Chicago. The Campus is situated on approximately 14 acres of a 26 acre campus which includes a revitalized natural stream and is bordered by golf holes from one of Mill Creek’s two onsite golf courses.

The Campus offers a variety of living accommodations in a campus-like setting. Housing, Campus buildings and health care are blended together to create an attractive, supportive environment for Residents. In order to support independence and autonomy, special consideration is given to providing a Campus which does not create physical barriers that would limit Residents’ activities. Additionally, the Campus has common areas and facilities to support the living spaces in the Campus as well as the programming provided to residents. The Campus provides an underground parking garage as well as surface parking.

LIFE CARE AGREEMENTS

The Residency Agreements

The Residency Agreements govern the relationship between the Debtor and the Residents (and those Former Residents whose Residency Agreements have not been fully performed). In consideration for the payment of an entrance fee and monthly service fees, a Resident is entitled to independent housing, long term health care and a myriad of supportive services for the duration of his or her life. The Debtor has the right to adjust the monthly service fees which accrue under all Residency Agreements. Traditionally, fee increases are linked to increases in the cost of operation of the Campus.

Independent living apartments

The 147 Independent living apartments in the Campus are one and two bedroom configurations within a three-story building with a walk-out basement. The common areas, located on the first floor, include a multi-purpose room, creative arts center, great room, main dining room, café/bistro, private dining room, wellness/fitness center, business center/library, beauty salon/barber shop, residential storage, a mail alcove, and administrative offices.

Each of the Independent living apartments is furnished with window blinds, wall-to-wall carpeting (except in kitchen and bathroom (s)), a full kitchen with self-defrosting refrigerator and freezer with icemaker, range and oven, microwave oven, dishwasher, garbage disposal, washer/dryer, fire and smoke alarms, fire sprinkler system, emergency call system and individually controlled heating and air conditioning units. Some Independent living apartments also include a balcony or patio. Telephone and cable television jacks are also provided. All

utilities, except telephone, internet service and expanded cable television services, are included in the monthly service fee paid by the Residents to the Debtor (the “Monthly Service Fee”).

By entering into a Residency Agreement, a Resident may be entitled to ‘Life Care’ services provided by the Debtor at the Campus (the “Life Care Benefit”) based on the residency plan selected. In addition, underground garage parking spaces will be made available, based on availability, to residents in Independent living apartments.

Assisted Living Center

The Assisted Living Center consists of 51 assisted living apartments and 26 assisted living – memory support apartments. The assisted living apartments have been designed to foster the continued independence of Residents who require varying amounts of assistance with activities of daily living. The assisted living apartments are private apartments with kitchenettes and full baths and are furnished with amenities similar to the Independent living apartments, but do not include the kitchen range with oven, dishwasher, or washer and dryer. The Assisted Living Center’s common areas includes a lobby, lounge, multipurpose room, library, dining room and administrative and support areas. There is a separate entrance, shared with the Health Center, to the Assisted Living Center as well as access from the independent living apartments through the building connections.

The assisted living – memory support apartments include private suites with full baths that are furnished with amenities similar to the Assisted living apartments, but without kitchenettes. The assisted living - memory support apartments have secured access and separate common areas which include similar amenities as the Assisted Living Center common areas.

Admission to the Assisted Living Center will be provided for Residents of the Campus in accordance with the terms of the Residency Agreement. The Assisted Living Center will be available for occupancy by persons other than Residents of the Campus (“Direct Admit Residents”). Direct Admit Residents will be admitted, pursuant to the terms of a separate admissions agreement, on an as-available basis to the extent the assisted living apartments or Memory Support units are not required to accommodate Residents of the Campus. Direct Admit Residents will have the option of paying a monthly service fee (the “Direct Admit Monthly Service Fee”) but no entrance fee and have access to the Health Care Center only by paying the per diem rate charged by the Debtor as described below, or an entrance fee program is also available that provides a discount on the daily assisted living and health care rate.

Health Center

The Health Center consists of a total of 43 private nursing rooms of 315 square feet each. Health Center common areas will include administrative, service and support areas, resident dining, activity, lounge, therapy and bathing areas. There is a separate entrance shared with the Assisted Living Center, as well as access to and from independent living apartments through building connections.

The Health Center is available for occupancy by Residents who transfer from another level of care when their physical condition so requires. Direct admissions are also available into the Health Center. Direct Admit Residents will be admitted on a per-diem basis. The per-diem

private pay rate for Direct Admit Residents is currently at \$424 per day. Medicare direct admissions are also available into the health care center.

REGULATION OF FACILITIES

Management has secured all licenses and permits necessary to operate the regulated components of the Campus.

Regulation of Life Care Facilities

Life care agreements, entrance fees paid thereunder and other aspects of operations are subject to regulation by the State of Illinois Department of Public Health (referred to under this heading as the “Department”) pursuant to the Illinois Life Care Facilities Act (referred to under this heading as the “Act”), set forth at Chapter 210, Section 40 of the Illinois Compiled Statutes. The Act provides that no person may enter into a life care contract as a provider, or as a provider extend the term of an existing life contract except pursuant to a permit obtained in accordance with this Act. The Debtor has received such a permit.

Licensure

Assisted living facilities require licensure from the Department. Assisted living facilities, provide residential living accommodations, communal meals and concierge services. In addition, assisted living facilities usually offer or arrange for some personal care assistance, including bathing, dressing and ambulating.

The Debtor is the subject of regular inspections by the Department. The Debtor passed its most recent inspection (a November 2016 inspection of its assisted living and memory care apartments) with no deficiencies. On August 19, 2016 IDPH completed its annual survey and found only 3 minor deficiencies, and no licensure violations.

The Debtor's history of patient care.

The Debtor has a superb record when it comes to resident care. There have been no reportable incidents involving residents of assisted living apartments, memory care apartments or skilled nursing units in the past twelve months that have resulted in licensure violations. Since the Campus opened in 2012, there have only been two reportable incidents, which resulted in three licensure deficiencies (all of which were immediately addressed and corrected). The quality of care offered to the residents of the Campus is notable by several accomplishments. Debtor's skilled nursing operation has a 5-Star rating by the Centers for Medicare and Medicaid Services, and has the best patient outcomes as noted by the Northwestern Delnor Accountable Care Organization (ACO). The Debtor achieved accreditation from the Commission on Accreditation of Rehabilitation Facilities more quickly than any other community upon opening in the United States. The Debtor has been recognized as the best Senior Living Community by the Daily Herald's Reader's Choice Awards for the past 3 years and one of the best Senior Living Community by the Kane County Chronicle.

EVENTS LEADING TO BANKRUPTCY

Financing Issues

When the Campus was built in 2010, it was financed through tax exempt bond financing approved by the Illinois Finance Authority. The approved financing plan was based upon best practices in the financing of new Continuing Care Retirement Communities, including an independent third-party feasibility study, a comprehensive market assessment, attainment of seventy-five percent apartment pre-sales and a guaranteed maximum price construction contract.

The Debtor's initial financing plan established reserve funds to carry the development of the Campus through the construction phase, the opening of the Campus and the projected time needed to allow the Campus to reach self-sustaining occupancy levels. However, unexpected construction challenges (described below) resulted in a delayed opening in both independent living and later in Health Center. These delays altered the occupancy timelines upon which the Debtor's initial financial projections were based. These difficulties were compounded by Debtor's need to spend significant additional funds to correct construction deficiencies which consumed the Debtor's financial reserves at a rapid rate and necessitated the expenditure of considerable funds for arbitration and litigation to recover these extraordinary expenditures. These delays required the Debtor to spend an additional \$4 million to remarket the Campus to replace lost sales. The Debtor has addressed the physical problems caused by the construction deficiencies, but the resulting liquidity issues had had a domino effect, leaving the Debtor unable to service its secured debt.

Compounding the foregoing issues, the Debtor faced severe market conditions in the housing market at the time that the Campus opened on April 23, 2012. The disruptions in the housing market made it difficult for prospective residents of the Campus to sell their own homes in order to raise the funds needed to pay the entrance fees which they were required to pay to the Debtor under the terms of their Residency Agreements. All of the foregoing problems combined to create a perfect storm which, even the best managed CCRC properties could not overcome without a substantial source of new financing or a restructuring of the Bond Debt which encumbered the Campus to affordable levels.

The Debtor's decision to file this Case was not the result of any care-based issues for its Residents. Rather, this case was filed because the Debtor could not maintain the levels of service to its Residents, *and* properly maintain the Campus (and remediate additional physical conditions at the Campus described below, which came to light in 2015 – 2016), while paying debt service on \$100 Million of Bond Debt which carried interest rates of up to 8.5% per annum. The Plan, which the Debtor and FSO ask creditors to support, is primarily designed to replace the Bond Debt with a new long term debt structure which can be feasibly supported by the Campus' operations, and thereby allow the Debtor to continue to provide the services and benefits which Residents of the Campus are entitled to receive.

Construction and Remediation Issues At The Campus

In August of 2011, prior to the completion of construction of the Campus, water vapor intrusion was discovered in parts of the cavity of the exterior and interior walls of the Campus.

The problem was found to affect 75 independent living apartments in the North and West wings of the building, as well as 6 assisted living apartments, 16 assisted living memory support apartments and 16 skilled nursing units. This condition was addressed by removing drywall from the interior walls of the affected units (removing mold, where present) and reconstructing the interior and exterior walls of the building using conforming materials. The remediation of this condition was completed by January 2012.

Ultimately, GreenFields initiated litigation against certain contractors and the architect involved with the initial construction of the campus. That litigation remains pending.

In May of 2015 it was discovered by observation that the plumbing stacks within the Campus walls were showing signs of significant shifting. Upon engineering observation and verification it was determined that the plumbing stacks were being constricted by the drying of the wood frames that the stacks pass through. The constriction of the stacks resulted in cracking of the PVC stack requiring replacement of the stack and installation of a flexible coupling. To date 10 of the 74 stacks have been repaired at a cost to date of \$16,167.36. To date the problem has been confined to the upper portions of the building and to management's knowledge no sewage leakage or contamination of living and work spaces has occurred at the Campus.

In January of 2016 a contractor hired to clean out conduit in an independent living apartment ceased cleaning because of the discovery of possible mold in the conduit. Upon further investigation and testing by a qualified environmental consultant it was confirmed that there was mold in the conduit. The mold was determined to be of common types typically found outdoors. Through further investigation observable mold growth was identified in the VTAC closet and moisture was detected coming through the outside air return and was entering the supply ducts which were lined with insulation. In addition it was determined that the condensate drain lines attached to the VTAC units was not installed to specifications and this resulted in overflowing condensate lines.

Building operations proceeded to visually check every VTAC closet throughout the community. Visual signs of mold were discovered in additional units. Upon testing and recommendations from engineers it was determined that the best way address the problem was to remove the supply ducts and insulate them from the outside, remove the VTAC and change the insulation, seal up the outside air intakes and install condensate lines to meet specifications with auto shutoff valves. In addition it was decided to obtain and test surface samples in every unit. Upon getting results of this testing in mid-May it was determined that mold was evident in every unit that had a VTAC. Air samples were taken in common areas as well and those test results revealed no mold concerns in all the common areas of the Campus.

The Debtor has addressed the mold growth issue in units by temporarily relocating residents out of their units and completing the process as described above. The Debtor estimates that the total cost of the mold growth remediation at GreenFields will be \$4,464,193.00 of which approximately \$1,250,000 has been spent to date.

In the summer of 2016, the Debtor's management became aware of yet another issue which may or may not have an impact on the mold growth conditions noted above. As part of

the Debtor's continuing investigation of the conditions noted above and preventative maintenance, the Debtor became aware that individual VTACs which were installed in 271 units and locations throughout the campus were non-conforming (per original design specifications) and were of a design which could exacerbate the mold growth conditions at the campus. Because of the design of these VTACs many are failing and the Debtor has been informed that replacement of all VTAC units will be required in the near future at an estimated cost of \$500,000.

In addition there is another condition which should be noted which is the deterioration of the decorative brick and concrete of the terrace which has an estimated cost of \$65,000-\$75,000 to correct.

The Decision to Market The Campus For Sale or Other Disposition

On November 10, 2016, approximately five months before the commencement of the present Chapter 11 case, the Debtor and the Bond Trustee entered into an agreement (the "Forbearance Agreement") which reflected, among other things, the parties' agreement that the Campus and certain of the Debtor's other assets (collectively, the "Assets") should be marketed and offered for sale under a process which was specifically described in that agreement (including the sale process to be conducted in this Case, the "Sale Process").

The Forbearance Agreement required the Debtor to retain an investment banking or brokerage firm to implement the Sale Process. On October 25, 2016, the Debtor selected Aaron Rulnick and H.J. Sims & Co., Inc. ("Sims") to perform this service, from a list of three firms provided by the Bond Trustee.

Sims prepared an initial offering document and established a data room for third parties to conduct due diligence concerning the Assets. After completing the marketing materials and assembling the data room, Sims went out to market on November 22, 2016 and contacted more than 90 potential parties as potential acquirers of the Assets. The Sale Process contemplated that Sims would encourage all interested parties to submit an initial bid for the Assets in December of 2016. Parties who submitted contending bids, after additional due diligence, would have an opportunity to submit a second bid. That second bid would have the potential to be designated as an "initial" bid which would be presented to this court (after the commencement of the present Case) as an initial bid in a public auction conducted pursuant to 11 U.S.C. §363 or in a plan of reorganization, depending on the requirements of the high bid.

Sims completed or assisted in the following tasks related to the implementation of the sales process which occurred before this Case commenced:

- by November 4, 2016, Sims prepared a preliminary list of prospective purchasers, an initial draft of a confidential information memorandum concerning the Campus and an initial draft of a form confidentiality agreement which prospective bidders were to sign in order to gain access to detailed information concerning the Campus;

- by November 22, 2016, Sims finalized its list of prospective purchasers, distributed a summary sale “teaser” to more than 90 prospective purchasers, finalized the confidential information memorandum and the form of confidentiality agreement, and completed the assembly of a digital “data room” which could be accessed by prospective purchasers;
- by December 22, 2016, Sims received five first round bids from prospective purchasers;
- by December 23, 2016, a special committee of the Debtor’s board which was previously formed to have exclusive governance authority over the Sale Process (the “Special Committee”), after consultation with Sims, identified three candidates from the first round of bidding who would be invited to participate in site visits at the Campus;
- on January 10 and 11, 2017, Sims led site visits at the Campus for two of the three bidders for the Campus (the third bidder was FSO, which did not require a site visit); and
- by January 20, 2017, Sims received final bids from the finalists.

Prior to the commencement of the this Case, the Special Committee of the Debtor, designated the bid which was made by FSO to be the “initial bid” in the portion of the Sale Process which was scheduled to occur after this Case was filed. Specifically, the Sale Process contemplated that once the “initial bid” was designated by the Special Committee, the Debtor would, among other things, prepare and commence this Case and ultimately present the “initial bid” as the first bid in a competition in which the highest bid would have the right to acquire (or retain) the Assets either by means of an auction conducted under Section 363 of the Bankruptcy Code, or through under a plan of reorganization co-sponsored by the Debtor and the successful (and high) bidder. After the Debtor’s bankruptcy case commenced, and after the Court approved Sims’ retention, Sims continued to perform its duties under the Retention Agreement, including:

- generally continuing Sims’ efforts to market the Campus and encourage new bids or raised bids from qualified entities interested in purchasing the Campus;
- On April 23, 2017, the preliminary Bid Procedures were sent directly to the organizations that had submitted bids in the pre-chapter 11 rounds of bidding;
- Follow up calls were placed that week to the first round bidders;
- On April 24, 2017, an email blast was sent to over 90 prospective bidders announcing that the Debtor had filed a Chapter 11 case and that the preliminary Bid Procedures and other information regarding the Debtor could be accessed via the data room once a confidentiality agreement was executed. Throughout this process, the list of prospective bidders grew to over 110;
- Direct calls were placed the week of April 24, 2017 to investment bankers at Ziegler Capital Management, BB&T, Cain Bros. and Piper Jaffray to raise awareness of bid process, offer to walk through the Bid Procedures, and determine if those firms had clients who may be interested in bidding;

- On May 19, 2017, an email blast was sent to the universe of prospects indicating that the Court had approved the Bid Procedures;
- On June 12, 2017, an email blast was sent to the universe of prospects as a reminder of the final bid submission deadline of July 19, 2017;
- On June 20, 2017, an email reminder was sent to representatives from the senior living investment banking firms as a reminder of the final bid submission deadline of July 19, 2017;
- On July 10, 2017, an email blast was sent to the universe of prospects and investment bankers as a final reminder of the bid submission deadline

After the commencement of the Case, Sims continued to maintain and update the electronic data room from which prospective bidders obtained information concerning the Campus. Thirty six (36) prospects signed the requisite confidentiality agreement and were granted access to the electronic data room between November 22, 2016 and June 27, 2017. Sims made follow-up calls to 116 prospects between June 9, 2017 and July 7, 2017 inquiring as to their interest in the acquisition opportunity. Sims researched and responded to all inquiries relating to the Assets from prospective bidders. Following the commencement of the Case, Sims showed the Campus to various prospective bidders.

As described in the Bid Procedures Motion, the Court established July 19, 2017 (the “Bid Deadline”) as the deadline for parties to submit bids for the purchase or other transfer of the Debtor’s assets. No bids were received by the Bid Deadline and therefore, as described more fully in the Bid Procedures Motion, the Debtor began to prepare the Plan, this Disclosure Statement and other documents needed to present FSO’s winning bid as the basis for the restructuring of the Debtor’s long term Bond Debt and for the successful completion of this Case.

Events Occurring In The Chapter 11 Case

This Chapter 11 Case began on April 20, 2017 and has proceeded rapidly to its current position. In late April and in May of 2017, the Court entertained and ultimately granted the following motions which were filed by the Debtor:

- a motion to retain Stahl Cowen Crowley Addis LLC as general bankruptcy counsel;
- a motion to retain Sims, as the investment banking firm with responsibility over the Sale Process;
- a motion to retain the firms of SOLIC Capital, LLC and SOLIC Capital Advisors, LLC (collectively, “SOLIC”) to provide financial advisory services and consulting services (relative to the Sale Process) to the Debtor;

- a motion to retain Donlin Recano & Co., Inc. to act as noticing agents with respect to creditors who are not Bond Holders and provide certain other services;
- a motion to retain Globic Advisors as the Debtor's Bondholder noticing agent;
- a motion to provide adequate assurance of payment to the Debtor's utility vendors;
- a motion for the setting of bar dates by which creditors must file proofs of claim in this Case;
- a motion to authorize the Debtor to retain its depository accounts and utilize its existing cash management system;
- a motion to set administrative procedures for the filing of compensation requests made by retained professionals in this Case;
- a motion to excuse the appointment of a health care ombudsman in this Case;
- a motion to set bid procedures relative to the Sale Process, among other relief; and
- a motion for authority to provide adequate protection to the Bond Trustee's secured claim in the Debtor's property, and to use the Bond Trustee's cash collateral to pay the costs of administration in this case pursuant to a budget which was consented to by the Bond Trustee.

In June of 2017, the Debtor filed and the Court granted the following motions filed by the Debtor:

- a motion to set procedures for the deposit of entrance fees received from Residents who moved into the Campus after the Case commenced; and
- a motion to set procedures to govern the privacy interests of Residents and Former Residents of the Campus.

In August of 2017, the Debtor filed and the Court granted the following motions filed by the Debtor:

- a motion to extend the Debtor's exclusive periods to file a plan of reorganization and seek acceptances thereof; and
- a motion to schedule hearing and objection dates relative to this Disclosure Statement and related relief.

On August 31, 2017, the Debtor filed a motion to set procedures for the assumption and rejection of executory contracts and for related relief (the "Contracts Procedures Motion"). The Court granted that motion through its order entered on September 14, 2017.

No party filed written objections to any of the foregoing motions (although the Court has not set an objection date relative to the Contracts Procedures Motion). The Debtor attempted to accommodate concerns raised by parties in interest to this Case, which generally fostered a non-litigious, fast moving Chapter 11 case.

Operating Cash Transactions

The Debtor began this Case with approximately \$2,045,537 in its operating account. Through a combination of prudent financial management and a significantly lower than budgeted accrual of professional fee expense, the Debtor expects that it will have operating cash balances of approximately \$1,645,133.00 on the Effective Date of the Plan. After payment of Administrative Claims and Professional Compensation in accordance with the terms of the Plan the balance of such funds estimated to be approximately \$1,405,633.00 shall be paid over to the Bond Trustee.

Escrow Account

The Escrow Account contained approximately \$366,000.00 when this Case commenced on April 20, 2017. On July 30, 2017, the balance of the Escrow Account had increased to \$2,546,880.00. As noted above, following Confirmation of the Plan, the funds in the Escrow Account will be used to fund a payment to the Bond Trustee in the amount of \$366,000.00, as repayment of a pre-petition refund paid to a former Resident from the Bond Trustee's cash collateral. Following that payment, the next available funds will be used to pay refunds of entrance fees of approximately \$1.1. Million which are due to Former Residents (plus additional refunds which may become due, per the conditions of the Residency Agreements, between August 31, 2017 and the Effective Date. Any remaining balance in the Escrow Account, after the payment of the foregoing distributions, will be retained by the Reorganized Debtor.

Occupancy

As of July 30, 2017, occupancy at the Campus was at the following levels:

- 126 of 147 independent living apartments were occupied;
- 33 of 51 assisted living apartments were occupied;
- 15 of 26 assisted living – memory support apartments were occupied; and
- 42 of 43 skilled nursing units were occupied.

The foregoing occupancy levels (with the exception of skilled nursing) are below the comparable occupancy levels at the Campus on April 1, 2017 and April 1, 2016. The Debtor is confident that occupancy levels in will generally increase after the Debtor exits from chapter 11 and the uncertainties concerning the Debtor's future which arise from the Debtor's bankruptcy filing will be eliminated.

III. PLAN OF REORGANIZATION

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE, CLASSIFICATION, TREATMENT AND IMPLEMENTATION OF THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH IS ATTACHED TO THIS DISCLOSURE STATEMENT AS EXHIBIT 1.

A. Classification and Treatment of Claims Under the Plan.

The Claims against the Debtor is divided into Classes according to their seniority and other criteria. The Classes of Claims in the Debtor and the funds and other property to be distributed under the Plan are described more fully below.

THE DEBTOR AND FSO BELIEVE THAT THE PLAN AFFORDS CREDITORS THE POTENTIAL FOR THE GREATEST REALIZATION OF THE VALUE OF THE DEBTOR'S ASSETS.

B. Treatment of Administrative Claims, Tax Claims and Trustee Fees.

Certain Claims need not be classified under a plan pursuant to the Bankruptcy Code, including Administrative Claims and Priority Tax Claims.

1. Administrative Claims.

In accordance with Bankruptcy Code section 1123(a)(1), Administrative Claims have not been classified and are treated as described herein. Except as otherwise provided in this Plan, by written agreement of the holder of an Allowed Administrative Claim to accept different treatment than provided under this Plan, or by order of the Bankruptcy Court, a Person holding an Allowed Administrative Claim will receive Cash equal to the unpaid portion of such Allowed Administrative Claim which has come due for payment under any applicable order or law, as soon as practicable after the later of: (a) the third Business Day after the Effective Date; (b) the date on which such Person becomes the holder of such an Allowed Administrative Claim; or (c) the date or dates when that Claim is payable by its terms, consistent with past practice and in accordance with past terms. Allowed Administrative Claims shall only be paid in accordance with any Final Order of the Bankruptcy Court. The Debtor estimates that there will be approximately \$296,000.00 in Allowed Administrative Claims. Administrative Claims shall be paid by the Reorganized Debtor from Cash in the ordinary course. Without limiting the foregoing, the Reorganized Debtor shall be responsible for the fees and expenses of the Illinois Finance Authority.

2. Professional Compensation.

Professionals or other Persons asserting a Claim for Accrued Professional Compensation for services rendered before the Effective Date must request payment for such Professional Compensation no later than thirty (30) days after the Effective Date. All such applications be in the form required by the "Order Granting Debtor's Motion for Administrative Order Establishing Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals" which was entered by the Court on May 4, 2017 (Docket. 55,

hereafter, the “Fee Procedures Order”). Copies of such applications shall be served on the “Notice Parties” identified by that order, each of whom may object to any such final compensation applications within the time allowed by the Fee Procedures Order. The Court shall resolve any objections filed to any timely filed application for Professional Compensation. The Reorganized Debtor shall promptly pay any Allowed Claim for Accrued Professional Compensation from the reserves established for that purpose by this Plan, or, at its sole option, from funds of the Reorganized Debtor. For the avoidance of doubt, the Debtor shall be responsible for payment of the Professional Compensation payable pursuant to the Budget prior to the Effective Date, the Reorganized Debtor shall be responsible for payment of the holdback and other “end of case fees” as provided in the Budget.

Upon the Effective Date, any requirement that Professionals comply with Bankruptcy Code sections 327 through 331 and 1103 in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtor may employ and pay any professional for services rendered or expenses incurred after the Effective Date in the ordinary course of business without any further notice to any party or action, order or approval of the Bankruptcy Court.

3. Priority Tax Claims.

In accordance with Bankruptcy Code section 1123(a)(1), Priority Tax Claims have not been classified and are treated as described in this Section 2. Unless otherwise agreed by the holder of an Allowed Priority Tax Claim, any Person holding an Allowed Priority Tax Claim will receive from the Reorganized Debtor in full satisfaction of such Claim, payment in Cash in full on the later of the Effective Date or the date such Claim becomes due and payable in the ordinary course under applicable non-bankruptcy law. The Debtor estimates that there will be no Priority Tax Claims.

4. U.S. Trustee Fees.

U.S. Trustee Fees include all fees and charges assessed against the Debtor’s Estate under section 1930 of title 28 of the United States Code. All Trustee Fees will be paid in full by the Reorganized Debtor as they become due and owing.

C. Treatment of Classified Claims.

The Plan provides for certain Claims by Class, as provided in Bankruptcy Code section 1123(a)(1). The Classes established by the Plan and the treatment of each Class is set forth below. The Plan provides for certain general treatment provisions that, in addition to other generally applicable provisions (including distribution provisions described herein), apply to the treatment of all Claims under the Plan.

The Plan will not provide any distributions on account of a Claim to the extent that such Claim has been disallowed, released, withdrawn, waived or otherwise satisfied or paid as of the Effective Date, including, without limitation, payments by third parties. Except as specifically provided in the Plan, the Plan will not provide any distributions on account of a Claim, or Interest the payment of which has been assumed by a third party.

<u>CLASS</u>	<u>CLAIM</u>	<u>STATUS</u>	<u>VOTING RIGHTS</u>
1	Series 2010 Bond Claims	Impaired	Entitled to Vote
2	Other Secured Claims	Unimpaired	Deemed to Accept
3	Unsecured Priority Claims	Unimpaired	Deemed to Accept
4	Unsecured Nonpriority Claims	Impaired	Entitled to Vote
5	Interests	Unimpaired	Deemed to Accept

1. Class 1 — Series 2010 Bond Claims.

This Class consists of the Bond Claim, which is payable to the Bond Trustee for the benefit of Bond Holders. The Bond Claim is an Allowed Claim. In full satisfaction of the Bond Claim, the Bond Trustee shall receive on the Effective Date (a) the Series 2010 Refund Payment; (b) all Cash of the Debtor that is on hand as of the Effective Date after the payment of Professional Compensation as set forth in Section 2.2 hereof and those Administrative Claims accrued before the Effective Date up to the amounts set forth in the Budget; and (c) a payment from the Escrow Account in the amount of \$366,600. In addition, the Master Trustee and the Bond Trustee may apply any and all of the Bond Trustee Funds in their possession as set forth in the Bond Documents free from the automatic stay imposed by Bankruptcy Code section 362(a), the injunction contained in this Plan, or any rights of the Debtor or the Reorganized Debtor. The Debtor estimates that the Bond Trustee will receive approximately 56% of its Allowed Class 1 Claim (which amount for this calculation includes the \$52.8 million (from the Series 2010 Refund Payment), plus cash provided by the Debtor on the Effective Date as well as the Bond Trustee Funds). Class 1 is impaired by the Plan. The Bond Claim holder is entitled to vote to accept or reject the Plan.

1. Class 2 — Other Secured Claims.

This Class consists of all Secured Claims other than Series 2010 Bond Claims. Unless otherwise agreed by the holder of any Claim in this Class, each Allowed Other Secured Claim that has not been satisfied as of the Effective Date, in full and final satisfaction and discharge of and in exchange for each Allowed Other Secured Claim, will receive (a) deferred Cash payments from the Reorganized Debtor of a value, as of the Effective Date, equal to the holder's Allowed Other Secured Claim; (b) payment in Cash from the Reorganized Debtor in full on the later of: (i) the third (3rd) Business Day after the Effective Date or as soon as reasonably practicable thereafter as determined by the Disbursing Agent; and (ii) the date on which there is a Final Order allowing such Claim; or (c) reinstatement and otherwise left unaltered the legal, equitable and contractual rights to which the holder of such Claim is entitled in accordance with Bankruptcy Code section 1124. The Debtor estimates that the Allowed Class 2 Claims will be approximately \$ 0 on the Effective Date.

Class 2 is unimpaired by the Plan. Each holder of an Allowed Other Secured Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

2. Class 3 — Unsecured Priority Claims.

This Class consists of Claims that are specified as having priority under Bankruptcy Code section 507(a), if any such Claims still exist as of the Effective Date. Unless otherwise agreed by the holder of any Claim in this Class, each Allowed Claim under Bankruptcy Code section 507(a), which has not been satisfied as of the Effective Date, in full and final satisfaction and discharge of and in exchange for each Allowed Unsecured Priority Claim, will receive from the Reorganized Debtor: (a) deferred Cash payments of a value, as of the Effective Date, equal to the Allowed Priority Claim or (b) payment in Cash in full on the later of: (i) the third (3rd) Business Day after the Effective Date or as soon as reasonably practicable thereafter as determined by the Disbursing Agent; and (ii) the date on which the Claim is Allowed. The Debtor estimates that the Allowed Class 3 Claims will be approximately \$11,000 on the Effective Date.

Class 3 is unimpaired by the Plan. Each holder of an Allowed Unsecured Priority Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

3. Class 4 — Unsecured Nonpriority Claims.

This Class consists of all nonpriority unsecured claims against the Debtor. Except to the extent that a holder of an Allowed Unsecured Nonpriority Claim agrees to a less favorable treatment, in full and final satisfaction and discharge of and in exchange for each Claim, each holder of an Allowed Unsecured Nonpriority Claim will receive payment in Cash of their pro rata share of the Unencumbered Assets on the latest of (a) the third (3rd) Business Day after the Effective Date or as soon as practicable thereafter as determined by the Disbursing Agent, (b) the date such Allowed Unsecured Nonpriority Claim becomes due and payable in the ordinary course of business, and (c) as otherwise agreed to by the Debtor and the holder of such Claim, and (d) the Date such Claim is Allowed. The Debtor reserves its rights, however, to dispute the validity of any Unsecured Nonpriority Claim, whether or not objected to prior to the Effective Date. Notwithstanding the foregoing, no distributions shall be made in respect of any intercompany Claims, including but not limited to the FSO Claims. The Debtor estimates that the Allowed Class 4 Claims will be approximately \$656,000.00 on the Effective Date.

Class 4 is impaired by the Plan. Each holder of an Allowed Unsecured Nonpriority Claim is entitled to vote to accept or reject the Plan.

4. Class 5 — Interests.

This Class consists of all prepetition ownership interests in the Debtor. All Interests shall be affirmed, assumed and deemed Allowed by the Reorganized Debtor on the Effective Date. For the avoidance of doubt, the Interests of FSO, as the sole member of the Debtor, will not be impaired in any way by the Debtor's Chapter 11 Case or by this Plan, and that Interest shall continue to be the sole membership Interest in the Reorganized Debtor after the Effective Date.

Class 5 is unimpaired by the Plan. Each holder of an allowed Interest is deemed to accept the Plan and is not entitled to vote to accept or reject the Plan.

D. Acceptance Requirements.

1. Acceptance or Rejection of the Plan.

Classes 1 and 4 are Impaired under the Plan and are entitled to vote to accept or reject the Plan. A class of creditors is deemed to accept a plan if the holders of at least two-thirds (2/3) in dollar amount, and more than one-half (1/2) in number of the Allowed Claims of such Class have timely and properly voted to accept or reject the Plan. Classes 2, 3 and 5 are unimpaired under the Plan and are, therefore, conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

2. Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code.

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by an Impaired Class of Claims. The Debtor shall seek confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to rejecting Classes of Claims and Interests. The Debtor reserves the right to modify the Plan to the extent, if any, that confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

E. Means for Implementation of the Plan.

1. Sources of Consideration.

All Cash consideration necessary for the Reorganized Debtor to make payments or distributions pursuant hereto shall be obtained from (a) Cash on hand of the Debtor or Reorganized Debtor as appropriate, including Cash derived from business operations; (b) proceeds of the Series 2017A and Series 2017B Bonds; (c) proceeds from the FSO Equity Contribution; (d) proceeds from the Unencumbered Property; and (e) proceeds of Escrowed Entrance Fees.

2. Distribution of Cash of the Debtor's Estate.

The Debtor's Cash on the Effective Date, including the balance of all deposit accounts owned by the Debtor and any payments received by the Debtor by wire or by check as of the Effective Date which have not yet been deposited in the Debtor's operating account, shall be used, first, to pay or fund reserves to be held by the Reorganized Debtor for the payment of Allowed Administrative Claims (as set forth and limited under the Budget) and U.S. Trustee Fees which have or may accrue at the time of the Effective Date (regardless of whether such Administrative Claims or U.S. Trustee Fees are then payable) and Professional Compensation as set forth in Section 2.2. Any Cash remaining shall be paid to the Bond Trustee for distribution to Bond Holders or for other purposes permitted under the terms of the Bond Documents and the Bond Indenture. Notwithstanding anything to the contrary in this Plan, U.S. Trustee Fees which will become payable by the Reorganized Debtor in the calendar quarter which occurs after the

Effective Date will be deemed to have “accrued” on the day before the Effective Date, and shall be paid from reserves established for that purpose.

3. Issuance of Series 2017A and Series 2017B Bonds and Refunding of Series 2010 Bonds.

The Debtor currently expects that on the Effective Date, the Issuer (meaning, the Illinois Finance Authority, a body politic and corporate of the State of Illinois), subject to its authority and discretion, will issue, in accordance with the terms of this Plan, and in one or more series, the Series 2017A Bonds in the aggregate (and approximate) principal amount of \$67,000,000. The Debtor also (and currently) expects that FSO will issue the 2017B Bonds (meaning taxable bonds issued by FSO in an approximate amount of up to \$15,000,000.

The net proceeds obtained from the issuance of the Series 2017A Bonds shall be used to fund the Series 2010 Refund Payment made by the Debtor to the Bond Trustee. The net proceeds of the 2017B Bonds shall, among other things, be used to fund the FSO Equity Contribution. Effective upon the payment of all amounts to the Bond Trustee set forth in Section 3.2.1, the Bond Trustee shall provide the Debtor with an executed release in the form reasonably acceptable to the Reorganized Debtor, which releases any lien, claim or encumbrance held by the Bond Trustee against any property of the Debtor’s Estate or any asset of the Reorganized Debtor. The payments made pursuant to this Plan, when made, shall, with respect to the Debtor and the Reorganized Debtor be deemed to effect a complete refunding of the Series 2010 Bonds under the terms of the Bond Documents or the Bond Indenture.

4. Payments from the Reorganized Debtor.

The Reorganized Debtor, using funds derived from the FSO Equity Contribution, shall make the following payments: (a) to the Bond Trustee, an amount needed to complete the funding of the Series 2010 Refund Payment, if any; (b) to holders of Class 3 Claims; (c) to holders of Claims under Executory Contracts (other than Residency Agreements), one hundred percent (100%) of the allowed amount of the Claim of such holders for a Cure of the Debtor’s pre-petition monetary default under such Executory Contracts, payable no later than the third business day following the Effective Date; and (d) to holders of Claims under Executory Contracts which are Residency Agreements, one hundred percent (100%) of the allowed amount of the Claims of such holders for a Cure of the Debtor’s monetary default under such Executory Contracts, payable no later than the third business day following the Effective Date, which amount has not been satisfied from the Escrowed Entrance Fees.

5. Payments from Escrowed Entrance Fees.

On or as soon as practicable following the Effective Date, the Reorganized Debtor shall instruct the Escrow Agent which has ownership and charge of the Escrow Account to use the funds in the Escrow Account (to the extent of available funds in that Escrow Account) to pay the following amounts in the following order: (a) first, to the Escrow Agent for any outstanding fees, costs and expenses due to the Escrow Agent under the terms of the agreement which established the Escrow Account; (b) second, to holders of Claims for refunds of deposits which are due under the terms of the applicable Residency Agreements; (c) third, to the Bond Trustee

in the amount of \$366,600; and (d) the balance remaining after the payment of the foregoing Claims shall be paid to the Reorganized Debtor, as proceeds of Executory Contracts which the Debtor has assumed pursuant to the terms of this Plan.

6. Retained Claims.

The Retained Claims shall vest in the Reorganized Debtor on the Effective Date and the Reorganized Debtor shall be solely responsible for the continuation of any litigation or negotiation related thereto. Nothing in the Chapter 11 Case shall impact the Reorganized Debtor's ability to continue litigation related to the Retained Claims.

7. Corporate Existence.

Except as otherwise provided herein, in the Corporate Governance Documents or elsewhere in the Plan Supplement, the Reorganized Debtor shall continue to exist on and after the Effective Date as a separate non-stock corporate entity with all the powers of a non-stock corporation, pursuant to the applicable law in the jurisdiction in which Reorganized Debtor was incorporated or formed.

8. Reorganized Debtor Governance.

The existing members of the Debtor's Board of Directors shall continue to be members of the Board of Directors of the Reorganized Debtor.

9. Officers of the Reorganized Debtor.

The existing officers of the Debtor (and, as officers of the Debtor's corporate manager, the Officers of FSO) shall continue to be officers of the Reorganized Debtor. Such officers shall serve in accordance with applicable non-bankruptcy law.

10. Vesting of Assets in the Reorganized Debtor.

Except as otherwise provided in this Plan or any agreement, instrument or other document incorporated herein, on the Effective Date, or as soon as practicable thereafter, all property of the Debtor's Estate and all Causes of Action (except those released pursuant to the Releases by the Debtor) shall vest in the Reorganized Debtor, free and clear of all Liens, Claims, charges or other encumbrances (except for Liens securing the Series 2017A and Series 2017B Bonds). On and after the Effective Date, except as otherwise provided in this Plan, the Reorganized Debtor may operate its business and may use, acquire or dispose of property and compromise or settle any Claims or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

11. Restructuring Transactions.

On the Effective Date or as soon as reasonably practicable thereafter, the Debtor and the Reorganized Debtor may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by or necessary to effectuate this Plan, including: (a) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution or liquidation containing terms that are consistent with the terms of this Plan and that satisfy the applicable requirements of applicable law and any other terms to which the applicable Persons may agree; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, debt or obligation on terms consistent with the terms of this Plan and having other terms for which the applicable Persons agree; (c) the filing of appropriate certificates or articles of incorporation or amendments thereof, reincorporation, merger, consolidation, conversion or dissolution pursuant to applicable state law; and (d) all other actions that the applicable Persons determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law.

12. Corporate Action.

Upon the Effective Date, all actions contemplated by the Plan shall be deemed authorized and approved in all respects, including all actions contemplated by the Plan (whether to occur before, on or after the Effective Date). All matters provided for in the Plan involving the corporate structure of the Debtor or the Reorganized Debtor, and any corporate action required by the Debtor or the Reorganized Debtor in connection with the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by the directors or officers of the Debtor or the Reorganized Debtor.

On or (as applicable) before the Effective Date, the appropriate officers of the Debtor or the Reorganized Debtor, as applicable, shall be authorized and directed to issue, execute and deliver the agreements, documents, securities, certificates of inDebtor, operating agreements and instruments contemplated by the Plan (or necessary or desirable to effect the transactions contemplated by the Plan) in the name of and on behalf of the Debtor or the Reorganized Debtor, as the case may be, and any and all other agreements, documents, securities and instruments relating to the foregoing.

13. Section 1146 Exemption from Certain Taxes and Fees.

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property in contemplation of, in connection with, or pursuant to the Plan shall not be subject to any stamp tax or other similar tax or governmental assessment in the United States, and the Confirmation Order shall direct and be deemed to direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfers of property without the payment of any such tax or governmental assessment. Such exemption specifically applies, without limitation, to (a) the creation of any mortgage, deed of trust, lien or other security interest; (b) the making or assignment of any lease or sublease; (c) any restructuring transaction authorized by of this Plan; or (d) the making or delivery of any deed or other instrument of

transfer under, in furtherance of or in connection with this Plan, including: (i) any merger agreements; (ii) agreements of consolidation, restructuring, disposition, liquidation or dissolution; (iii) deeds; or (iv) assignments executed in connection with any transaction occurring under this Plan.

14. Preservation of Causes of Action of the Debtor.

In accordance with Bankruptcy Code section 1123(b), and except where such Causes of Action have been expressly released (including, for the avoidance of doubt, pursuant to the Releases by the Debtor), the Reorganized Debtor shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, and the Reorganized Debtor's rights to commence, prosecute or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. The Reorganized Debtor may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtor. No Person may rely on the absence of a specific reference in this Plan or the Disclosure Statement to any Cause of Action against them as any indication that the Debtor or the Reorganized Debtor, as applicable, will not pursue any and all available Causes of Action against them. Except with respect to Causes of Action as to which the Debtor or the Reorganized Debtor have released any Person or Person on or before the Effective Date (including pursuant to the Releases by the Debtor or otherwise), the Debtor or the Reorganized Debtor, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Person, except as otherwise expressly provided in this Plan. Unless any Causes of Action against a Person are expressly waived, relinquished, released, compromised or settled in this Plan or a Bankruptcy Court order, the Reorganized Debtor expressly reserves all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches, shall apply to such Causes of Action upon, after or as a consequence of the Confirmation or consummation of this Plan. Notwithstanding the foregoing, the Debtor shall be deemed to have released any claims, causes of action or rights arising under Bankruptcy Code sections 510(c), 544, 545, 547, 548, 549, 550, 551 and 553.

15. Single Satisfaction of Claims.

Holders of Allowed Claims may assert such Claims against the Debtor, and such Claims shall be entitled to share in the recovery provided for the applicable Class of Claims against the Debtor based upon the full Allowed amount of the Claim. Notwithstanding the foregoing, in no case shall the aggregate value of all property received or retained under the Plan on account of an Allowed Claim exceed 100% of the underlying Allowed Claim.

16. Cancellation of Series 2010 Bonds.

As of the Effective Date, the Series 2010 Bonds shall be cancelled without further action by any party, provided, however, the Series 2010 Bonds and the Bond Documents shall be deemed to continue in effect solely to the extent they relate to and are necessary to: (i) allow applicable distributions pursuant to this Plan and Bond Documents, (ii) permit the Master Trustee and the Bond Trustee to be compensated for fees and reimbursed for expenses including expenses of its professionals and enforce its indemnity and other rights and protections with

respect to and pursuant to the Bond Documents, (iii) permit the Bond Trustee to set one or more record dates and distribution dates with respect to the distribution of funds to beneficial holders of the Series 2010 Bonds, (iv) permit the Bond Trustee to appear in the Chapter 11 Case with respect to matters relevant to the Series 2010 Bonds and to enforce their rights under this Plan, (v) otherwise continue to govern relationships of the Bond Trustee and holders of the Series 2010 Bonds, and (vi) permit the Bond Trustee to perform any functions that are necessary in connection with the foregoing clauses (i) through (v).

F. Treatment of Executory Contracts and Unexpired Leases.

1. Assumption and Rejection of Executory Contracts and Unexpired Leases.

Except as otherwise provided in this Plan, or in any contract, instrument, release, indenture or other agreement or document entered into in connection with this Plan, all Residency Agreements, without limitation, together with each Executory Contract which is not a Residency Agreement which is designated in the Plan Supplement for assumption by the Reorganized Debtor, shall be deemed assumed as of the Effective Date, unless such Executory Contract or Unexpired Lease: (1) was assumed or rejected previously by the Debtor; (2) expired or terminated pursuant to its own terms before the Effective Date; or (3) is the subject of a motion to reject filed on or before the Effective Date.

Notwithstanding anything contained in this Plan to the contrary, (i) each Residency Agreement, and all obligations arising thereunder, including all obligations to return or refund, the applicable refundable percentage of all entrance fee deposits, will be assumed by the Reorganized Debtor, as of the Effective Date, pursuant to this Plan and (ii) the Bond Documents will be cancelled as set forth in Section 4.16 of this Plan, with no amounts or other damages owing to or due from the Debtor other than those set forth in this Plan. Notwithstanding the foregoing or anything else in this Plan, the Bond Documents shall not be cancelled until the Debtor and the Reorganized Debtor (as applicable) have paid all amounts provided for in this Plan to the Bond Trustee and the Master Trustee (as applicable).

Entry of the Confirmation Order shall constitute a Bankruptcy Court order approving the assumptions or rejections of such Executory Contracts or Unexpired Leases as set forth in the Plan, all pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Unless otherwise indicated, all assumptions or rejections of Executory Contracts and Unexpired Leases pursuant to the Plan are effective as of the Effective Date. Each Executory Contract or Unexpired Lease assumed pursuant to the Plan or by Bankruptcy Court order but not assigned to a third party before the Effective Date shall revert in and be fully enforceable by the Reorganized Debtor in accordance with its terms, except as such terms may have been modified by such order. Notwithstanding anything to the contrary in the Plan, the Debtor or the Reorganized Debtor, reserves the right to alter, amend, modify or supplement the list of Executory Contracts and Unexpired Leases identified in the Plan Supplement at any time before the Effective Date. After the Effective Date, the Reorganized Debtor shall have the right to terminate, amend or modify any intercompany contracts, leases or other agreements with FSO in accordance with their terms

without approval of the Bankruptcy Court. All Cure payments related to assumed Executory Contracts and Unexpired Leases will be made with proceeds of the FSO Equity Contribution.

In addition to the foregoing, special rules described in paragraph 5.2 of the Plan apply to the assumption of the Debtor's provider agreement with the Centers for Medicare & Medicaid Services ("CMS"). The special provisions found in paragraph 5.2 of the Plan do not apply to contract counter-parties to executory contracts other than CMS.

2. Claims Based on Rejection of Executory Contracts or Unexpired Leases.

All Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, if any, must be filed with the Bankruptcy Court within 30 days after the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection; provided, that any such Rejection Claim arising from the rejection of an Unexpired Lease shall be subject to the cap on rejection damages imposed by Bankruptcy Code section 502(b)(6). Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion and shall not be enforceable against the Debtor or the Reorganized Debtor, the Estate or its property without the need for any objection by the Reorganized Debtor or further notice to, or action, order or approval of the Bankruptcy Court. All Allowed Claims arising from the rejection of the Debtor's Executory Contracts or Unexpired Leases shall be classified as Class 4 Unsecured Nonpriority Claims against the Debtor and shall be treated in accordance with this Plan.

3. Cure of Defaults for Assumed Executory Contracts and Unexpired Leases.

The Cure of any defaults under Executory Contracts shall be governed by these rules.

- a) ***Current Residents of GreenFields of Geneva.*** The assumption by the Reorganized Debtor of Residency Agreements with current residents of GreenFields of Geneva which will automatically occur on the Effective Date of this Plan, shall be conclusively presumed to Cure any default which existed with respect to such Residency Agreements prior to the Effective Date of the Plan.
- b) ***Former Residents of GreenFields of Geneva.*** The Reorganized Debtor shall be conclusively presumed to have cured any default with respect to a Residency Agreement between the Debtor and a person who no longer resides at GreenFields of Geneva (or such person's estate), upon the payment, in cash, promptly following the Effective Date, of the amount of the refund of the entrance fee due to such former resident (or such person's estate).
- c) ***Claims of non-residents who are counterparties to Executory Contracts.*** The Reorganized Debtor's right to assume any Executory Contract which is not a Residency Agreement, and the amount of the Cure payment which the Reorganized Debtor must pay to counter-parties of such Executory Contracts, shall be governed by the procedures which the Court may set by a separate order prior to the confirmation

of this Plan. If the Court does not set any such procedures, then the Reorganized Debtor shall use its best efforts to resolve any disputes with counterparties to such Executory Contracts by agreement. If there is a dispute which is not resolved by agreement regarding (a) the nature or amount of any Cure, (b) the ability of the Reorganized Debtor to provide “adequate assurance of future performance” (within the meaning of Bankruptcy Code section 365) under the Executory Contract or Unexpired Lease to be assumed or (c) any other matter pertaining to assumption, Cure shall occur following the entry of a Final Order of the Bankruptcy Court resolving the dispute and approving the assumption.

Assumption of any Executory Contract or Unexpired Lease pursuant to this Plan or otherwise shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time before the effective date of the assumption.

4. Insurance Policies.

Notwithstanding anything herein to the contrary, as of the Effective Date, the Debtor shall assume (and assign to the Reorganized Debtor if necessary to continue the Insurance Policies in full force) all of the Insurance Policies pursuant to Bankruptcy Code section 365(a). Entry of the Confirmation Order shall constitute the Bankruptcy Court’s approval of the Debtor’s foregoing assumption of each of the Insurance Policies.

5. Modifications, Amendments, Supplements, Restatements or Other Agreements.

Unless otherwise provided, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal and any other interests, unless any of the foregoing agreements has been previously rejected or is rejected under the Plan.

Modifications, amendments, supplements and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtor during the Chapter 11 Case shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority or amount of any Claims that may arise in connection therewith, unless such Executory Contract or Unexpired Lease has been previously assumed by the Debtor.

6. Reservation of Rights.

Nothing contained in the Plan or Plan Supplement shall constitute an admission by the Debtor that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that the Reorganized Debtor has or have, as the case may be, any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtor or the Reorganized Debtor, as applicable, shall have 45 days

following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

7. Contracts and Leases Entered Into After the Petition Date.

Notwithstanding any other provision in the Plan, contracts and leases entered into after the Petition Date by the Debtor, including any Executory Contracts and Unexpired Leases assumed by the Debtor, will be performed by the Debtor or the Reorganized Debtor liable thereunder in the ordinary course of its business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

G. Provisions Governing Distributions.

1. Timing and Calculation of Amounts to Be Distributed.

Except as otherwise provided in this Plan, on the Effective Date or as soon as reasonably practicable thereafter (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such a Claim becomes an Allowed Claim, on the next Distribution Date or as soon as reasonably practicable thereafter), each holder of an Allowed Claim against the Debtor shall receive the full amount of the distributions that the Plan provides for Allowed Claims in the applicable Class and in the manner provided therein. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in the Plan. Except as otherwise provided herein, holders of Claims shall not be entitled to interest, dividends or accruals on the distributions provided for therein, regardless of whether such distributions are delivered on or at any time after the Effective Date.

2. Disbursing Agent.

Except as otherwise provided in the Plan, all distributions under the Plan shall be made by the Reorganized Debtor as Disbursing Agent or such other Person designated by the Reorganized Debtor as a Disbursing Agent on the Effective Date. With respect to any distribution on account of the Series 2010 Bonds, such distributions shall be paid to the Bond Trustee, and the Bond Trustee shall make such further distributions to Bond Holders as set forth in the Bond Documents.

3. Rights and Powers of Disbursing Agent.

The Disbursing Agent shall be empowered to: (a) effect all actions and execute all agreements, instruments and other documents necessary to perform its duties under the Plan; (b) make all distributions contemplated thereby; (c) employ professionals to represent it with respect to its responsibilities; and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions of the Plan.

4. Payments and Distributions on Disputed Claims.

Distributions made after the Effective Date to holders of Disputed Claims that are not Allowed Claims as of the Effective Date but which later become Allowed Claims shall be deemed to have been made on the Effective Date.

5. Special Rules for Distributions to Holders of Disputed Claims.

Notwithstanding any provision otherwise in the Plan and except as may be agreed to by the Debtor or the Reorganized Debtor, on the one hand, and the holder of a Disputed Claim, on the other hand, no partial payments and no partial distributions shall be made with respect to any Disputed Claim until all Disputed Claims held by the holder of such Disputed Claim have become Allowed Claims or have otherwise been resolved by settlement or Final Order.

6. Delivery of Distributions in General.

Except as otherwise provided in the Plan, distributions to holders of Allowed Claims shall be made to holders of record as of the Distribution Record Date by the Disbursing Agent. Distributions to holders of Allowed Claims will be made at the address of each such holder as set forth in the Debtor's books and records except that, in the case of Bond Holders, distributions will be made by directly to the Bond Trustee, who will then make distributions to Bond Holders as set forth in the Bond Documents. Distributions under this Plan on account of Allowed Claims shall not be subject to levy, garnishment, attachment or like legal process, so that each holder of an Allowed Claim shall have and receive the benefit of the distributions in the manner set forth in the Plan. None of the Debtor, the Reorganized Debtor and the applicable Disbursing Agent shall incur any liability whatsoever on account of any distributions under the Plan except for gross negligence, willful misconduct or fraud.

7. Small Distributions, Undeliverable Distributions and Unclaimed Property.

Notwithstanding any other provision of the Plan, the Disbursing Agent shall not be required to make distributions to any holder of a Claim which is less than Five Dollars (\$5.00). In the event that any distribution to any holder is returned as undeliverable, no distribution to such holder shall be made unless and until the Disbursing Agent has determined the then current address of such holder, at which time such distribution shall be made as soon as practicable after such distribution has become deliverable; provided, however, that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and forfeited at the expiration of six (6) months from the applicable Distribution Date. After such date, all "unclaimed property" or interests in property shall revert to the Reorganized Debtor (notwithstanding any applicable federal or state escheat, abandoned or unclaimed property laws to the contrary), and the Claim of any holder to such property shall be deemed to be a Disallowed Claim and discharged and forever barred.

8. Withholding and Reporting Requirements.

In connection with the Plan and all instruments issued in connection therewith, the Disbursing Agent shall comply with all applicable withholding and reporting requirements imposed by any federal, state or local taxing authority, and all distributions under the Plan shall be subject to any such withholding or reporting requirements.

9. Setoffs.

Except as set forth therein, the Debtor and the Reorganized Debtor may withhold (but not set off except as set forth below) from the distributions under the Plan on account of any Allowed Claim an amount equal to any claims, equity interests, rights and Causes of Action of any nature that the Debtor or the Reorganized Debtor may hold against the holder of any such Allowed Claim. In the event that any such claims, equity interests, rights and Causes of Action of any nature that the Debtor or the Reorganized Debtor may hold against the holder of any such Allowed Claim are adjudicated by Final Order or otherwise resolved, the Debtor may, pursuant to Bankruptcy Code section 553 or applicable non-bankruptcy law, set off against any Allowed Claim and the distributions to be made pursuant hereto on account of such Allowed Claim (before any distribution is made on account of such Allowed Claim) the amount of any adjudicated or resolved claims, equity interests, rights and Causes of Action of any nature that the Debtor or the Reorganized Debtor may hold against the holder of any such Allowed Claim, but only to the extent of such adjudicated or resolved amount. Neither the failure to effect such a setoff nor the allowance of any Claim under this Plan shall constitute a waiver or release by the Debtor or the Reorganized Debtor of any such claims, equity interests, rights and Causes of Action that the Debtor or the Reorganized Debtor may possess against any such holder, except as specifically provided therein. Notwithstanding anything in Section 6.9 of the Plan or any other provision of the Plan, the distributions made to the Bond Trustee or the Master Trustee or to Bond Holders shall not be subject to setoff of any kind.

10. Insurance Claims.

Except for payments to be made to the Bond Trustee and the Master Trustee, no distributions under the Plan shall be made on account of Allowed Claims until the holder of such Allowed Claim has exhausted any and all remedies with respect to the Debtor's Insurance Policies. To the extent that one or more of the Debtor's insurers agrees to satisfy in full a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' agreement, such Claim may be deemed to be a Disallowed Claim and may be expunged without a Claims objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court.

11. Applicability of Insurance Policies.

Except as otherwise provided in the Plan, distributions to holders of Allowed Claims shall be made in accordance with the provisions of any applicable Insurance Policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtor or any Person may hold against any other Person, including insurers under any policies of

insurance, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

H. Procedures for Resolving Contingent, Unliquidated and Disputed Claims.

The provisions of Section 7 of the Plan and as described in this subsection shall not be applicable to the Bond Claim, which is Allowed as set forth in Section 3.2.1 of the Plan.

1. Prosecution of Objections to Claims.

The Debtor (before the Effective Date) or the Reorganized Debtor (on or after the Effective Date), as applicable, shall have the exclusive authority to file, settle, compromise, withdraw or litigate to judgment any objections to Claims as permitted under the Plan. From and after the Effective Date, the Debtor and the Reorganized Debtor may settle or compromise any Disputed Claim without approval of the Bankruptcy Court. The Debtor reserves all rights to resolve any Disputed Claim outside the Bankruptcy Court under applicable governing law.

2. Allowance of Claims.

Except as expressly provided in the Plan or in any order entered in the Chapter 11 Case before the Effective Date (including the Confirmation Order), the Reorganized Debtor after the Effective Date will have and retain any and all rights and defenses held by the Debtor with respect to any Claim as of the Petition Date. All claims of any Person against the Debtor shall be disallowed unless and until such Person pays, in full, the amount it owes such Debtor.

3. Distributions After Allowance.

On the Distribution Date following the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Disbursing Agent shall provide to the holder of such Claim the distribution (if any) to which such holder is entitled under the Plan as of the Effective Date, without any interest to be paid on account of such Claim

4. Estimation of Claims

The Debtor (before the Effective Date) or the Reorganized Debtor (on or after the Effective Date) may, at any time, and from time to time, request that the Bankruptcy Court estimate any Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether an objection was previously filed with the Bankruptcy Court with respect to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Disputed Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim against any party or Person, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtor (before the Effective Date) or the Reorganized Debtor (after the Effective Date), may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim. All of the objection,

estimation, settlement and resolution procedures set forth in the Plan are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, objected to, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

I. Settlement, Release, Injunction and Related Provisions

1. Compromise and Settlement of Claims, Interests and Controversies.

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests and controversies relating to the contractual, legal and subordination rights that a holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtor, their Estate and holders of Claims and Interests and is fair, equitable and reasonable. In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtor may compromise and settle Claims against them and Causes of Action against other Persons.

2. Releases by the Debtor.

Paragraph 8.2 of the Plan provides that pursuant to Bankruptcy Code section 1123(b) and except as otherwise specifically provided in the Plan, a group of entities defined in the Plan as the "Released Parties" will, for good and valuable consideration, including the service of the Released Parties to facilitate the expeditious reorganization of the Debtor and the implementation of the restructuring contemplated by this Plan, on and after the Effective Date, will receive a release from the Debtor of liabilities described below. The "Released Parties" for purposes of this release from the Debtor include FSO in any capacity, each of the Bond Trustee and the Master Trustee in any capacity, the Issuer and the current and former officers, directors, members of the Issuer, attorneys and advisors, each in their respective capacities as such, of each of the foregoing.

These "Released Parties" are deemed released and discharged by the Debtor, the Reorganized Debtor and the Estate from any and all claims, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative claims asserted or assertable on behalf of the Debtor, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity or otherwise, that the Debtor, the Reorganized Debtor, the Estate or its affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest (including Bond Holders) or other Person, based on or relating to, or in any manner arising from, in whole or in part, the Debtor, the Series 2010 Bonds, the Debtor's Chapter 11 Case, the

purchase, sale or rescission of the purchase or sale of any security of the Debtor, the Reorganized Debtor or the Issuer, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in this Plan, the business or contractual arrangements between the Debtor and any Released Party, the restructuring of Claims and Interests before or during the Debtor's Chapter 11 Case, the negotiation, formulation or preparation of this Plan, the Disclosure Statement, any related agreements, instruments or other documents (collectively, the "**Debtor Released Claims**"), other than Debtor Released Claims against a Released Party arising out of or relating to any act or omission of that party constituting willful misconduct or gross negligence.

3. Limited Releases by Holders of Claims.

Paragraph 8.3 of the Plan provides that on the Effective Date and except as set forth in the Plan, each holder of a Claim or Interest (including Bond Holders) shall be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever, released and discharged the entities defined as the "Released Parties" by the Plan, which for purposes of Paragraph 8.3 of the Plan, means the Debtor, the Reorganized Debtor, FSO in any capacity, each of the Bond Trustee and the Master Trustee in any capacity, the Issuer, and the current and former officers, directors, members of the issuer, attorneys and advisors, each in their respective capacities as such, of each of the foregoing, from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative Claims, assertable on behalf of the Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such Person would have been legally entitled to assert (whether individually or collectively), *based on or relating to, or in any manner arising from, in whole or in part, the preparation, negotiation, Bankruptcy Court approval or confirmation of the Plan, the Disclosure Statement, or any related agreements, document or instrument, or the filing of any motion or document (or the failure to take action) in the Debtor's Chapter 11 Case (collectively, "Released Claims")*.

This limited release *does not apply* to any Claim (i) which arises out of or relates to any Executory Contract which is assumed by the Debtor through the Plan, including all Residency Agreements which are assumed by the Debtor through the Plan; (ii) a claim or counterclaim against the Debtor which arose prior to the commencement of the Debtor's Chapter 11 Case, and which has no relation to that Chapter 11 Case; (iii) which arises out of or relates to any act or omission of that party constituting willful misconduct or gross negligence; or any Claim that arises from facts and circumstances other than those which are specifically enumerated above in this section of the Plan, or (iv) which relates to FSO's ownership interest or involvement in any facilities other than the Debtor.

Further, the Limited Release will not release or be deemed to release the Released Parties from any Cause of Action held by a governmental entity existing as of the Effective Date based on (i) the Internal Revenue Code or other domestic state, city, or municipal tax code, (ii) the environmental laws of the United States or any domestic state, city, or municipality, (iii) any criminal laws of the United States or any domestic state, city, or municipality, (iv) the Securities and Exchange Act of 1934 (as now in effect or hereafter amended), the Securities Act of 1933 (as now in effect or hereafter amended), or other securities laws of the United States or any domestic state, city or municipality, (v) the Employee Retirement Income Security Act of 1974, as amended, (vi) the laws and regulations of the Bureau of Customs and Border Protection of the

United States Department of Homeland Security, or (vii) any federal law, rule or regulation including, but not limited to, those related to the CMS with respect to Medicare reimbursement or recoupment of amounts paid by CMS to the Debtor which may be subject to a recoupment claim of such agencies or entities made either before or after the Effective Date.

4. Discharge of Claims.

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, the distributions, rights and treatment that are provided in the Plan shall be in full and final satisfaction, settlement, release and discharge, effective as of the Effective Date, of all Claims and Causes of Action of any nature whatsoever, including any interest accrued on Claims from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against the Debtor or any of its assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims, including demands, liabilities and Causes of Action that arose before the Effective Date, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, in each case whether or not: (1) a Proof of Claim based upon such Claim, debt, right or Interest is filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (2) a Claim based upon such Claim, debt or right is Allowed pursuant to section 502 of the Bankruptcy Code; or (3) the holder of such a Claim has accepted the Plan. Except as otherwise provided herein, any default by the Debtor or its affiliates with respect to any Claim that existed before or on account of the filing of the Chapter 11 Case shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims subject to the Effective Date occurring, except as otherwise expressly provided in the Plan.

5. Injunction. If the Plan is confirmed, the following injunction would go into effect on the Effective Date:

FROM AND AFTER THE EFFECTIVE DATE, ALL PERSONS ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY CAUSE OF ACTION RELEASED OR TO BE RELEASED PURSUANT TO THIS PLAN OR THE CONFIRMATION ORDER.

FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES GRANTED IN THIS PLAN, THE RELEASING PARTIES SHALL BE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER AGAINST THE RELEASED PARTIES AND THEIR ASSETS AND PROPERTIES, AS THE CASE MAY BE, ANY SUIT, ACTION OR OTHER PROCEEDING, ON ACCOUNT OF OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THIS PLAN.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN OR RELATED DOCUMENTS, OR FOR OBLIGATIONS PURSUANT TO THIS PLAN, ALL PERSONS WHO HAVE HELD, HOLD OR MAY HOLD CLAIMS OR INTERESTS

(INCLUDING BOND HOLDERS) THAT HAVE BEEN RELEASED OR ARE DISCHARGED, ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS: (1) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (2) ENFORCING, ATTACHING, COLLECTING OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE OR ORDER AGAINST SUCH PERSONS ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (3) CREATING, PERFECTING OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH PERSONS OR THE PROPERTY OR ESTATE OF SUCH PERSONS ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; AND (4) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED, SETTLED OR DISCHARGED PURSUANT TO THIS PLAN.

THE RIGHTS AFFORDED IN THIS PLAN AND THE TREATMENT OF ALL CLAIMS AND INTERESTS HEREIN SHALL BE IN EXCHANGE FOR AND IN COMPLETE SATISFACTION OF ALL CLAIMS AND INTERESTS OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, AGAINST THE DEBTOR OR ANY OF ITS ASSETS, PROPERTY OR ESTATE. ON THE EFFECTIVE DATE, ALL SUCH CLAIMS AGAINST THE DEBTOR SHALL BE FULLY RELEASED AND DISCHARGED, AND THE INTERESTS SHALL BE CANCELLED (EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN).

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR IN THIS PLAN OR OBLIGATIONS PURSUANT HERETO FROM AND AFTER THE EFFECTIVE DATE, ALL CLAIMS AGAINST THE DEBTOR SHALL BE FULLY RELEASED AND DISCHARGED, AND ALL INTERESTS SHALL BE CANCELLED, AND THE DEBTOR'S LIABILITY WITH RESPECT THERETO SHALL BE EXTINGUISHED COMPLETELY, INCLUDING ANY LIABILITY OF THE KIND SPECIFIED UNDER BANKRUPTCY CODE SECTION 502(G).

ALL PERSONS SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTOR, THE DEBTOR'S ESTATE, THE REORGANIZED DEBTOR, EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, AND EACH OF THEIR ASSETS AND PROPERTIES, ANY OTHER CLAIMS OR INTERESTS BASED UPON ANY DOCUMENTS, INSTRUMENTS OR ANY ACT OR OMISSION, TRANSACTION OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE.

NOTWITHSTANDING ANY OTHER PROVISION OF THE PLAN, THE FOREGOING INJUNCTION WILL NOT BAR A PARTY WHICH HAS A COUNTERCLAIM AGAINST A CLAIM (INCLUDING THE RETAINED CLAIMS)

WHICH THE REORGANIZED DEBTOR MAY ASSERT AGAINST THEM, FROM ASSERTING THAT COUNTERCLAIM AS A DEFENSE IN ANY LEGAL PROCEEDING, ARBITRATION, LAWSUIT OR CLAIM BROUGHT AGAINST THEM BY THE REORGANIZED DEBTOR.

6. Term of Injunctions or Stays.

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Case pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

7. Protection Against Discriminatory Treatment.

Consistent with section 525 of the Bankruptcy Code and the Supremacy Clause of the U.S. Constitution, all Persons, including Governmental Units, shall not discriminate against the Reorganized Debtor or deny, revoke, suspend or refuse to renew a license, permit, charter, franchise or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, the Reorganized Debtor or another Person with whom the Reorganized Debtor has or have been associated, solely because one of the Debtor has been a debtor under chapter 11, has been insolvent before the commencement of the Chapter 11 Case (or during the Chapter 11 Case but before the Debtor is granted or denied a discharge) or has not paid a debt that is dischargeable in the Chapter 11 Case.

8. Release of Liens.

Except as otherwise provided in the Plan, including, but not limited to Classes 1 and 2 of the Plan, the Bond Documents, or in any contract, instrument, release or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estate shall be fully released and discharged, and all of the right, title and interest of any holder of such mortgages, deeds of trust, Liens, pledges or other security interests shall revert to the Reorganized Debtor and its or their successors and assigns. For the avoidance of doubt, except as otherwise provided the Plan, including Sections 3.2.2 and 3.2.3 of the Plan, all mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estate shall be fully released and discharged on the Effective Date without any further action of any party, including, but not limited to, further order of the Bankruptcy Court or filing updated schedules or statements typically filed pursuant to the Uniform Commercial Code.

J. Conditions Precedent to Confirmation of the Plan and the Effective Date.

1. Conditions Precedent to Confirmation.

It shall be a condition to Confirmation of the Plan that each of the following provisions, terms and conditions shall have been satisfied or waived pursuant to the provisions of the Plan:

(a) The Bankruptcy Court shall have entered an order, which shall not be subject to any stay or subject to an unresolved request for revocation under section 1144 of the Bankruptcy Code, in form and substance reasonably acceptable to the Debtor, FSO and the Bond Trustee, approving the Disclosure Statement with respect to the Plan and the solicitation of votes thereon as being in compliance with section 1125 of the Bankruptcy Code and applicable non-bankruptcy law.

(b) The Confirmation Order (i) shall be, in form and substance, reasonably acceptable to the Debtor, FSO and the Bond Trustee; (ii) shall include Bankruptcy Court authorization to enter into the Series 2017A and Series 2017B Bond transactions; and (iii) shall not be subject to any stay or subject to an unresolved request for revocation under section 1144 of the Bankruptcy Code.

(c) The Plan, including any schedules, documents, supplements and exhibits thereto shall be, in form and substance, reasonably acceptable to the Debtor, FSO and the Bond Trustee.

2. Conditions Precedent to the Effective Date.

It shall be a condition to the Effective Date that each of the following provisions, terms and conditions shall have been satisfied or waived pursuant to the provisions of the Plan:

(a) The Bankruptcy Court shall have entered one or more orders (which may include the Confirmation Order) authorizing the assumption and rejection of Executory Contracts and Unexpired Leases by the Debtor as contemplated in the Plan in form and substance reasonably acceptable to the Debtor, FSO and the Bond Trustee.

(b) The Confirmation Order, in form and substance, reasonably acceptable to the Debtor, FSO and the Bond Trustee, shall have been entered by the Bankruptcy Court and shall not be subject to any stay or subject to an unresolved request for revocation under section 1144 of the Bankruptcy Code.

(c) All of the schedules, documents, supplements and exhibits to the Plan shall have been filed in form and substance reasonably acceptable to the Debtor, FSO and the Bond Trustee.

(d) All actions, documents, certificates, and agreements necessary to implement the Plan shall have been effected or executed and delivered to the required parties and, to the extent required, filed with the applicable governmental units in accordance with applicable laws.

(e) The Series 2017A Bonds are authorized by the Issuer and the related transactions shall have closed.

(f) The Series 2017B Bonds are authorized and issued by FSO and purchased by Hamlin Capital Management LLC.

3. Waiver of Conditions.

The conditions to confirmation and consummation of the Plan set forth herein may be waived at any time by the Debtor with the consent of the Bond Trustee; provided, however, that the Debtor may not waive entry of the Order approving the Disclosure Statement and confirming the Plan.

4. Effect of Failure of Conditions.

Unless otherwise agreed by the Debtor and the Bond Trustee, if the consummation of the Plan does not occur by November 10, 2017, this Plan shall be null and void in all respects and nothing contained in the Plan or this Disclosure Statement shall: (1) constitute a waiver or release of any claims by or Claims against the Debtor; (2) prejudice in any manner the rights of the Debtor, any holders of Claims or any other Person; or (3) constitute an admission, acknowledgment, offer or undertaking by the Debtor, any holders or any other Person in any respect.

K. Modification, Revocation or Withdrawal of the Plan.

1. Modification and Amendments.

Except as otherwise specifically provided herein, the Debtor reserves the right to modify the Plan as to material terms and seek confirmation consistent with the Bankruptcy Code and, as appropriate, not re-solicit votes on such modified Plan. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the Debtor expressly reserves its rights to alter, amend or modify materially the Plan with respect to the Debtor, one or more times, after confirmation, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend or modify the Plan or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan. Any such modification or

supplement shall be considered a modification of the Plan and shall be made in accordance with the Plan.

2. Effect of Confirmation on Modifications.

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan occurring after the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or re-solicitation under Bankruptcy Rule 3019.

3. Revocation or Withdrawal of the Plan.

The Debtor reserves the right to, consistent with its fiduciary duties, revoke or withdraw the Plan before the Effective Date. If the Debtor revokes or withdraws the Plan, or if Confirmation does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of the Debtor or any other Person; or (c) constitute an admission, acknowledgement, offer or undertaking of any sort by the Debtor or any other Person.

L. Retention of Jurisdiction.

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain such jurisdiction over the Chapter 11 Case and all matters, arising out of or related to, the Chapter 11 Case and the Plan including jurisdiction to:

(a) allow, disallow, determine, liquidate, classify, estimate or establish the priority, secured or unsecured status or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the secured or unsecured status, priority, amount or allowance of Claims;

(b) decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

(c) resolve any matters related to: (i) the assumption or rejection of any Executory Contract or Unexpired Lease to which the Debtor is party or with respect to which the Debtor may be liable in any manner and to hear, determine and, if necessary, liquidate, any Claims arising therefrom, including rejection Claims, cure Claims pursuant to Bankruptcy Code section 365 or

any other matter related to such Executory Contract or Unexpired Lease; (ii) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; (iii) the Reorganized Debtor amending, modifying or supplementing, after the Effective Date, any Executory Contracts or Unexpired Leases on the list of Executory Contracts and Unexpired Leases to be assumed or rejected; and (iv) any dispute regarding whether a contract or lease is or was executory or expired;

(d) ensure that distributions to holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

(e) adjudicate, decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters, and grant or deny any applications involving the Debtor that may be pending on the Effective Date;

(f) adjudicate, decide or resolve any and all matters related to any Cause of Action;

(g) adjudicate, decide or resolve any and all matters related to section 1141 of the Bankruptcy Code;

(h) enter and enforce any order for the sale of property pursuant to sections 363, 1123 or 1146(a) of the Bankruptcy Code;

(i) resolve any Causes of Action over which the Bankruptcy Court has jurisdiction;

(j) resolve any cases, controversies, suits, disputes or Causes of Action that may arise in connection with the consummation, interpretation or enforcement of the Plan or any Person's obligations incurred in connection with the Plan;

(k) issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Person with consummation or enforcement of the Plan;

(l) resolve any cases, controversies, suits, disputes or Causes of Action with respect to the discharge, releases, injunctions, indemnifications and other provisions contained in the Plan and enter such orders as may be necessary or appropriate to implement such releases, injunctions and other provisions;

(m) enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;

(n) determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan or the Disclosure Statement;

(o) adjudicate any and all disputes arising from or relating to distributions under the Plan;

(p) consider any modifications of the Plan, cure any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

(q) determine requests for the payment of Claims entitled to priority pursuant to section 507 of the Bankruptcy Code;

(r) hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents or instruments executed in connection with the Plan;

(s) hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;

(t) hear and determine all disputes involving the existence, nature or scope of the Debtor's discharge, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred before or after the Effective Date;

(u) enforce all orders previously entered by the Bankruptcy Court;

(v) hear any other matter not inconsistent with the Bankruptcy Code; and

(w) enter an order concluding or closing the Chapter 11 Case.

M. Miscellaneous Provisions.

1. Immediate Binding Effect.

Notwithstanding Bankruptcy Rules 3020(e), 6004(h) or 7062 or any other Bankruptcy Rule, upon the occurrence of the Effective Date, the terms of the Plan and the Plan

Supplement shall be immediately effective and enforceable and deemed binding upon the Debtor, the Reorganized Debtor and any and all holders of Claims or Interests (irrespective of whether such Claims or Interests are deemed to have accepted the Plan), all Persons that are parties to or are subject to the settlements, compromises, releases, discharges and injunctions described in the Plan, each Person acquiring property under the Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtor. However, nothing in the Plan shall be deemed to impair the right, if any, of any entity which has objected to confirmation of the Plan to seek to appeal the entry of the Confirmation Order, or to seek to stay the enforcement of that order to the extent permitted by law.

2. Additional Documents.

On or before the Effective Date, the Debtor may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtor or the Reorganized Debtor, as applicable, and all holders of Claims receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

3. Reservation of Rights.

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the Plan, any statement or provision contained in the Plan or any action taken or not taken by the Debtor with respect to the Plan, the Disclosure Statement or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of the Debtor with respect to the holders of Claims or Interests before the Effective Date.

4. Successors and Assigns.

The rights, benefits and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign, affiliate, officer, director, manager, agent, representative, attorney, beneficiaries or guardian, if any, of each Person.

5. Votes Solicited in Good Faith.

Upon entry of the Confirmation Order, the Debtor and FSO will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code and any applicable non-bankruptcy law, and pursuant to section 1125(e) of the Bankruptcy Code, the Debtor and their respective affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale and purchase of securities offered and sold under the Plan, and, therefore, will have no liability for the violation of any applicable law, rule or regulation governing the solicitation of votes on the Plan or the offer, issuance, sale or purchase of the Series 2017A and Series 2017B Bonds offered under the Plan.

6. Closing of Chapter 11 Case.

The Debtor or the Reorganized Debtor shall, promptly after the full administration of the Chapter 11 Case, file with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Case.

IV. RISK FACTORS IN CONNECTION WITH THE PLAN.

A. If the Debtor and FSO receive the requisite votes to accept the Plan, there can be no assurance that the Bankruptcy Court will confirm the Plan.

Although the requisite votes to accept the Plan may be obtained, there can be no assurance that one or more parties will not seek to oppose confirmation of the Plan or that the Bankruptcy Court may otherwise decline to confirm the Plan.

B. If the Plan is confirmed, there can be no assurance that the effective date of the Plan will occur.

Although the Debtor and FSO believe that the Effective Date will occur reasonably soon after the Plan is approved by the Bankruptcy Court, there can be no assurance as to such timing or as to whether it will occur.

C. There can be no assurance that the Bankruptcy Court will approve the classification scheme in the Plan.

The Bankruptcy Court, which sits as a court of equity, may exercise substantial discretion in connection with the Plan. Section 1122 of the Bankruptcy Code requires that the Plan classify claims against, and interests in, the Debtor. The Bankruptcy Code also provides that the Plan may place a claim or interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class. The Debtor and FSO believe that all claims and interests have been appropriately classified in the Plan. There can be no assurance, however, that the Bankruptcy Court will conclude that such claims and interests are properly classified in the Plan.

D. The Debtor's actual financial results may vary significantly from the projections filed with the Bankruptcy Court.

The financial projections attached hereto reflect numerous assumptions, including the consummation of the Plan. The financial projections should be viewed in conjunction with a review of these assumptions including the qualifications and footnotes as set forth therein. The financial projections were prepared by management of the Debtor in good faith based upon assumptions believed to be reasonable at the time of preparation. Although presented with numerical specificity, the financial projections are based upon a variety of estimates and assumptions subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Debtor. Actual results may vary materially from those presented. The financial projections have not been prepared to comply with the guidelines established with respect to

projections by the SEC or the AICPA, have not been audited and are not presented in accordance with GAAP.

This Disclosure Statement contains projected financial information that demonstrates the feasibility of the Plan and the ability of the Debtor to continue operations upon emergence from proceedings under the Bankruptcy Code. Such information was prepared for the limited purpose of furnishing holders of the Bond Claim with adequate information to make an informed judgment regarding acceptance of the Plan. None of the projections should be regarded for the purpose of this Disclosure Statement as representations or warranties by the Debtor, FSO, the Issuer or any other person as to the accuracy of such information or that any such projections will be realized. The achievement of certain results or other expectations contained in these projections involve known and unknown risks, uncertainties and other factors which may cause actual results, performances or achievements described to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The Debtor and FSO do not plan to issue any updates or revisions to those forward-looking statements if or when changes in their expectations, or events, conditions or circumstances on which these statements are based, occur.

E. Even if the Plan is confirmed, the extent of the Debtor's remaining indebtedness may impair its financial condition and the Debtor's ability to grow and compete.

As of the date hereof, the Debtor's total secured debt is approximately \$100,000,000.00. Although the Debtor anticipates that the Plan will significantly increase its liquidity, it still will have a significant level of debt upon consummation of the Plan. The Debtor's debt has important consequences for its financial condition, including:

- making the Debtor vulnerable to general adverse economic, competitive and industry conditions;
- limiting the Debtor's ability to obtain additional financing to support its operations;
- limiting the Debtor's ability to execute key strategies;
- limiting the Debtor's ability to attract and retain key personnel;
- requiring a substantial portion of the Debtor's cash flow from operations for the payment of principal and interest on its debt and reducing its ability to use its cash flow to fund working capital, capital expenditures, execution of its business strategy, acquisitions, operations and general corporate requirements;
- limiting the Debtor's ability to retain and attract residents;
- limiting the Debtor's flexibility in planning for, or reacting to, changes in its business and the industry in which it operates; and

- limiting the Debtor's ability to receive trade credit from its vendors or otherwise placing it at a competitive disadvantage to other less-leveraged competitors.

F. Servicing the Debtor's debt will require a significant amount of cash, and its ability to generate sufficient cash depends upon many factors, some of which are beyond its control.

The Debtor's ability to make payments on and refinance its debt, fund planned capital expenditures and execute its business strategy depends on its ability to generate cash flow in the future. To some extent, this is subject to general economic, financial, competitive and other factors that are beyond the Debtor's control. Even if the Plan is consummated, there can be no assurance that the Debtor's business will continue to generate cash flows at or above current levels or that it will be able to meet its cash needs, including with respect to the repayment of the Series 2017A and Series 2017B Bonds, including any cash payments due upon the maturity of such indebtedness. If the Debtor is unable to service its debt or experiences a significant reduction in its liquidity, the Debtor could be forced to reduce or delay planned capital expenditures and other initiatives, sell assets, restructure or refinance its debt or seek additional equity capital, and the Debtor may be unable to take any of these actions on satisfactory terms or in a timely manner, or at all. Further, any of these actions may not be sufficient to allow the Debtor to service its debt obligations or may have a materially adverse effect on its results of operations and financial condition. The Debtor's failure to generate sufficient operating cash flows to pay its debts or refinance its indebtedness could have a material adverse effect on its results of operations and financial condition. If the Debtor cannot make scheduled payments on its debt, it would be in default, and as a result, holders of such debt could declare all outstanding principal and interest to be due and payable and the Debtor's existing and future lenders could, under certain circumstances, terminate their commitments to lend it money and foreclose against the assets securing its borrowings.

G. The collateral securing the Series 2017A and Series 2017B Bonds is subject to casualty risks.

The Debtor will be obligated to maintain insurance pursuant to the terms of the 2011 Indenture. However, there are certain losses that may be either uninsurable or not economically insurable, in whole or in part, or against which the Debtor may not obtain adequate insurance. As a result, it is possible that insurance proceeds will not compensate the Debtor fully for its losses. If there is a total or partial loss of any of the collateral, the Debtor cannot assure you that any insurance proceeds received by the Debtor will be sufficient to satisfy all of its secured obligations, including the Series 2017A and Series 2017B Bonds.

H. The Debtor may fail to maintain turnover or occupancy.

The economic feasibility of the Reorganized Debtor depends upon the ability of the Reorganized Debtor to attract sufficient residents and to maintain substantial occupancy of the Reorganized Debtor throughout the term of the Series 2017A and Series 2017B Bonds.

If the levels of occupancy for the Reorganized Debtor assumed by the Debtor do not occur, the revenues anticipated by the Reorganized Debtor from monthly fees and entrance fees

and other charges could be adversely affected. If a substantial number of residents live beyond the life expectancies anticipated by the Reorganized Debtor, new residents will be admitted at a slower rate and the receipt of additional, potentially higher entrance fees will be curtailed with a consequent impairment of the Reorganized Debtor's cash flow. Even if the anticipated attrition levels are realized and maintained, no assurance can be given that remarketing of vacated units will take place as quickly as assumed by the Debtor.

I. The Reorganized Debtor may be faced with competition from other similar facilities.

The Reorganized Debtor faces competition from similar facilities operating and under construction in or near its market area, from other residential facilities for older adults and from existing facilities offering custodial, intermediate and skilled nursing care. The Reorganized Debtor may face additional competition in the future as a result of the construction of new, or the renovation or expansion of existing, housing and nursing care facilities for elderly persons in the area served by the Reorganized Debtor as well as in the areas surrounding the area served by the Reorganized Debtor.

J. The Plan and the related transactions, which contemplate transactions that will modify the Debtor's capital structure, are based in large part upon assumptions and analyses developed by the Debtor. If these assumptions and analyses prove to be incorrect, the Debtor's plan may be unsuccessful in its execution of the restructuring and it may be unable to continue as a going concern.

The Plan and the transactions related thereto, which contemplate transactions that will affect the Debtor's capital structure, are based upon assumptions and analyses based on the Debtor's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that it considers appropriate under the circumstances. Whether actual future results and developments will be consistent with the Debtor's expectations and assumptions depend on a number of factors, including but not limited to (i) its ability to obtain adequate liquidity and financing sources and establish an appropriate level of debt, including its ability to consummate the proposed transactions; (ii) its ability to restore residents' confidence in its viability as a continuing entity and to attract and retain sufficient residents and retain key personnel. The failure of any of these factors could materially adversely affect the successful execution of the restructuring of its business.

In addition, the Plan relies upon financial forecasts, including with respect to revenue growth, improved earnings before interest, taxes, depreciation and amortization, improved interest margins, and growth in cash flow. Financial forecasts are necessarily speculative, and it is likely that one or more of the assumptions and estimates that are the basis of these financial forecasts will not be accurate. The Debtor's actual financial condition and results of operations may differ, perhaps materially, from what it anticipated. Consequently, there can be no assurance that the results or developments contemplated by the Plan will occur or, even if they do occur, that they will have the anticipated effects on the Debtor's business or operations. The failure of any such results or developments to materialize as anticipated could materially adversely affect the successful execution of the transactions contemplated by the Plan.

K. Uncertainties related to the Debtor's business may result in the loss of or decreased business with residents.

The Debtor's success depends on its ability to consistently, accurately and effectively provide affordable living accommodations and related healthcare and support services to middle-income seniors aged sixty-two (62) and older. Should seniors perceive that the uncertainties related to the Debtor's business have adversely affected its services, there could be a decrease in new residents attracted to the Reorganized Debtor.

L. Uncertainties related to the Debtor's business may create a distraction for or cause a loss of personnel and may otherwise materially adversely affect its ability to attract new personnel.

The market for qualified personnel is competitive and the Debtor's future success will depend upon, among other factors, its ability to attract and retain key personnel. In addition, uncertainties about the future prospects and viability of its business is impacting and is likely to continue to impact the Debtor's ability to attract and retain key personnel, and is a distraction for existing personnel. If the Debtor loses the services of key personnel, if one or more of them decides to join a competitor or otherwise compete with it or if personnel continue to be distracted due to the uncertainties about the future prospects and viability of its business, the Debtor may not be able to effectively implement its business strategy and its business could suffer. The loss of the services of any of the Debtor's other key management personnel or the failure to attract and retain personnel could have a material adverse effect on its results of operations and financial condition due to disruptions in its leadership and the continuity of its business relationships.

M. Costs to provide healthcare and other benefits to the Debtor's employees may increase.

The Debtor provides healthcare and other benefits to the employees who presently work at the Campus. In recent years, costs for healthcare have increased more rapidly than general inflation in the U.S. economy. In addition, there can be no assurance that recent changes in healthcare regulation will not result in material increases in the Debtor's healthcare-related costs. If this trend in healthcare costs continues, the Debtor's cost to provide such benefits could increase, which may have a material adverse effect on its profitability.

N. The Debtor may incur costs or liabilities under environmental laws and regulations.

The Debtor is subject to a wide range of general environmental, health and safety laws and regulations as well as industry-specific regulations relating to continuing care retirement communities. Violation of these laws and regulations can lead to substantial fines and penalties, other civil or criminal sanctions and closure of the Reorganized Debtor. The Debtor incurs costs and capital expenditures to comply with these laws and regulations, and to obtain and maintain all necessary permits.

O. Staffing

The Debtor currently has what it considers appropriate staff. The Debtor's management believes it will continue to be able to retain or hire all required staff, but the presence of other residential health care providers, and the low unemployment rates generally, may adversely affect the Debtor's ability to attract additional skilled personnel to the service area.

P. The global market and economic conditions, as well as the effects of these conditions on the Debtor's residents and potential residents, have adversely affected the Debtor and those effects could continue.

Continuing care retirement communities, which provide seniors with the ability to remain within the same Campus for the remainder of their years and the peace of mind that comes along with such stability, have become increasingly popular over the past few decades. In exchange for the ability to remain within the same Campus, seniors typically must pay a sizable entrance fee along with monthly fees that vary in size depending on the services provided by each continuing care retirement Campus. Although the housing market appears to have partially recovered from the severe disruptions which occurred in and after 2008, there can be no assurance that the adverse conditions in the housing market will not recur, and impair the ability of seniors to sell their homes and pay the sizeable entrance fees due upon entry to a life care senior living property like the Campus.

Q. Federal and state regulations may adversely impact the Debtor.

The Debtor is subject to regulatory actions by a number of federal, State and local agencies. These bodies may promulgate new regulatory provisions from time to time, and it is not possible to predict the effect of any such future promulgations on the Debtor. Future actions by the federal, State or local government increasing the required services to be provided to residents of the Reorganized Debtor or otherwise changing existing regulations or their interpretation could increase the cost of operation of the Reorganized Debtor and adversely affect the revenues of the Debtor.

The United States Congress and the State of Illinois have considered a number of proposals, some of which involve comprehensive health care reform, in recent years. The provisions that may be included in future federal or State legislation or regulations and their impact upon the Debtor cannot be determined at this time. No assurance can be given that any future health care legislation that is enacted or implemented will not materially adversely affect the Debtor.

Failure by the Debtor to comply with applicable federal and State laws and regulations could have a material adverse effect on the Debtor's financial condition and its ability to pay and perform its obligations regarding the Series 2017A and Series 2017B Bonds.

R. Third party reimbursement may be reduced or eliminated.

The health care industry, in general, is subject to regulation by a number of governmental agencies, including those which administer the Medicaid and Medicare reimbursement programs, and other federal, State and local governmental agencies. As a result, the Debtor is sensitive to

legislative and regulatory changes in such programs and is affected by reductions in governmental spending for such programs. Congress has in the past enacted a number of provisions which affect health care providers, and additional legislative changes can be expected. Previous legislative actions have included limitation of payments to nursing homes under the Medicare and Medicaid programs.

Future legislation, regulation or actions by the federal government are expected to continue the trend toward more restrictive limitations on reimbursement for long-term care services. At present, no determination can be made concerning whether, or in what form, such legislation would be introduced and enacted into law. Similarly, the impact of future cost control programs and future regulations upon the Debtor's financial performance cannot be determined at this time.

The Debtor may receive reimbursement from non-governmental third-party payors, such as commercial insurers, employers under self-insurance programs, health maintenance organizations, and preferred provider organizations. Most of these programs make payments at rates which are less than actual charges. Accordingly, there can be no assurance that payments made under such programs will be adequate to cover actual costs incurred.

S. The Debtor may change the level of services provided to its residents.

The Debtor may, from time to time, be subject to pressure from organized groups of residents seeking, among other things, to raise the level of services or to maintain the level of monthly fees with respect to the Reorganized Debtor or other charges without increase. Moreover, the Debtor may be subject to conflicting pressures from different groups of residents, some of whom may seek an increase in the level of services while others wish to hold down monthly fees and other charges. No assurance can be given that the Debtor will be able to satisfactorily meet the needs of both groups.

T. The income of the elderly may diminish.

A large percentage of the monthly income of the residents of the Debtor is fixed income derived from pensions and social security or income from investments. If, due to inflation or otherwise, substantial increases in monthly fees are required to cover increases in operating costs, wages, benefits and other expenses, residents may have difficulty paying such monthly fees. Furthermore, investment income of the residents may be adversely affected by declines in market interest rates, also resulting in payment difficulties.

U. Other Possible Risk Factors.

The occurrence of any of the following events, or other unanticipated events, could adversely affect the financial condition or results of operations of the Debtor:

1. Reinstatement of or establishment of mandatory governmental wage, rent or price controls.
2. Adoption of federal, state or local legislation or regulations having an adverse effect on the future operating or financial performance of the Debtor.

3. Events adversely affecting the operation of the Facility, including enactment of legislation imposing ceilings on increases in health care charges, changes in Medicare, Medicaid or comparable regulations or attempts by third-party payors administering health care cost reimbursement plans to control or restrict the operations of certain health care facilities.

4. A decline in the population, a change in the age composition of the population or a decline in the economic conditions of the Debtor's market area.

5. Developments or events affecting the federal or State exemption of the Debtor's income from taxation or the Debtor's status as an exclusively charitable organization.

6. Suspension or revocation of or failure to renew any license, certificate or approval to operate the Facility, or any portion thereof, or any restriction on new admissions to licensed beds.

7. Changes in key management personnel.

8. Reductions in utilization of continuing care retirement and assisted living facilities as a result of preventive medicine, improved occupational health and safety, development and utilization of medical and scientific research and technological advances and other developments.

9. Changes in reimbursement procedures or in contracts under public or private insurance programs.

10. Increased costs of attracting and retaining, or decreased availability of a sufficient number of, health professionals.

11. Increased costs resulting from employee strikes, or the unionization of the employees of the Debtor or the utilization by a non-union employee of the Debtor of proceedings available under the National Labor Relations Act.

12. Increases in costs, including costs associated with, among other things, salaries, wages and fringe benefits, supplies, technology and equipment, insurance, energy and other utilities, the attraction and retention of nurses and other personnel, compliance with or violation of environmental laws and regulations, and other costs that could result in a sizable increase in expenditures without a corresponding increase in revenues.

13. Inability of the Debtor to obtain future governmental approvals to undertake additional projects necessary to remain competitive as to rates, charges and the quality and scope of care or any limitation on the availability of tax-exempt or other financing for future projects.

14. The occurrence of natural disasters, including floods, hurricanes, tornadoes and earthquakes, could damage the facilities of the Debtor, interrupt utility service or otherwise impair the operations of the Debtor and the generation of revenues from the Reorganized Debtor. The Reorganized Debtor is required to be covered by general property insurance in amounts which management of the Debtor considers to be sufficient to provide for the replacement of such Reorganized Debtor in the event of a natural disaster.

V. ANNUAL DEBT SERVICE REQUIREMENTS

The tables attached as **Exhibit 2** set forth, for each twelve-month period ending on November 30 the amounts payable by the Debtor for the payment of principal of (whether at maturity or by mandatory sinking fund redemption) and interest on each Series of Series 2017A and Series 2017B Bonds.

VI. FINANCIAL STATEMENTS AND PROJECTIONS

The following financial statements and projections are attached to this Disclosure Statement:

- **Exhibit 3:** Financial statements (unaudited) for the complete fiscal year ending on March 31, 2017.
- **Exhibit 4:** Financial statements (unaudited) for the period of April 1, 2017 through and including July 31, 2017.
- **Exhibit 5A and Exhibit 5B:** The Reorganized Debtor's financial projections. Exhibit 5A contains the pro-forma balance sheet assuming a restructuring transaction date of November 10, 2017. Exhibit 5B contains the projected income statement, balance sheet, cash flow statement and major underlying operating assumptions.

The projected financial information set forth in this Disclosure Statement contains certain significant assumptions, including the following:

- 1) **the Assumptions stated in Exhibit 5A and 5B hereto, including without limitation an assumption that the Reorganized Debtor will have \$2.592 Million in cash in its operating account, escrow and reserve funds upon consummation of the Plan;**
- 2) **the Reorganized Debtor will be able to maintain stable working capital requirements; and**
- 3) **the amount of repair and replacement capital expenditures per unit will be consistent with management's budget.**

These assumptions may or may not prove to be accurate. Creditors, including Bond Holders are urged to consider these assumptions with their independent investment

advisors, and each Bond Holder and his, her or its advisors should make an independent judgment on the reasonableness of such assumptions. There can be no assurances that these assumptions will prove to be correct, and Bond Holders of Series 2010 Bonds are cautioned against attributing any certainty to the projections. None of the Debtor, FSO, the Bond Trustee, the Issuer, or their respective advisors or any other person or entity makes any representation or warranty that the projected results will be realized, as projections are, by their nature, based on future events that cannot be predicted with certainty.

VII. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN OF REORGANIZATION

The Plan must be approved by the Bankruptcy Court after a confirmation hearing.

A. Elements of Confirmation.

In order for the Plan to be confirmed, the Bankruptcy Code requires that the Bankruptcy Court determine that the Plan complies with the technical requirements of Chapter 11 of the Bankruptcy Code and that the disclosures concerning the Plan have been adequate and have included information concerning all payments made or promised in connection with the Plan and this Case. The Bankruptcy Code also requires that: (1) the Plan be accepted by the requisite votes of Creditors except to the extent that confirmation despite dissent is available under Bankruptcy Code section 1129(b); (2) the Plan is feasible (that is, there is a reasonable probability that the Debtor will be able to perform its obligations under the Plan without needing further financial reorganization not contemplated by the Plan); and (3) the Plan is in the “best interests” of all Creditors (that is, Creditors will receive at least as much under the Plan as they would receive in a hypothetical liquidation case under chapter 7 of the Bankruptcy Code). To confirm the Plan, the Bankruptcy Court must find that all of the above conditions are met, unless the applicable provisions of Bankruptcy Code section 1129(b) are employed to confirm the Plan, subject to satisfying certain conditions, over the dissent or deemed rejections of Classes of Claims.

B. Best Interests of Creditors.

With respect to each Impaired Class of Claims and Interests, confirmation of the Plan requires that each holder of a Claim or Interest either (a) accept the Plan or (b) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code. To calculate the probable distribution to holders of each Impaired Class of Claims and Interests if the Debtor were liquidated under Chapter 7, the Bankruptcy Court must first determine the aggregate dollar amount that would be generated from the Debtor’s assets if its Chapter 11 Case were converted to a Chapter 7 case under the Bankruptcy Code. This “liquidation value” would consist primarily of the proceeds from a forced sale of the Debtor’s assets by a Chapter 7 trustee.

The amount of liquidation value available to unsecured creditors would be reduced by, first, the claims of secured creditors to the extent of the value of their collateral, and, second, by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both a Chapter 7 case and Chapter 11 Case. Costs of liquidation under Chapter 7 of the

Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals retained by the Bond Trustee, asset disposition expenses, all unpaid expenses incurred by the Debtor in its Chapter 11 Case (such as compensation of attorneys, financial advisors and accountants) that are allowed in the Chapter 7 cases, litigation costs, and claims arising from the operations of the Debtor during the pendency of the Chapter 11 Case. The liquidation itself would trigger certain Tax and Other Priority Claims (collectively, “*Priority Claims*”) that otherwise would be due in the ordinary course of business. Those Priority Claims would be paid in full from the liquidation proceeds before the balance would be made available to pay General Unsecured Claims or to make any distribution in respect of equity interests. The liquidation would also prompt the rejection of most, if not all, of the Debtor’s executory contracts and unexpired leases, thereby creating a significant increase in General Unsecured Claims, not to mention the severe disruption that the liquidation of the Debtor’s property, including the Campus, would visit on the lives and well-being of the Residents.

The Debtor believes that the Plan meets the “*best interests of creditors*” test of section 1129(a)(7) of the Bankruptcy Code. The Debtor believes that the members of Impaired Classes 1 and 4 will receive more under the Plan than they would receive in a liquidation. The Liquidation Analysis for a potential Chapter 7 liquidation scenario is attached hereto as **Exhibit 6**.

Although the Debtor believes that the Plan meets the “best interests test” of section 1129(a)(7) of the Bankruptcy Code, there can be no assurance that the Bankruptcy Court will determine that the Plan meets this test.

C. Feasibility of the Plan.

The Bankruptcy Code requires that the Bankruptcy Court determine that confirmation of the Plan is not likely to be followed by liquidation or the need for further financial reorganization of the Debtor. For purposes of showing that the Plan meets this feasibility standard, the Debtor has analyzed the ability of the Reorganized Debtor to meet their obligations under the Plan and retain sufficient liquidity and capital resources to conduct their business.

The Debtor believes that it will be able to support the financial projections set forth in **Exhibit 5A and 5B** to this Disclosure Statement (the “Projections”). Based on the terms of the Plan, at emergence (the Effective Date is assumed to occur on or about November 10, 2017) the Reorganized Debtor will have access to funds in the amount of 2,592,999.00 after making distributions pursuant to the Plan.

Holders of Claims against and Interests in the Debtor is advised, however, that the Projections were not prepared with a view toward compliance with the published guidelines of the American Institute of Certified Public Accountants or any other regulatory or professional agency or body or generally accepted accounting principles.

In addition to the assumptions footnoted in the Projections themselves, the Projections also assume that (i) the Plan will be confirmed and consummated in accordance with its terms, (ii) there will be no material adverse change in legislation or regulations, or the administration thereof, including environmental legislation or, regulations, that will have an unexpected effect

on the operations of the Reorganized Debtor, (iii) there will be no change in United States generally accepted accounting principles that will have a material effect on the reported financial results of the Reorganized Debtor, and (iv) there will be no material contingent or unliquidated litigation or indemnity claims applicable to the Reorganized Debtor. To the extent that the assumptions inherent in the Projections are based upon future business decisions and objectives, they are subject to change. In addition, although they are presented with numerical specificity and considered reasonable by the Debtor when taken as a whole, the assumptions and estimates underlying the Projections are subject to significant business, economic and competitive uncertainties and contingencies, many of which will be beyond the control of the Reorganized Debtor.

Accordingly, the Projections are only estimates that are necessarily speculative in nature. It can be expected that some or all of the assumptions in the Projections will not be realized, and that actual results will vary from the Projections, which variations may be material and are likely to increase over time. The Projections should therefore not be regarded as a representation by the Debtor or any other person that the results set forth in the Projections will be achieved. In light of the foregoing, readers are cautioned not to place undue reliance on the Projections.

The Debtor does not intend to update or otherwise revise the Projections, including any revisions to reflect events or circumstances existing or arising after the date of this Disclosure Statement or to reflect the occurrence of unanticipated events, even if any or all of the underlying assumptions do not come to fruition. Furthermore, the Debtor does not intend to update or revise the Projections to reflect changes in general economic or industry conditions. Whether actual results will conform to the Projections is subject to a number of risks and uncertainties, including:

- the high degree of competition in the Debtor's business;
- the susceptibility of the Debtor's business to general economic conditions;
- discovery of unknown contingent liabilities;
- the interest rate environment;
- the ability to attract new residents;
- the effect of tightened liquidity markets on the Debtor and prospective residents;
and
- future capital requirements.

D. Confirmation of the Plan if One or More Classes Do Not Accept.

Bankruptcy Code section 1129(b) provides that a plan of reorganization can be confirmed even if such plan of reorganization is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted it. A bankruptcy court may confirm a plan of

reorganization at the request of the Debtor if the plan “does not discriminate unfairly” and is “fair and equitable” as to each impaired class that has not accepted the plan of reorganization.

A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated equally with respect to other classes of equal rank.

A plan is fair and equitable as to a class of claims which rejects a plan if the plan provides (a) for each holder of a claim included in the rejecting class to receive or retain on account of that claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (b) that the holder of any claim or interest that is junior to the claims of such class will not receive or retain on account of such junior claim or interest any property at all.

A plan is fair and equitable as to a class of equity interests that rejects a plan if the plan provides (a) that each holder of an interest included in the rejecting class receive or retain on account of that interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest; or (b) that the holder of any interest that is junior to the interests of such class will not receive or retain any property at all on account of such junior interest under the plan.

E. Hearing on Confirmation of the Plan.

At the time and place given in the notice served with this Disclosure Statement, the Bankruptcy Court will hold a hearing to determine if the Plan has been accepted by a requisite number of Claims and whether the other requirements for Confirmation of the Plan have been satisfied.

CREDITORS ARE NOT REQUIRED TO ATTEND THE HEARING ON CONFIRMATION UNLESS THEY HAVE EVIDENCE OR ARGUMENT TO PRESENT TO THE COURT CONCERNING THE MATTERS TO BE ADDRESSED AT THE HEARING ON CONFIRMATION.

VIII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

This Disclosure Statement does not discuss any federal income tax consequences of the Plan to Creditors. Accordingly, Creditors should consult their own tax advisors regarding their ability to recognize a loss for tax purposes and any other tax consequences to them of the Plan.

DUE TO A LACK OF DEFINITIVE JUDICIAL OR ADMINISTRATIVE AUTHORITY AND INTERPRETATION, SUBSTANTIAL UNCERTAINTIES EXIST WITH RESPECT TO VARIOUS TAX CONSEQUENCES OF THE PLAN. FOR THE FOREGOING REASONS CREDITORS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS AS TO SPECIFIC TAX CONSEQUENCES (FEDERAL, STATE AND LOCAL) OF THE PLAN.

IX. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Liquidation Under Chapter 7.

If no Chapter 11 Plan can be confirmed, the Chapter 11 Case may be converted to a case under chapter 7 of the Bankruptcy Code, in which a trustee would be elected or appointed to liquidate the assets of the Debtor. The Debtor believes that liquidation under chapter 7 would result in smaller distributions, if any, being made to Creditors than those provided for in the Plan because of the additional administrative expenses involved in the appointment of a trustee and attorneys and other professionals during such liquidation.

The Debtor has prepared a Liquidation Analysis, attached hereto as **Exhibit 6**. The Liquidation Analysis is based upon a hypothetical liquidation in a chapter 7 case. The Debtor has taken into account the nature, status and underlying value of its assets, the ultimate realizable value of its assets, and the extent to which such assets are subject to the liens and security interests.

The likely form of any liquidation would be the sale of the Debtor's individual assets. Based on this analysis, it is likely that a chapter 7 liquidation of the Debtor's assets would produce less value for distribution to creditors than that recoverable under the Plan. Any alternative sale of such assets would likely be on less favorable terms than are now contemplated under the Plan. In the opinion of the Debtor, the recoveries projected to be available in a chapter 7 liquidation are not likely to afford the holders of Claims as great a realization potential as do the Plan.

B. Alternative Plan of Reorganization.

If the Plan is not confirmed, the Debtor or any other party in interest could attempt to formulate a different plan of reorganization. During the course of negotiation of the Plan, the Debtor explored various other alternatives and concluded that the Plan represented the best alternative to protect the interests of creditors, residents and other parties in interest. The Debtor has not changed its conclusions.

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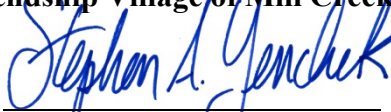
X. CONCLUSION AND RECOMMENDATIONS

The Debtor and FSO urge all creditors entitled to vote on the Plan to vote to accept the Plan and to evidence such acceptance by immediately returning their properly completed ballots to the appropriate voting agent as set forth on the ballots within the time stated in the notice served with this Disclosure Statement.

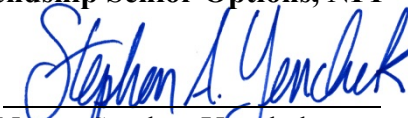
Dated: September 18, 2017

Respectfully submitted,

Friendship Village of Mill Creek, NFP

By: 
Name: Stephen Yenchek
Title: Chief Executive Officer

Friendship Senior Options, NFP

By: 
Name: Stephen Yenchek
Title: Chief Executive Officer

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

IN RE:	§	Chapter 11
	§	
FRIENDSHIP VILLAGE OF	§	Case No.: 17-12470
MILL CREEK, NFP, d/b/a	§	
GREENFIELDS OF GENEVA,	§	
	§	
FEIN: 20-3300991,	§	
	§	Hon. LaShonda A. Hunt
Debtor.	§	

**AMENDED JOINT PLAN OF REORGANIZATION UNDER
CHAPTER 11 OF THE BANKRUPTCY CODE**

Bruce Dopke, Member (ARDC #3127052)
Kevin V. Hunt (ARDC#6283126)
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and

On behalf of Friendship Village of Mill
Creek, NFP, d/b/a GreenFields of Geneva,
Plan co-sponsor

Jerry L. Switzer, Jr. (ARDC #6210229)
POLSINELLI PC
150 North Riverside Plaza, Suite 3000
Chicago, IL 60606
Tel: (312) 819-1900
Email: jswitzer@polsinelli.com

On behalf of Friendship Senior Options, NFP, Plan
co-sponsor

Dated: September 18, 2017

Friendship Village of Mill Creek, NFP, d/b/a GreenFields of Geneva and Friendship Senior Options NFP propose this Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code.

SECTION 1. DEFINITIONS AND INTERPRETATION

A. Definitions.

Any term contained in the Plan which is defined by section 101 of the Bankruptcy Code (11 U.S.C. §101) shall have the meaning set forth in that section of the Bankruptcy Code. In addition, the following terms used herein shall have the respective meanings below:

1.1 ***Accrued Professional Compensation*** means, at any given moment, all accrued, contingent and/or unpaid fees (including the HJ Sims Success Fee) for legal, financial advisory, accounting and other services and obligations for reimbursement of expenses rendered or incurred before the Effective Date under sections 328, 330(a), 331, or 363 of the Bankruptcy Code by any retained Professional in the Chapter 11 Case that the Bankruptcy Court has not denied by a Final Order.

1.2 ***Administrative Claim*** means any Claim for payment of costs and expenses of administration pursuant to sections 503(b), 507(a)(2) or 507(b) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred on or after the Petition Date and through the Effective Date of preserving the Estate and operating the business of the Debtor; and (b) all fees and charges assessed against the Estate pursuant to chapter 123 of title 28 of the United States Code; (c) the reimbursement of the Illinois Finance Authority in an amount not to exceed \$40,000 for attorneys' fees and disbursements incurred in connection with, and for making a substantial contribution in the Chapter 11 Case pursuant to sections 503(b)(3)(4) and (5) of the Bankruptcy Code; and (d) all requests for compensation or expense reimbursement for any substantial contribution in the Chapter 11 Case pursuant to sections 503(b)(3), (4) and (5) of the Bankruptcy Code.

1.3 ***Allowed*** means, with reference to any Claim against or Interest in the Debtor, a Claim or Interest (i) as to which no objection or request for estimation has been filed on or before any deadline therefor set by the Bankruptcy Court or the expiration of such other applicable period fixed by the Bankruptcy Court or the Plan; (ii) as to which any objection has been settled, waived, withdrawn or denied by a Final Order or in accordance with the Plan; or (iii) that is allowed (a) by a Final Order, (b) by an agreement between the holder of such Claim or Interest and the Debtor or the Reorganized Debtor or (c) pursuant to the terms of the Plan; provided, however, that, notwithstanding anything herein to the contrary, by treating a Claim or Interest as "Allowed" under (i) above (the expiration of the applicable deadline), the Debtor does not waive its rights to contest the amount and validity of any disputed, contingent and/or unliquidated Claim or Interest in the time, manner and venue in which such Claim or Interest would have been determined, resolved or adjudicated if the Chapter 11 Case had not been commenced. An Allowed Claim (i) includes a Disputed Claim to the extent such Disputed Claim becomes Allowed after the Effective Date and (ii) shall be net of any valid setoff exercised with respect to such Claim pursuant to the provisions of the Bankruptcy Code and applicable law. Unless otherwise specified in this Plan, in section 506(b) of the Bankruptcy Code or by Final

Order of the Bankruptcy Court, “Allowed” Claims shall not, for purposes of distributions under the Plan, include interest on such Claim accruing from and after the Petition Date.

1.4 **Assets** means all assets of the Debtor of any nature whatsoever, including, without limitation, all property of the Estate pursuant to Bankruptcy Code section 541, Cash, Avoidance and Other Actions, equipment, inventory, tax refunds, claims of right, interests and property, real and personal, tangible and intangible, and proceeds of any of the foregoing.

1.5 **Bankruptcy Code** means title 11 of the United States Code, as now in effect or hereafter applicable to this Chapter 11 Case.

1.6 **Bankruptcy Court** means the United States Bankruptcy Court for the Northern District of Illinois having jurisdiction over this Chapter 11 Case.

1.7 **Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure, as amended, and the local rules of the Bankruptcy Court, as applicable to this Chapter 11 Case.

1.8 **Bond Claim** means the aggregate amount due and owing under the Series 2010 Bonds as of the Petition Date, which includes: (a) unpaid principal in the amount of \$97,675,000; (b) accrued and unpaid interest in the amount of \$2,597,341.10; and (c) unliquidated, accrued and unpaid fees and expenses of the Bond Trustee and its professionals, and (d) any other amounts which are payable by the Debtor to the Bond Trustee or to Bond Holders of the Bonds under the terms of the Bond Documents and/or the Bond Indenture.

1.9 **Bond Documents** means the Bond Indenture, Master Trust Indenture, Loan Agreement, Mortgage, or any other agreement of any kind or nature executed in connection with or otherwise providing, granting or perfecting a Lien in connection with the Series 2010 Bonds.

1.10 **Bond Holders** means holders of the Series 2010 Bonds.

1.11 **Bond Indenture** means the Bond Indenture (including all amendments and modifications), dated as of August 1, 2010, between the Issuer and the Bond Trustee wherein the Issuer assigned its rights under the Loan Agreement to the Bond Trustee.

1.12 **Bond Trustee** means UMB Bank, N.A., as successor trustee to Wells Fargo Bank, N.A., in its capacity as trustee under the Bond Indenture, and any successor trustee in such capacity.

1.13 **Bond Trustee Funds** means the funds established by the Bond Indenture and held by the Bond Trustee, including a “Debt Service Reserve Fund” an “Operating Reserve Fund,” and other funds, with an aggregate balance as of the Petition Date of \$2,845,304.07.

1.14 **Budget** means the budget attached to the Final Order (I) Authorizing the Debtor to Use Cash Collateral; (II) Granting Adequate Protection; and (III) Granting Related Relief [Docket No. 78], as such budget may be amended.

1.16 **Business Day** means any day of the calendar week, except Saturday, Sunday, a “legal holiday,” as defined in Bankruptcy Rule 9006(a), or any day on which commercial banks are authorized or required by law to close in Chicago, Illinois.

1.17 **Cash** means cash and cash equivalents including, without limitation, checks and wire transfers held by the Debtor in accounts owned by the Debtor. Cash does not include Bond Trustee Funds or Escrowed Entrance Fees.

1.18 **Causes of Action** means any claim, cause of action, controversy, demand, agreement, right (including to legal or equitable remedies), action, lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account, defense, offset, power, privilege, license, and franchise of any kind or character whatsoever, known, unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether arising before, on, or after the Petition Date, in contract or in tort, in law or in equity, or pursuant to any other theory of law. Cause of Action also includes: (a) any right of setoff, counterclaim, or recoupment and any claim on contracts or for breaches of duties imposed by law or in equity; (b) the right to object to Claims or Interests; (c) any claim pursuant to section 362 or chapter 5 of the Bankruptcy Code; (d) any claim or defense including fraud, mistake, duress, and usury, and any other defenses set forth in section 558 of the Bankruptcy Code; (e) any state law fraudulent transfer claim; and (f) the Retained Claims.

1.19 **Chapter 11** means chapter 11 of the Bankruptcy Code.

1.20 **Chapter 11 Case** means the above-captioned case.

1.21 **Claim** means a claim, as defined by Bankruptcy Code section 101(5), against the Debtor or its Assets, whether or not asserted.

1.22 **Class** means a class or category of Claims as classified and described in Section 3 of this Plan.

1.23 **Confirmation Date** means the date on which the clerk of the Bankruptcy Court enters the Confirmation Order on the Bankruptcy Court’s docket.

1.24 **Confirmation Hearing** means the hearing on confirmation of this Plan, and approval of the Disclosure Statement related thereto, pursuant to Bankruptcy Code section 1129.

1.25 **Confirmation Order** means the order entered by the Bankruptcy Court confirming this Plan in accordance with Chapter 11 of the Bankruptcy Code.

1.26 **Corporate Governance Documents** means the certificates of incorporation, certificates of formation, limited liability agreements and by-laws of the Debtor and the Reorganized Debtor.

1.27 **Creditor** means a holder of a Claim.

1.28 **Cure** means the payment of Cash by the Reorganized Debtor, or the distribution of other property (as the parties may agree or the Bankruptcy Court may order), as necessary to (a) cure a monetary default by the Debtor in accordance with the terms of an executory contract or unexpired lease of the Debtor and (b) permit the Reorganized Debtor to assume such executory contract or unexpired lease under Bankruptcy Code section 365(a).

1.29 **Debtor** means Friendship Village of Mill Creek, NFP, d/b/a GreenFields of Geneva, as debtor and debtor-in-possession, and includes the Estate, where appropriate.

1.30 **Disallowed Claim** means any Claim or portion thereof which has been disallowed by a Final Order and includes any Claim which is not an Allowed Claim for any other reason.

1.31 **Disbursing Agent** means the Debtor or the Reorganized Debtor, or the entity or entities chosen by the Debtor or the Reorganized Debtor to make or facilitate distributions pursuant to this Plan. The Disbursing Agent will not charge any fees with respect to any distributions under this Plan, but will be entitled to reimbursement from the proceeds of the Unencumbered Assets, actual costs and expenses incurred.

1.32 **Disclosure Statement** means the Second Amended Disclosure Statement in Support of the Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated September 18, 2017, as the same may be altered, modified, or amended.

1.33 **Disputed** means, with respect to any Claim or Interest, any Claim or Interest that is not yet Allowed and is subject to a claims objection filed before any deadline set by the Bankruptcy Court.

1.34 **Distribution Date** means the date, occurring as soon as practicable after the Effective Date, but occurring no later than two (2) Business Days after the Effective Date, on which the Disbursing Agent first makes distributions to holders of Allowed Claims as provided in this Plan and any date thereafter on which the Disbursing Agent makes distributions to holders of Allowed Claims as provided in this Plan.

1.35 **Distribution Record Date** means, other than with respect to public securities cancelled by the Plan, the Effective Date or such other date as may be designated in the Confirmation Order.

1.36 **Effective Date** means, unless the Confirmation Order directs otherwise, a Business Day selected by the Debtor, which is no later than five (5) Business Days after the date on which each of the conditions to this Plan's Effective Date set forth herein has either been satisfied or waived in accordance with this Plan.

1.37 **Escrow Account** means an escrow account (ending in -9372) maintained by the Elk Grove Village Bank & Trust, 1145 N. Arlington Heights Road, Itasca, IL 60143, as escrowee for the Debtor and persons who are parties to Residency Agreements.

1.38 **Escrow Agent** means Elk Grove Village Bank & Trust, 1145 N. Arlington Heights Road, Itasca, IL 60143, as escrowee for the Debtor under the agreement which established the Escrow Account

1.39 **Escrowed Entrance Fees** means entrance fees which are payable to the Debtor by Residents under the terms of Residency Agreements which entrance fees are held in the Escrow Account.

1.40 **Estate** means the estate of Debtor created by the Chapter 11 Case pursuant to Bankruptcy Code section 541.

1.41 **Executory Contract** means a contract to which the Debtor is a party that is capable of assumption or rejection under Bankruptcy Code section 365.

1.42 **Facility** means the continuing care retirement community known as GreenFields of Geneva, located in Geneva, Illinois which is a full service facility which offers residents a full lifecycle of services during their retirement years from independent living to skilled nursing care.

1.43 **Final Order** means an order or judgment of the Bankruptcy Court entered by the Clerk of the Bankruptcy Court on the docket in the Chapter 11 Case, which has not been reversed, vacated, or stayed and as to which (i) the time to appeal, petition for certiorari, or move for a new trial, reargument, or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for a new trial, reargument, or rehearing shall then be pending, or (ii) if an appeal, writ of certiorari, new trial, reargument, or rehearing thereof has been sought, such order or judgment of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, reargument, or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for a new trial, reargument, or rehearing shall have expired; provided, however, that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, or Bankruptcy Rule 9024, may be filed relating to such order shall not cause such order not to be a Final Order.

1.44 **FSO** means Friendship Senior Options, NFP, as manager of the Facility and co-sponsor of this Plan.

1.45 **FSO Claims** means all Claims held by FSO against the Debtor.

1.46 **FSO Equity Contribution** means the equity contribution from FSO in the amount of \$5.0 million that will be contributed by FSO on the Effective Date.

1.47 **HJ Sims Success Fee** means that certain success fee owed to Herbert J. Sims & Co. pursuant to that certain engagement letter dated October 25, 2016 as approved by the Bankruptcy Court.

1.48 **Insurance Policies** means, collectively, all of the Debtor's insurance policies.

1.49 **Interest** means the interest of any holder in an equity security of the Debtor, within the meaning of Bankruptcy Code section 101(16) represented by any issued and outstanding shares of common or preferred stock or other instrument evidencing a present ownership or membership interest in any the Debtor, whether or not transferable, or any option, warrant, or right, contractual or otherwise, to acquire any such interest, including a partnership, limited liability company or similar interest in the Debtor.

1.50 **Issuer** means Illinois Finance Authority, a body politic and corporate of the State of Illinois.

1.51 **Lien** has the meaning set forth in Bankruptcy Code section 101(37).

1.52 **Loan Agreement** means the Loan Agreement, dated as of August 1, 2010, between the Issuer and the Debtor whereby the Issuer loaned the proceeds from the sale of the Series 2010 Bonds to the Debtor.

1.53 **Master Trust Indenture** means the Master Trust Indenture, dated as of August 1, 2010, between the Debtor and the Master Trustee.

1.54 **Master Trustee** means UMB Bank, N.A., as successor trustee to Wells Fargo Bank, N.A., in its capacity as trustee under the Master Trust Indenture, and any successor trustee in such capacity.

1.55 **Mortgage** means the Mortgage and Security Agreement, dated as of August 1, 2010, by and between the Debtor and the Master Trustee.

1.56 **Other Priority Claim** means any Claim entitled to priority under Bankruptcy Code sections 507(a)(4) and 507(a)(5).

1.57 **Other Secured Claim** means any Secured Claim other than the Bond Claim.

1.58 **Petition Date** means April 20, 2017.

1.59 **Plan** means this Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated September 18, 2017, as altered, modified, or amended in accordance with the Bankruptcy Code and the Bankruptcy Rules.

1.60 **Priority Tax Claim** means any Claim of a governmental unit of a kind entitled to priority under Bankruptcy Code section 507(a)(8), if Allowed.

1.61 **Professionals** means all professionals employed in this Chapter 11 Case pursuant to Bankruptcy Code sections 327 and 363.

1.62 **Proof of Claim** means a proof of Claim filed against the Debtor in the Chapter 11 Case.

1.63 **Released Parties** means (as applicable) (a) the Debtor, (b) the Reorganized Debtor and its member, (c) FSO in any capacity, (d) each of the Bond Trustee and the Master Trustee in any capacity, (e) the Issuer and (f) the current and former officers, directors, members of Issuer, attorneys and advisors, each in their respective capacities as such, of each of the foregoing.

1.64 **Releasing Parties** means all Persons who have held, hold or may hold Claims or Interests that have been released or discharged pursuant to this Plan.

1.65 **Reorganized Debtor** means the Debtor, Friendship Village of Mill Creek, NFP, from and after the Effective Date of the Plan and the substantial consummation of the Plan.

1.66 **Residency Agreements** means all residency agreements related to independent living, assisted living, agreements related to use of any Debtor-owned parking facility and any additional documents related thereto for which a material performance obligation remains outstanding or unperformed by either party.

1.67 **Retained Claims** means all existing and potential litigation in which the Debtor is the plaintiff or a defendant with a counterclaim or cross claims including, but not limited to the matters listed in the Debtor's Schedule B in Bankruptcy, in response to question 74 (filed in the Case as Document 1, at page 18 of 158).

1.68 **Schedules** means, collectively, the schedules of assets and liabilities, schedules of Executory Contracts and Unexpired Leases, and statement of financial affairs filed by the Debtor pursuant to Bankruptcy Code section 521 and in substantial accordance with the Official Bankruptcy Forms, as the same may have been amended, modified, or supplemented from time to time.

1.69 **Secured Claim** means any Claim of a Creditor that is secured by property of the Estate, to the extent of the value of the Creditor's interest in the Estate's interest in such property, as provided in Bankruptcy Code section 506(a). Secured Claim also means a Claim of a creditor that is subject to setoff under Bankruptcy Code section 553, to the extent of the amount subject to setoff, as provided in Bankruptcy Code section 506(a).

1.70 **Series A Bonds** means the \$89,100,000 Revenue Bonds, Series 2010A (GreenFields of Geneva Project).

1.71 **Series B Bonds** means the \$5,000,000 Revenue Bonds, Series 2010B (GreenFields of Geneva Project) (Accelerated Redemption Reset Option Securities (ARROSSM)).

1.72 **Series C-1 Bonds** means the \$3,575,000 Revenue Bonds, Series 2010C-1 (GreenFields of Geneva Project) (Tax-Exempt Mandatory Paydown Securities (TEMPS-75SM)).

1.73 **Series C-2 Bonds** means the \$8,325,000 Revenue Bonds, Series 2010C-2 (GreenFields of Geneva Project) (Tax-Exempt Mandatory Paydown Securities (TEMPS-65SM)).

1.74 **Series C-3 Bonds** means the \$11,600,000 Revenue Bonds, Series 2010C-3 (GreenFields of Geneva Project) (Tax-Exempt Mandatory Paydown Securities (TEMPS-50SM)).

1.75 **Series 2010 Bonds** means, collectively, the Series A Bonds, Series B Bonds, Series C-1 Bonds, Series C-2 Bonds, and the Series C-3 Bonds.

1.76 **Series 2010 Refund Payment** means the payment to be made to the Bond Trustee from certain proceeds of the Series 2017A Bonds in the amount of \$52,800,000.

1.77 **Series 2017A Bonds** means the bonds issued by Issuer, subject to its authority and discretion, in one or more series for refunding and related purposes in an aggregate approximate amount of \$67,000,000 (which amount is subject to modification prior to the authorization of the bond issue by the Issuer), which will be offered to clients of Hamlin Capital Management, LLC, subject to modification as to the aggregate amount of the series prior to the Effective Date.

1.78 **Series 2017B Bonds** means the taxable bonds issued by FSO in an approximate amount of up to \$15,000,000.

1.79 **Unencumbered Assets** means the three motor vehicles owned by the Debtor that are not encumbered by any prepetition or postpetition lien.

1.80 **Unexpired Lease** means a lease to which the Debtor is a party that is subject to assumption or rejection under Bankruptcy Code section 365.

1.81 **U.S. Trustee Fees** means all fees and charges assessed against the Estate of the Debtor under 28 U.S.C. § 1930 of the United States Code.

B. Interpretation: Application of Definitions and Rules of Construction.

Unless otherwise specified, all section or exhibit references in this Plan are to the respective section in, or exhibit to, the Plan, as the same may be amended, waived, or modified from time to time. The words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to the Plan as a whole and not to any particular section, subsection, or clause contained therein. A term used herein that is not defined herein shall have the meaning assigned to that term in the Bankruptcy Code. The rules of construction contained in Bankruptcy Code section 102 shall apply to the Plan. The headings in this Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. Unless otherwise provided, any reference in this Plan to an existing document, exhibit or schedule means such document, exhibit or schedule as it may have been amended, restated, revised, supplemented or otherwise modified. If a time or date is specified for any payments or other distribution under the Plan, it shall mean on or as soon as reasonably practicable thereafter. Further, where appropriate from a contextual reading of a term, each term includes the singular and plural form of the term regardless of how the term is stated and each stated pronoun is gender neutral.

SECTION 2. TREATMENT OF ADMINISTRATIVE CLAIMS, PRIORITY TAX CLAIMS AND U.S. TRUSTEE FEES

2.1 **Administrative Claims.** In accordance with Bankruptcy Code section 1123(a)(1), Administrative Claims have not been classified and are treated as described herein. Except as otherwise provided in this Plan, by written agreement of the holder of an Allowed Administrative Claim to accept different treatment than provided under this Plan, or by order of the Bankruptcy Court, a Person holding an Allowed Administrative Claim will receive Cash equal to the unpaid portion of such Allowed Administrative Claim which has come due for payment under any applicable order or law, as soon as practicable after the later of: (a) the third Business Day after the Effective Date; (b) the date on which such Person becomes the holder of such an Allowed Administrative Claim; or (c) the date or dates when that Claim is payable by its terms, consistent with past practice and in accordance with past terms. Allowed Administrative Claims shall only be paid in accordance with any Final Order of the Bankruptcy Court. The Debtor estimates that there will be approximately \$296,000.00 in Allowed Administrative Claims. Administrative Claims shall be paid by the Reorganized Debtor from Cash in the ordinary course. Without limiting the foregoing, the Reorganized Debtor shall be responsible for the fees and expenses of the Illinois Finance Authority.

2.2 **Professional Compensation.** Professionals or other Persons asserting a Claim for Accrued Professional Compensation for services rendered before the Effective Date must request payment for such Professional Compensation no later than thirty (30) days after the Effective Date. All such applications be in the form required by the “Order Granting Debtor’s Motion for Administrative Order Establishing Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals” which was entered by the Court on May 4, 2017 (Docket. 55, hereafter, the “Fee Procedures Order”). Copies of such applications shall be served on the “Notice Parties” identified by that order, each of whom may object to any such final compensation applications within the time allowed by the Fee Procedures Order. The Court shall resolve any objections filed to any timely filed application for Professional Compensation. The Reorganized Debtor shall promptly pay any Allowed Claim for Accrued Professional Compensation from the reserves established for that purpose by this Plan, or, at its sole option, from funds of the Reorganized Debtor. For the avoidance of doubt, the Debtor shall be responsible for payment of the Professional Compensation payable pursuant to the Budget prior to the Effective Date, the Reorganized Debtor shall be responsible for payment of the holdback and other “end of case fees” as provided in the Budget.

Upon the Effective Date, any requirement that Professionals comply with Bankruptcy Code sections 327 through 331 and 1103 in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtor may employ and pay any professional for services rendered or expenses incurred after the Effective Date in the ordinary course of business without any further notice to any party or action, order or approval of the Bankruptcy Court.

2.3 **Priority Tax Claims.** In accordance with Bankruptcy Code section 1123(a)(1), Priority Tax Claims have not been classified and are treated as described in this Section 2. Unless otherwise agreed by the holder of an Allowed Priority Tax Claim, any Person holding an Allowed Priority Tax Claim will receive from the Reorganized Debtor in full satisfaction of such Claim, payment in Cash in full on the later of the Effective Date or the date such Claim becomes due and payable in the ordinary course under applicable non-bankruptcy law. The Debtor estimates that there will be no Priority Tax Claims.

2.4 *U.S. Trustee Fees* All U.S. Trustee Fees will be paid in full by the Reorganized Debtor as they become due and owing.

SECTION 3. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

3.1 *Classification and Specification of Treatment of Claims.* All Claims and Interests, except those described in Section 2, are placed in the following Classes of Claims and Interests, pursuant to Bankruptcy Code section 1123(a)(1), which section specifies the treatment of such Classes of Claims and Interests and of their impaired or unimpaired status, pursuant to Bankruptcy Code sections 1123(a)(2) and 1123(a)(3). A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of the Class and is classified in a different Class to the extent that the Claim or Interest qualifies within the description of that different Class. A Claim or Interest is in a particular Class only to the extent that the Claim or Interest is an Allowed Claim in that Class and has not been paid, released, withdrawn, waived, or otherwise satisfied under this Plan. Unless this Plan expressly provides otherwise, when a Class includes a subclass, each subclass is a separate Class for all purposes under the Bankruptcy Code, including, without limitation, voting and distribution.

Subject to all other applicable provisions of this Plan (including its distribution provisions), classified Claims and Interests shall receive the treatment set forth below. This Plan will not provide any distributions on account of a Claim or Interest to the extent that such Claim or Interest has been disallowed, released, withdrawn, waived, or otherwise satisfied or paid as of the Effective Date, including, without limitation, payments by third parties. Except as specifically provided in this Plan, this Plan will not provide any distributions on account of a Claim, or Interest the payment of which has been assumed by a third party.

3.2 *Classes of Claims.*

<u>Class</u>	<u>Claim</u>	<u>Status</u>	<u>Voting Rights</u>
1	Series 2010 Bond Claims	Impaired	Entitled to Vote
2	Other Secured Claims	Unimpaired	Deemed to Accept
3	Unsecured Priority Claims	Unimpaired	Deemed to Accept
4	Unsecured Nonpriority Claims	Impaired	Entitled to Vote
5	Interests	Unimpaired	Deemed to Accept

3.2.1 Class 1 — Series 2010 Bond Claims. This Class consists of the Bond Claim, which is payable to the Bond Trustee for the benefit of Bond Holders. The Bond Claim is an Allowed Claim. In full satisfaction of the Bond Claim, the Bond Trustee shall receive on the Effective Date (a) the Series 2010 Refund Payment; (b) all Cash of the Debtor that is on hand as of the Effective Date after the payment of Professional Compensation as set forth in Section 2.2 hereof and those Administrative Claims accrued before the Effective Date up to the amounts set forth in the Budget; and (c) a payment from the Escrow Account in the amount of \$366,600. In addition, the Master Trustee and the Bond Trustee may apply any and all of the Bond Trustee Funds in their possession as set forth in the Bond Documents free from the automatic stay imposed by Bankruptcy Code section 362(a), the injunction contained in this Plan, or any rights of the Debtor or the Reorganized Debtor. The Debtor estimates that the

Allowed Class 1 Claims will receive approximately \$54,542,233.00 on the Effective Date (exclusive of application of the Bond Trustee Funds). It is anticipated that the Bond Trustee shall receive a distribution of approximately 56% of its Allowed Class 1 Claim (which amount for these calculations includes the \$52.8 million, plus cash provided by the Debtor on the Effective Date as well as the Bond Trustee Funds).

3.2.2 Class 2 — Other Secured Claims. This Class consists of all Secured Claims other than Series 2010 Bond Claims. Unless otherwise agreed by the holder of any Claim in this Class, each Allowed Other Secured Claim that has not been satisfied as of the Effective Date, in full and final satisfaction and discharge of and in exchange for each Allowed Other Secured Claim, will receive (a) deferred Cash payments from the Reorganized Debtor of a value, as of the Effective Date, equal to the holder's Allowed Other Secured Claim; (b) payment in Cash from the Reorganized Debtor in full on the later of: (i) the third (3rd) Business Day after the Effective Date or as soon as reasonably practicable thereafter as determined by the Disbursing Agent; and (ii) the date on which there is a Final Order allowing such Claim; or (c) reinstatement and otherwise left unaltered the legal, equitable and contractual rights to which the holder of such Claim is entitled in accordance with Bankruptcy Code section 1124. The Debtor estimates that the Allowed Class 2 Claims will be approximately \$ 0 on the Effective Date.

3.2.3 Class 3 — Unsecured Priority Claims. This Class consists of Claims that are specified as having priority under Bankruptcy Code section 507(a), if any such Claims still exist as of the Effective Date. Unless otherwise agreed by the holder of any Claim in this Class, each Allowed Claim under Bankruptcy Code section 507(a), which has not been satisfied as of the Effective Date, in full and final satisfaction and discharge of and in exchange for each Allowed Unsecured Priority Claim, will receive from the Reorganized Debtor: (a) deferred Cash payments of a value, as of the Effective Date, equal to the Allowed Priority Claim or (b) payment in Cash in full on the later of: (i) the third (3rd) Business Day after the Effective Date or as soon as reasonably practicable thereafter as determined by the Disbursing Agent; and (ii) the date on which the Claim is Allowed. The Debtor estimates that the Allowed Class 3 Claims will be approximately \$11,000.00 on the Effective Date.

3.2.4 Class 4 — Unsecured Nonpriority Claims. This Class consists of all nonpriority unsecured claims against the Debtor. Except to the extent that a holder of an Allowed Unsecured Nonpriority Claim agrees to a less favorable treatment, in full and final satisfaction and discharge of and in exchange for each Claim, each holder of an Allowed Unsecured Nonpriority Claim will receive payment in Cash of their pro rata share of the Unencumbered Assets on the latest of (a) the third (3rd) Business Day after the Effective Date or as soon as practicable thereafter as determined by the Disbursing Agent, (b) the date such Allowed Unsecured Nonpriority Claim becomes due and payable in the ordinary course of business, and (c) as otherwise agreed to by the Debtor and the holder of such Claim, and (d) the Date such Claim is Allowed. The Debtor reserves its rights, however, to dispute the validity of any Unsecured Nonpriority Claim, whether or not objected to prior to the Effective Date. Notwithstanding the foregoing, no distributions shall be made in respect of any intercompany Claims, including but not limited to the FSO Claims. The Debtor estimates that the Allowed Class 4 Claims will be approximately \$656,000 on the Effective Date.

3.2.5 Class 5 — Interests. This Class consists of all prepetition ownership interests in the Debtor. All Interests shall be affirmed, assumed and deemed Allowed by the Reorganized Debtor on the Effective Date. For the avoidance of doubt, the Interests of FSO, as the sole member of the Debtor, will not be impaired in any way by the Debtor's Chapter 11 Case or by this Plan, and that Interest shall continue to be the sole membership Interest in the Reorganized Debtor after the Effective Date.

3.3 *Acceptance or Rejection of the Plan.*

3.3.1 Acceptance by an Impaired Class. In accordance with Bankruptcy Code section 1126(c) and except as provided in section 1126(e), an impaired Class of Claims shall have accepted this Plan if this Plan is accepted by the holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Allowed Claims of such Class that have timely and properly voted to accept or reject this Plan.

3.3.2 Presumed Acceptance of the Plan. Classes 2, 3 and 5 are unimpaired under this Plan and are, therefore, conclusively presumed to have accepted this Plan pursuant to Bankruptcy Code section 1126(f).

3.3.3 Voting Class. Classes 1 and 4 are impaired under this Plan and are entitled to vote to accept or reject this Plan.

SECTION 4. MEANS FOR IMPLEMENTATION OF THIS PLAN

4.1 *Sources of Consideration*. All Cash consideration necessary for the Reorganized Debtor to make payments or distributions pursuant hereto shall be obtained from (a) Cash on hand of the Debtor or Reorganized Debtor as appropriate, including Cash derived from business operations; (b) proceeds of the Series 2017A and Series 2017B Bonds; (c) proceeds from the FSO Equity Contribution; (d) proceeds from the Unencumbered Property; and (d) proceeds of Escrowed Entrance Fees.

4.2 *Distribution of Cash of the Debtor's Estate*. The Debtor's Cash on the Effective Date, including the balance of all deposit accounts owned by the Debtor and any payments received by the Debtor by wire or by check as of the Effective Date which have not yet been deposited in the Debtor's operating account, shall be used, first, to pay or fund reserves to be held by the Reorganized Debtor for the payment of Allowed Administrative Claims (as set forth and limited under the Budget) and U.S. Trustee Fees which have or may accrue at the time of the Effective Date (regardless of whether such Administrative Claims or U.S. Trustee Fees are then payable) and Professional Compensation as set forth in Section 2.2. Any Cash remaining shall be paid to the Bond Trustee for distribution to Bond Holders or for other purposes permitted under the terms of the Bond Documents and the Bond Indenture. Notwithstanding anything to the contrary in this Plan, U.S. Trustee Fees which will become payable by the Reorganized Debtor in the calendar quarter which occurs after the Effective Date will be deemed to have "accrued" on the day before the Effective Date, and shall be paid from reserves established for that purpose.

4.3 *Issuance of Series 2017A and Series 2017B Bonds and Refunding of Series 2010 Bonds*. On the Effective Date or as soon as reasonably practicable thereafter, the

Issuer will issue, subject to its authority and discretion, in accordance with the terms of this Plan, the Series 2017A Bonds in an aggregate approximate principal amount of \$67,000,000 (which amount is subject to modification prior to the authorization of the bond issue by the Issuer). FSO will issue, subject to its authority and discretion, the 2017B Bonds in the aggregate principal amount of \$15,000,000. The net proceeds obtained from the issuance of the Series 2017A Bonds, and, if necessary, the FSO Equity Contribution, shall be used to fund the Series 2010 Refund Payment made by the Debtor to the Bond Trustee. Effective upon the payment of all amounts to the Bond Trustee set forth in Section 3.2.1, the Bond Trustee shall provide the Debtor with an executed release in a form reasonably acceptable to the Reorganized Debtor, which releases any lien, claim or encumbrance held by the Bond Trustee against any property of the Debtor's Estate or any asset of the Reorganized Debtor. The payments made pursuant to this Plan, when made, shall, with respect to the Debtor and the Reorganized Debtor be deemed to effect a complete refunding of the Series 2010 Bonds under the terms of the Bond Documents or the Bond Indenture.

4.4 ***Payments from the Reorganized Debtor.*** The Reorganized Debtor, using funds derived from the FSO Equity Contribution, shall make the following payments: (a) to the Bond Trustee, an amount needed to complete the funding of the Series 2010 Refund Payment, if any; (b) to holders of Class 3 Claims; (c) to holders of Claims under Executory Contracts (other than Residency Agreements), one hundred percent (100%) of the allowed amount of the Claim of such holders for a Cure of the Debtor's pre-petition monetary default under such Executory Contracts, payable no later than the third business day following the Effective Date; and (d) to holders of Claims under Executory Contracts which are Residency Agreements, one hundred percent (100%) of the allowed amount of the Claims of such holders for a Cure of the Debtor's monetary default under such Executory Contracts, payable no later than the third business day following the Effective Date, which amount has not been satisfied from the Escrowed Entrance Fees.

4.5 ***Payments from Escrowed Entrance Fees.*** On or as soon as practicable following the Effective Date, the Reorganized Debtor shall instruct the Escrow Agent which has ownership and charge of the Escrow Account to use the funds in the Escrow Account (to the extent of available funds in that Escrow Account) to pay the following amounts in the following order: (a) first, to the Escrow Agent for any outstanding fees, costs and expenses due to the Escrow Agent under the terms of the agreement which established the Escrow Account; (b) second, to holders of Claims for refunds of deposits which are due under the terms of the applicable Residency Agreements; (c) third, to the Bond Trustee in the amount of \$366,600; and (d) the balance remaining after the payment of the foregoing Claims shall be paid to the Reorganized Debtor, as proceeds of Executory Contracts which the Debtor has assumed pursuant to the terms of this Plan.

4.6 ***Retained Claims.*** The Retained Claims shall vest in the Reorganized Debtor on the Effective Date and the Reorganized Debtor shall be solely responsible for the continuation of any litigation or negotiation related thereto. Nothing in the Chapter 11 Case shall impact the Reorganized Debtor's ability to continue litigation related to the Retained Claims.

4.7 ***Corporate Existence.*** Except as otherwise provided herein or in the Corporate Governance Documents, the Reorganized Debtor shall continue to exist on and after

the Effective Date as a separate non-stock corporate entity with all the powers of a non-stock corporation, pursuant to the applicable law in the jurisdiction in which Reorganized Debtor was incorporated or formed.

4.8 ***Reorganized Debtor Governance.*** The existing members of the Debtor's Board of Directors shall continue to be members of the Board of Directors of the Reorganized Debtor.

4.9 ***Officers of Reorganized Debtor.*** The existing officers of the Debtor shall continue to be officers of the Reorganized Debtor. Such officers shall serve in accordance with applicable non-bankruptcy law.

4.10 ***Vesting of Assets in the Reorganized Debtor.*** Except as otherwise provided in this Plan or any agreement, instrument or other document incorporated herein, on the Effective Date, or as soon as practicable thereafter, all property of the Debtor's Estate and all Causes of Action (except those released pursuant to the Releases by the Debtor) shall vest in the Reorganized Debtor, free and clear of all Liens, Claims, charges or other encumbrances (except for Liens securing the Series 2017A and Series 2017B Bonds). On and after the Effective Date, except as otherwise provided in this Plan, the Reorganized Debtor may operate its business and may use, acquire or dispose of property and compromise or settle any Claims or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

4.11 ***Restructuring Transactions.*** On the Effective Date or as soon as reasonably practicable thereafter, the Debtor and the Reorganized Debtor may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by or necessary to effectuate this Plan, including: (a) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution or liquidation containing terms that are consistent with the terms of this Plan and that satisfy the applicable requirements of applicable law and any other terms to which the applicable Persons may agree; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, debt or obligation on terms consistent with the terms of this Plan and having other terms for which the applicable Persons agree; (c) the filing of appropriate certificates or articles of incorporation or amendments thereof, reincorporation, merger, consolidation, conversion or dissolution pursuant to applicable state law; and (d) all other actions that the applicable Persons determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law.

4.12 ***Corporate Action.*** Upon the Effective Date, all actions contemplated by this Plan shall be deemed authorized and approved in all respects, including all actions contemplated by this Plan (whether to occur before, on or after the Effective Date). All matters provided for in this Plan involving the corporate structure of the Debtor or the Reorganized Debtor, and any corporate action required by the Debtor or the Reorganized Debtor in connection with this Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by the directors or officers of the Debtor or the Reorganized Debtor.

On or (as applicable) before the Effective Date, the appropriate officers of the Debtor or the Reorganized Debtor, as applicable, shall be authorized and directed to issue, execute and deliver the agreements, documents, securities, certificates of incorporation, operating agreements and instruments contemplated by this Plan (or necessary or desirable to effect the transactions contemplated by this Plan) in the name of and on behalf of the Debtor or the Reorganized Debtor, as the case may be, and any and all other agreements, documents, securities and instruments relating to the foregoing.

4.13 ***Section 1146 Exemption from Certain Taxes and Fees.*** Pursuant to Bankruptcy Code section 1146(a), any transfers of property in contemplation of, in connection with, or pursuant to this Plan shall not be subject to any stamp tax or other similar tax or governmental assessment in the United States, and the Confirmation Order shall direct and be deemed to direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfers of property without the payment of any such tax or governmental assessment. Such exemption specifically applies, without limitation, to (a) the creation of any mortgage, deed of trust, lien or other security interest; (b) the making or assignment of any lease or sublease; (c) any restructuring transaction authorized by of this Plan; or (d) the making or delivery of any deed or other instrument of transfer under, in furtherance of or in connection with this Plan, including: (i) any merger agreements; (ii) agreements of consolidation, restructuring, disposition, liquidation or dissolution; (iii) deeds; or (iv) assignments executed in connection with any transaction occurring under this Plan.

4.14 ***Preservation of Causes of Action of the Debtor.*** In accordance with Bankruptcy Code section 1123(b), and except where such Causes of Action have been expressly released (including, for the avoidance of doubt, pursuant to the Releases by the Debtor), the Reorganized Debtor shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, and the Reorganized Debtor's rights to commence, prosecute or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. The Reorganized Debtor may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtor. No Person may rely on the absence of a specific reference in this Plan or the Disclosure Statement to any Cause of Action against them as any indication that the Debtor or the Reorganized Debtor, as applicable, will not pursue any and all available Causes of Action against them. Except with respect to Causes of Action as to which the Debtor or the Reorganized Debtor have released any Person or Person on or before the Effective Date (including pursuant to the Releases by the Debtor or otherwise), the Debtor or the Reorganized Debtor, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Person, except as otherwise expressly provided in this Plan. Unless any Causes of Action against a Person are expressly waived, relinquished, exculpated, released, compromised or settled in this Plan or a Bankruptcy Court order, the Reorganized Debtor expressly reserves all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches, shall apply to such Causes of Action upon, after or as a consequence of the Confirmation or consummation of this Plan. Notwithstanding the foregoing, the Debtor shall be deemed to have released any claims, causes of action or rights arising under Bankruptcy Code sections 510(c), 544, 545, 547, 548, 549, 550, 551 and 553.

4.15 ***Single Satisfaction of Claims.*** Holders of Allowed Claims may assert such Claims against the Debtor, and such Claims shall be entitled to share in the recovery provided for the applicable Class of Claims against the Debtor based upon the full Allowed amount of the Claim. Notwithstanding the foregoing, in no case shall the aggregate value of all property received or retained under this Plan on account of an Allowed Claim exceed 100% of the underlying Allowed Claim.

4.16 ***Cancellation of Series 2010 Bonds.*** As of the Effective Date, the Series 2010 Bonds shall be cancelled without further action by any party, provided, however, the Series 2010 Bonds and the Bond Documents shall be deemed to continue in effect solely to the extent they relate to and are necessary to: (i) allow applicable distributions pursuant to this Plan and Bond Documents, (ii) permit the Master Trustee and the Bond Trustee to be compensated for fees and reimbursed for expenses including expenses of its professionals and enforce its indemnity and other rights and protections with respect to and pursuant to the Bond Documents, (iii) permit the Master Trustee and the Bond Trustee to set one or more record dates and distribution dates with respect to the distribution of funds to beneficial holders of the Series 2010 Bonds, (iv) permit the Master Trustee and the Bond Trustee to appear in the Chapter 11 Case with respect to matters relevant to the Series 2010 Bonds and to enforce their rights under this Plan, (v) otherwise continue to govern relationships of the Master Trustee, the Bond Trustee and holders of the Series 2010 Bonds, and (vi) permit the Master Trustee and the Bond Trustee to perform any functions that are necessary in connection with the foregoing clauses (i) through (v).

SECTION 5. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

5.1 ***Assumption and Rejection of Executory Contracts and Unexpired Leases.*** Except as otherwise provided in this Plan, or in any contract, instrument, release, indenture or other agreement or document entered into in connection with this Plan, all Residency Agreements, without limitation, together with each Executory Contract which is not a Residency Agreement which is designated for assumption by the Reorganized Debtor in a notice to be filed in this Case by the Debtor or FSO prior to the Confirmation Date (the “**Assumption Notice**” shall be deemed assumed as of the Effective Date, unless such Executory Contract or Unexpired Lease: (1) was assumed or rejected previously by the Debtor; (2) expired or terminated pursuant to its own terms before the Effective Date; or (3) is the subject of a motion to reject filed on or before the Effective Date.

Notwithstanding anything contained in this Plan to the contrary, (i) each Residency Agreement, and all obligations arising thereunder, including all obligations to return or refund, all other entrance deposits, will be assumed by the Reorganized Debtor, as of the Effective Date, pursuant to this Plan and (ii) the Bond Documents will be cancelled as set forth in Section 4.16 of this Plan, with no amounts or other damages owing to or due from the Debtor other than those set forth in this Plan. Notwithstanding the foregoing or anything else in this Plan, the Bond Documents shall not be cancelled until the Debtor and the Reorganized Debtor (as applicable) have paid all amounts provided for in this Plan to the Bond Trustee and the Master Trustee (as applicable).

Entry of the Confirmation Order shall constitute a Bankruptcy Court order approving the assumptions or rejections of such Executory Contracts or Unexpired Leases as set forth in this Plan, all pursuant to Bankruptcy Code sections 365(a) and 1123. Unless otherwise indicated, all assumptions or rejections of Executory Contracts and Unexpired Leases pursuant to this Plan are effective as of the Effective Date. Each Executory Contract or Unexpired Lease assumed pursuant to this Plan or by Bankruptcy Court order but not assigned to a third party before the Effective Date shall revert in and be fully enforceable by the Reorganized Debtor in accordance with its terms, except as such terms may have been modified by such order. Notwithstanding anything to the contrary in this Plan, the Debtor or the Reorganized Debtor, as applicable, reserves the right to alter, amend, modify or supplement the list of Executory Contracts and Unexpired Leases identified in the Assumption Notice at any time before the Effective Date. After the Effective Date, the Reorganized Debtor shall have the right to terminate, amend or modify any intercompany contracts, leases or other agreements with FSO in accordance with their terms without approval of the Bankruptcy Court. All Cure payments related to assumed Executory Contracts and Unexpired Leases will be made with proceeds of the FSO Equity Contribution.

5.2 Assumption of the Medicare Provider Agreement.

In addition to the provisions of section 5.1 of the Plan, the following special provisions shall apply to the assumption and cure of the Debtor's Medicare Provider Agreement. In the event of an inconsistency between sections 5.1 and 5.2, the provisions of this section 5.2 shall govern.

A. **Medicare Assumption Date.** Provided that all issues regarding Debtor's cure of any defaults under its Medicare provider agreement on the Confirmation Date are addressed to the satisfaction of Centers for Medicare & Medicaid Services ("CMS"), the Debtor shall assume the Medicare provider agreement on the Effective Date ("Medicare Assumption Date").

B. **Cure Prior to the Medicare Assumption Date.** Prior to the Medicare Assumption Date:

(1) Compliance with Program Requirements. Debtor will comply with all applicable Medicare program requirements as set forth in Title XVIII the Social Security Act, 42 U.S.C. § 1395 et seq. ("Medicare Act"), and all relevant regulations, rules and CMS manual provisions.

(2) Cure. Apart from the provision for identified monetary defaults below, nothing withstanding anything to the contrary in the Plan and any exhibits thereto (now or as amended), or Order of Confirmation of a Plan, the term "cure," for purposes of Debtor's assumption of the Medicare provider agreement, means being governed by, and subject to, the terms and conditions of its Medicare provider agreement and the incorporated statutes, regulations, policies and procedures; and to remain liable for any debt to CMS as if the bankruptcy case had not occurred.

(3) Cure of Specific Monetary Defaults Identified Prior to the Assumption Date. Except as otherwise provided by mutual agreement between CMS and Debtor in a separate written agreement, compromise and/or extended liquidation schedule that Debtor and CMS may (but are not obligated to) enter into prior to the Medicare Assumption Date, Debtor must cure all

monetary defaults due under the Medicare provider agreement that CMS has identified to the Debtor in writing before the Medicare Assumption Date. Any such Cure payment shall be made with proceeds of the FSO Equity Contribution.

CMS's right to cure of such identified monetary defaults will be in addition to and without limitation upon its right to recoup of Medicare debts or its other rights and authorities under the Medicare Act. If Debtor and/or CMS propose a separate agreement, compromise and/or extended liquidation schedule, the process for consideration of any such proposal will remain governed by the Medicare Act, as well as all relevant regulations, rules, and CMS manual provisions, as if Debtor were not in bankruptcy.

C. CMS Claims Unimpaired. Without limiting CMS's right to payment of specific identified monetary defaults under the Medicare provider agreement that must be cured prior to assumption as set forth above, all of CMS's claims shall be unimpaired under 11 U.S.C. § 1124 and no court order entered in the Chapter 11 Case, including without limitation an order confirming a plan of reorganization in this case, shall alter, modify or impair or be deemed to alter, modify or impair any right, term or provision in the Debtor's agreements with CMS.

(1) Any amounts due on such claims shall be collected in the ordinary course of business, and the United States, on behalf of CMS, shall not be required to file any separate claim in the bankruptcy to collect any amounts due to CMS under the Medicare program, whether via proof of claim, claim for cure, or administrative claim.

(2) Nothing contained in the Plan and any exhibits thereto (now or as amended) or Order of Confirmation of a Plan shall release or operate to enjoin any claim of the United States, on behalf of CMS, against the Debtor or any non-debtor.

(3) Notwithstanding any provision of the Plan and any exhibits thereto (now or as amended), or Order of Confirmation of a Plan, all agreements, issues, and disputes arising under the Medicare Act, 42 U.S.C. § 1395, et seq., shall be governed exclusively by Medicare statutes, regulations, policies and procedures, without regard to the Bankruptcy Code or Bankruptcy Rules. Judicial review of any final Medicare determinations after exhaustion of jurisdictionally required administrative remedies would lie in the statutorily designated federal court in accordance with the Medicare Act. 42 U.S.C. §§ 405(h) & 1395ii; see, e.g., 42 U.S.C. §§ 405(g), 1395ff, 1395oo.

5.3 Claims Based on Rejection of Executory Contracts or Unexpired Leases. All Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, if any, must be filed with the Bankruptcy Court within 30 days after the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection; provided, that any such Rejection Claim arising from the rejection of an Unexpired Lease shall be subject to the cap on rejection damages imposed by Bankruptcy Code section 502(b)(6). Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion and shall not be enforceable against the Debtor or the Reorganized Debtor, the Estate or its property without the need for any objection by the Reorganized Debtor or further notice to, or action, order or approval of the Bankruptcy Court.

All Allowed Claims arising from the rejection of the Debtor's Executory Contracts or Unexpired Leases shall be classified as Class 4 Unsecured Nonpriority Claims against the Debtor and shall be treated in accordance with this Plan.

5.4 *Cure of Defaults for Assumed Executory Contracts and Unexpired Leases.* The Cure of any defaults under Executory Contracts shall be governed by these rules.

5.4.1 *Current Residents of GreenFields of Geneva.* The assumption by the Reorganized Debtor, of Residency Agreements with current residents of GreenFields of Geneva, which will automatically occur on the Effective Date of this Plan, shall be presumed to Cure any default which existed with respect to such Residency Agreements prior to the Effective Date of the Plan.

5.4.2 *Former Residents of GreenFields of Geneva.* The Reorganized Debtor shall be presumed to have cured any default with respect to a Residency Agreement between the Debtor and a person who no longer resides at GreenFields of Geneva (or such person's estate), upon the payment, in cash by the Reorganized Debtor, promptly following the Effective Date, of the amount of the refund of the entrance fee deposit due to such former resident (or such person's estate).

5.4.3 *Non-Resident Claims by Counterparties to Executory Contracts.* The Reorganized Debtor's right to assume any Executory Contract which is not a Residency Agreement, and the amount of the Cure payment which the Reorganized Debtor must pay to counter-parties of such Executory Contracts, shall be governed by the procedures which the Court may set by a separate order prior to the confirmation of this Plan. If the Court does not set any such procedures, then the Reorganized Debtor shall use its best efforts to resolve any disputes with counterparties to such Executory Contracts by agreement. If there is a dispute which is not resolved by agreement regarding (a) the nature or amount of any Cure, (b) the ability of the Reorganized Debtor to provide "adequate assurance of future performance" (within the meaning of Bankruptcy Code section 365) under the Executory Contract or Unexpired Lease to be assumed or (c) any other matter pertaining to assumption, Cure shall occur following the entry of a Final Order of the Bankruptcy Court resolving the dispute and approving the assumption.

Assumption of any Executory Contract or Unexpired Lease pursuant to this Plan or otherwise shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time before the effective date of the assumption.

5.5 *Insurance Policies.* Notwithstanding anything herein to the contrary, as of the Effective Date, the Debtor shall assume (and assign to the Reorganized Debtor if necessary to continue the Insurance Policies in full force) all of the Insurance Policies pursuant to Bankruptcy Code section 365(a). Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Debtor's foregoing assumption of each of the Insurance Policies.

5.6 ***Modifications, Amendments, Supplements, Restatements or Other Agreements.*** Unless otherwise provided, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal and any other interests, unless any of the foregoing agreements has been previously rejected or is rejected under this Plan.

Modifications, amendments, supplements and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtor during the Chapter 11 Case shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority or amount of any Claims that may arise in connection therewith, unless such Executory Contract or Unexpired Lease has been previously assumed by the Debtor.

5.7 ***Reservation of Rights.*** Nothing contained in this Plan or the Assumption Notice constitute an admission by the Debtor that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that the Reorganized Debtor has or have, as the case may be, any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtor or the Reorganized Debtor, as applicable, shall have 45 days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

5.8 ***Contracts and Leases Entered Into After the Petition Date.*** Notwithstanding any other provision in this Plan, contracts and leases entered into after the Petition Date by the Debtor, including any Executory Contracts and Unexpired Leases assumed by the Debtor, will be performed by the Debtor or the Reorganized Debtor liable thereunder in the ordinary course of its business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

SECTION 6. PROVISIONS GOVERNING DISTRIBUTIONS

6.1 ***Timing and Calculation of Amounts to Be Distributed.*** Except as otherwise provided in this Plan, on the Effective Date or as soon as reasonably practicable thereafter (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such a Claim becomes an Allowed Claim, on the next Distribution Date or as soon as reasonably practicable thereafter), each holder of an Allowed Claim against the Debtor shall receive the full amount of the distributions that this Plan provides for Allowed Claims in the applicable Class and in the manner provided herein. In the event that any payment or act under this Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in this Plan. Except as otherwise provided herein, holders of Claims shall not be entitled to interest, dividends or accruals on the distributions provided for

herein, regardless of whether such distributions are delivered on or at any time after the Effective Date.

6.2 ***Disbursing Agent.*** Except as otherwise provided in this Plan, all distributions under this Plan shall be made by the Reorganized Debtor as Disbursing Agent or such other Person designated by the Reorganized Debtor as a Disbursing Agent on the Effective Date. With respect to any distribution on account of the Series 2010 Bonds, such distributions shall be paid to the Bond Trustee, and the Bond Trustee shall make such further distributions to Bond Holders as set forth in the Bond Documents.

6.3 ***Rights and Powers of Disbursing Agent.*** The Disbursing Agent shall be empowered to: (a) effect all actions and execute all agreements, instruments and other documents necessary to perform its duties under this Plan; (b) make all distributions contemplated hereby; (c) employ professionals to represent it with respect to its responsibilities; and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to this Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions of this Plan.

6.4 ***Payments and Distributions on Disputed Claims.*** Distributions made after the Effective Date to holders of Disputed Claims that are not Allowed Claims as of the Effective Date but which later become Allowed Claims shall be deemed to have been made on the Effective Date.

6.5 ***Special Rules for Distributions to Holders of Disputed Claims.*** Notwithstanding any provision otherwise in this Plan and except as may be agreed to by the Debtor or the Reorganized Debtor, on the one hand, and the holder of a Disputed Claim, on the other hand, no partial payments and no partial distributions shall be made with respect to any Disputed Claim until all Disputed Claims held by the holder of such Disputed Claim have become Allowed Claims or have otherwise been resolved by settlement or Final Order.

6.6 ***Delivery of Distributions in General.*** Except as otherwise provided in this Plan, distributions to holders of Allowed Claims shall be made to the holders of record thereof as of the Distribution Record Date by the Disbursing Agent. Distributions to holders of Allowed Claims will be made at the address of each such holder as set forth in the Debtor's books and records, except that, in the case of Bond Holders, distributions will be made by directly to the Bond Trustee, who will then make distributions to Bond Holders as set forth in the Bond Documents. Distributions under this Plan on account of Allowed Claims shall not be subject to levy, garnishment, attachment or like legal process, so that each holder of an Allowed Claim shall have and receive the benefit of the distributions in the manner set forth in this Plan. None of the Debtor, the Reorganized Debtor and the applicable Disbursing Agent shall incur any liability whatsoever on account of any distributions under this Plan except for gross negligence, willful misconduct or fraud.

6.7 ***Small Distributions, Undeliverable Distributions and Unclaimed Property.*** Notwithstanding any other provision of this Plan, the Disbursing Agent shall not be required to make distributions to any holder of a Claim which is less than Five Dollars (\$5.00). In the event that any distribution to any holder is returned as undeliverable, no distribution to

such holder shall be made unless and until the Disbursing Agent has determined the then current address of such holder, at which time such distribution shall be made as soon as practicable after such distribution has become deliverable; provided, however, that such distributions shall be deemed unclaimed property under Bankruptcy Code section 347(b) and forfeited at the expiration of six (6) months after the applicable Distribution Date. After such date, all “unclaimed property” or interests in property shall revert to the Reorganized Debtor (notwithstanding any applicable federal or state escheat, abandoned or unclaimed property laws to the contrary), and the Claim of any holder to such property shall be deemed to be a Disallowed Claim and discharged and forever barred.

6.8 ***Withholding and Reporting Requirements.*** In connection with this Plan and all instruments issued in connection therewith, the Disbursing Agent shall comply with all applicable withholding and reporting requirements imposed by any federal, state or local taxing authority, and all distributions under this Plan shall be subject to any such withholding or reporting requirements.

6.9 ***Setoffs.*** Except as set forth herein, the Debtor and the Reorganized Debtor may withhold (but not set off except as set forth below) from the distributions under this Plan on account of any Allowed Claim an amount equal to any claims, equity interests, rights and Causes of Action of any nature that the Debtor or the Reorganized Debtor may hold against the holder of any such Allowed Claim. In the event that any such claims, equity interests, rights and Causes of Action of any nature that the Debtor or the Reorganized Debtor may hold against the holder of any such Allowed Claim are adjudicated by Final Order or otherwise resolved, the Debtor may, pursuant to Bankruptcy Code section 553 or applicable non-bankruptcy law, set off against any Allowed Claim and the distributions to be made pursuant hereto on account of such Allowed Claim (before any distribution is made on account of such Allowed Claim) the amount of any adjudicated or resolved claims, equity interests, rights and Causes of Action of any nature that the Debtor or the Reorganized Debtor may hold against the holder of any such Allowed Claim, but only to the extent of such adjudicated or resolved amount. Neither the failure to effect such a setoff nor the allowance of any Claim under this Plan shall constitute a waiver or release by the Debtor or the Reorganized Debtor of any such claims, equity interests, rights and Causes of Action that the Debtor or the Reorganized Debtor may possess against any such holder, except as specifically provided herein. Notwithstanding anything in this Section 6.9 or any other provision of this Plan, the distributions made to the Bond Trustee or the Master Trustee or to Bond Holders shall not be subject to setoff of any kind.

6.10 ***Insurance Claims.*** Except for payments to be made to the Bond Trustee and the Master Trustee, no distributions under this Plan shall be made on account of Allowed Claims until the holder of such Allowed Claim has exhausted any and all remedies with respect to the Debtor’s Insurance Policies. To the extent that one or more of the Debtor’s insurers agrees to satisfy in full a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers’ agreement, such Claim may be deemed to be a Disallowed Claims and may be expunged without a Claims objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court.

6.11 ***Applicability of Insurance Policies.*** Except as otherwise provided in this Plan, distributions to holders of Allowed Claims shall be made in accordance with the provisions

of any applicable Insurance Policy. Nothing contained in this Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtor, the Reorganized Debtor or any Person may hold against any other Person, including insurers under any policies of insurance, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

SECTION 7. PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED AND DISPUTED CLAIMS

The provisions of the Section 7 shall not be applicable to the Bond Claim, which is Allowed as set forth in Section 3.2.1 hereof:

7.1 ***Prosecution of Objections to Claims.*** The Debtor (before the Effective Date) or the Reorganized Debtor (on or after the Effective Date), as applicable, shall have the exclusive authority to file, settle, compromise, withdraw or litigate to judgment any objections to Claims as permitted under this Plan. From and after the Effective Date, the Debtor and the Reorganized Debtor may settle or compromise any Disputed Claim without approval of the Bankruptcy Court. The Debtor reserves all rights to resolve any Disputed Claim outside the Bankruptcy Court under applicable governing law.

7.2 ***Allowance of Claims.*** Except as expressly provided in this Plan or in any order entered in the Chapter 11 Case before the Effective Date (including the Confirmation Order), the Reorganized Debtor after the Effective Date will have and retain any and all rights and defenses held by the Debtor with respect to any Claim as of the Petition Date. All Claims of any Person against the Debtor shall be disallowed unless and until such Person pays, in full, the amount it owes each such Debtor.

7.3 ***Distributions after Allowance.*** On the Distribution Date following the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Disbursing Agent shall provide to the holder of such Claim the distribution (if any) to which such holder is entitled under this Plan as of the Effective Date, without any interest to be paid on account of such Claim.

7.4 ***Estimation of Claims.*** The Debtor (before the Effective Date) or the Reorganized Debtor (on or after the Effective Date) may, at any time, and from time to time, request that the Bankruptcy Court estimate any Disputed Claim pursuant to Bankruptcy Code section 502(c) regardless of whether an objection was previously filed with the Bankruptcy Court with respect to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Disputed Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim against any party or Person, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtor (before the Effective Date) or the Reorganized Debtor (after the Effective Date), may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim. All of the objection, estimation, settlement and resolution procedures set forth in this Plan

are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, objected to, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

SECTION 8. SETTLEMENT, RELEASE, INJUNCTION AND RELATED PROVISIONS

8.1 *Compromise and Settlement of Claims, Interests and Controversies.*

Pursuant to Bankruptcy Code section 363 and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to this Plan, the provisions of this Plan shall constitute a good faith compromise of all Claims, Interests and controversies relating to the contractual, legal and subordination rights that a holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtor, its Estate and holders of Claims and Interests and is fair, equitable and reasonable. In accordance with the provisions of this Plan, pursuant to Bankruptcy Code section 363 and Bankruptcy Rule 9019(a), without any further notice to or action, order or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtor may compromise and settle Claims against them and Causes of Action against other Persons.

8.2 *Releases by the Debtor.* Pursuant to Bankruptcy Code section 1123(b) and except as otherwise specifically provided in this Plan, for good and valuable consideration, including the service of the Released Parties to facilitate the expeditious reorganization of the Debtor and the implementation of the restructuring contemplated by this Plan, on and after the Effective Date, the Released Parties are deemed released and discharged by the Debtor, the Reorganized Debtor and the Estate from any and all claims, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative claims asserted or assertable on behalf of the Debtor, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity or otherwise, that the Debtor, the Reorganized Debtor, the Estate or its affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Person, based on or relating to, or in any manner arising from, in whole or in part, the Debtor, the Series 2010 Bonds, the Debtor's Chapter 11 Case, the purchase, sale or rescission of the purchase or sale of any security of the Debtor, the Reorganized Debtor or the Issuer, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in this Plan, the business or contractual arrangements between the Debtor and any Released Party, the restructuring of Claims and Interests before or during the Debtor's Chapter 11 Case, the negotiation, formulation or preparation of this Plan, the Disclosure Statement, any related agreements, instruments or other documents (collectively, the "**Debtor Released Claims**"), other than Debtor Released Claims against a Released Party arising out of or relating to any act or omission of that party constituting willful misconduct or gross negligence.

8.3 *Limited Releases by Holders of Claims.* As of the Effective Date and except as set forth in this Plan (including but not limited to all obligations of the Debtor and Reorganized Debtor under this Plan which shall not be deemed released), each holder of a Claim

or Interest (including Bond Holders) shall be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever, released and discharged the Released Parties from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative Claims assertable on behalf of the Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such Person would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the preparation, negotiation, Court approval or confirmation of the Plan, the Disclosure Statement or related agreements document or instrument, or the filing of any motion or document (or the failure to take action) in the Debtor's Chapter 11 Case (collectively, "**Released Claims**"), provided, however, the Released Claims shall not include any Claim (i) which arises out of or relates to any Executory Contract which is assumed by the Debtor through the Plan, including all Residency Agreements which are assumed by the Debtor through the Plan; (ii) which arises out of or relates to any act or omission of that party constituting willful misconduct or gross negligence; or any Claim that arises from facts and circumstances other than those which are specifically enumerated above in this section of the Plan, or (ii) which relates to FSO's ownership interest or involvement in any facilities other than the Debtor. Further, nothing in this Plan or the Disclosure Statement, or any other document filed in connection with such documents, shall release or be deemed to release the Released Parties from any Cause of Action held by a governmental entity existing as of the Effective Date based on (i) the Internal Revenue Code or other domestic state, city, or municipal tax code, (ii) the environmental laws of the United States or any domestic state, city, or municipality, (iii) any criminal laws of the United States or any domestic state, city, or municipality, (iv) the Securities and Exchange Act of 1934 (as now in effect or hereafter amended), the Securities Act of 1933 (as now in effect or hereafter amended), or other securities laws of the United States or any domestic state, city or municipality, (v) the Employee Retirement Income Security Act of 1974, as amended, (vi) the laws and regulations of the Bureau of Customs and Border Protection of the United States Department of Homeland Security, or (vii) any federal law, rule or regulation including, but not limited to, those related to the Center for Medicare Services or the Department of Health and Human Services with respect to Medicare reimbursement or recoupment of amounts paid by the Center for Medicare Services which may be subject to a recoupment claim of such agencies or entities made either before or after the Effective Date.

8.4 ***Discharge of Claims.*** Pursuant to Bankruptcy Code section 1141(d), and except as otherwise specifically provided in this Plan, the distributions, rights and treatment that are provided in this Plan shall be in full and final satisfaction, settlement, release and discharge, effective as of the Effective Date, of all Claims and Causes of Action of any nature whatsoever, including any interest accrued on Claims from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against the Debtor or any of its assets or properties, regardless of whether any property shall have been distributed or retained pursuant to this Plan on account of such Claims, including demands, liabilities and Causes of Action that arose before the Effective Date, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in Bankruptcy Code sections 502(g), 502(h) or 502(i), in each case whether or not: (1) a Proof of Claim based upon such Claim, debt, right or Interest is filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (2) a Claim based upon such Claim, debt or right is Allowed pursuant to section 502 of the Bankruptcy Code; or (3) the holder of such a Claim has

accepted this Plan. Except as otherwise provided herein, any default by the Debtor or its affiliates with respect to any Claim that existed before or on account of the filing of the Chapter 11 Case shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims subject to the Effective Date occurring, except as otherwise expressly provided in this Plan.

8.5 ***Injunction.*** FROM AND AFTER THE EFFECTIVE DATE, ALL PERSONS ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY CAUSE OF ACTION RELEASED OR TO BE RELEASED PURSUANT TO THIS PLAN OR THE CONFIRMATION ORDER.

FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES GRANTED IN THIS PLAN, THE RELEASING PARTIES SHALL BE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER AGAINST THE RELEASED PARTIES AND THEIR ASSETS AND PROPERTIES, AS THE CASE MAY BE, ANY SUIT, ACTION OR OTHER PROCEEDING, ON ACCOUNT OF OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THIS PLAN.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN OR RELATED DOCUMENTS, OR FOR OBLIGATIONS PURSUANT TO THIS PLAN, ALL PERSONS WHO HAVE HELD, HOLD OR MAY HOLD CLAIMS OR INTERESTS THAT HAVE BEEN RELEASED OR ARE DISCHARGED, ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS: (1) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (2) ENFORCING, ATTACHING, COLLECTING OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE OR ORDER AGAINST SUCH PERSONS ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (3) CREATING, PERFECTING OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH PERSONS OR THE PROPERTY OR ESTATE OF SUCH PERSONS ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; AND (4) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED, SETTLED OR DISCHARGED PURSUANT TO THIS PLAN.

THE RIGHTS AFFORDED IN THIS PLAN AND THE TREATMENT OF ALL CLAIMS AND INTERESTS HEREIN SHALL BE IN EXCHANGE FOR AND IN COMPLETE SATISFACTION OF ALL CLAIMS AND INTERESTS OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, AGAINST THE DEBTOR OR ANY OF ITS ASSETS, PROPERTY OR ESTATE. ON THE EFFECTIVE DATE, ALL SUCH CLAIMS AGAINST THE DEBTOR SHALL BE FULLY RELEASED AND DISCHARGED, AND THE

INTERESTS SHALL BE CANCELLED (EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN).

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR IN THIS PLAN OR OBLIGATIONS PURSUANT HERETO FROM AND AFTER THE EFFECTIVE DATE, ALL CLAIMS AGAINST THE DEBTOR SHALL BE FULLY RELEASED AND DISCHARGED, AND ALL INTERESTS SHALL BE CANCELLED, AND THE DEBTOR'S LIABILITY WITH RESPECT THERETO SHALL BE EXTINGUISHED COMPLETELY, INCLUDING ANY LIABILITY OF THE KIND SPECIFIED UNDER BANKRUPTCY CODE SECTION 502(G).

ALL PERSONS SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTOR, THE DEBTOR'S ESTATE, THE REORGANIZED DEBTOR, EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, AND EACH OF THEIR ASSETS AND PROPERTIES, ANY OTHER CLAIMS OR INTERESTS BASED UPON ANY DOCUMENTS, INSTRUMENTS OR ANY ACT OR OMISSION, TRANSACTION OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE.

NOTWITHSTANDING ANY OTHER PROVISION OF THE PLAN, THE FOREGOING INJUNCTION WILL NOT BAR A PARTY WHICH HAS A COUNTERCLAIM AGAINST A CLAIM (INCLUDING THE RETAINED CLAIMS) WHICH THE REORGANIZED DEBTOR MAY ASSERT AGAINST THEM, FROM ASSERTING THAT COUNTERCLAIM AS A DEFENSE IN ANY LEGAL PROCEEDING, ARBITRATION, LAWSUIT OR CLAIM BROUGHT AGAINST THEM BY THE REORGANIZED DEBTOR.

8.6 ***Term of Injunctions or Stays.*** Unless otherwise provided in this Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Case pursuant to Bankruptcy Code sections 105 or 362 or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in this Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in this Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

8.7 ***Protection against Discriminatory Treatment.*** Consistent with Bankruptcy Code section 525 and the Supremacy Clause of the U.S. Constitution, all Persons, including governmental units, shall not discriminate against the Reorganized Debtor or deny, revoke, suspend or refuse to renew a license, permit, charter, franchise or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, the Reorganized Debtor or another Person with whom the Reorganized Debtor has been associated, solely because the Debtor has been a debtor under chapter 11, has been insolvent before the commencement of the Chapter 11 Case (or during the Chapter 11 Case but before the Debtor is granted or denied a discharge) or has not paid a debt that is dischargeable in the Chapter 11 Case.

8.8 ***Release of Liens.*** Except as otherwise provided in this Plan, including, but not limited to, Classes 1 and 2 of this Plan, the Bond Documents, or in any contract, instrument, release or other agreement or document created pursuant to this Plan, on the Effective Date and conditioned upon the applicable distributions made pursuant to this Plan and, in the case of a

Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estate shall be fully released and discharged, and all of the right, title and interest of any holder of such mortgages, deeds of trust, Liens, pledges or other security interests shall revert to the Reorganized Debtor and its successors and assigns. For the avoidance of doubt, except as otherwise provided in this Plan, including Sections 3.2.2 and 3.2.3 of this Plan, all mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estate shall be fully released and discharged upon payment of the obligations provided under Plan without any further action of any party, including, but not limited to, further order of the Bankruptcy Court or filing updated schedules or statements typically filed pursuant to the Uniform Commercial Code.

SECTION 9. CONDITIONS PRECEDENT TO CONFIRMATION OF THIS PLAN AND THE EFFECTIVE DATE

9.1 ***Conditions Precedent to Confirmation.*** It shall be a condition to Confirmation of this Plan that each of the following provisions, terms and conditions shall have been satisfied or waived pursuant to the provisions of this Plan.

- (a) The Bankruptcy Court shall have entered an order, which shall not be subject to any stay or subject to an unresolved request for revocation under section 1144 of the Bankruptcy Code, in form and substance reasonably acceptable to the Debtor, FSO and the Bond Trustee, approving the Disclosure Statement with respect to this Plan and the solicitation of votes thereon as being in compliance with section 1125 of the Bankruptcy Code and applicable non-bankruptcy law.
- (b) The Confirmation Order (i) shall be, in form and substance, reasonably acceptable to the Debtor, FSO and the Bond Trustee; (ii) shall include Bankruptcy Court authorization to enter into the Series 2017A and Series 2017B Bond transactions; and (iii) shall not be subject to any stay or subject to an unresolved request for revocation under Bankruptcy Code section 1144.
- (c) This Plan, including any schedules, documents, supplements and exhibits thereto shall be, in form and substance, reasonably acceptable to the Debtor, FSO and the Bond Trustee.

9.2 ***Conditions Precedent to the Effective Date.*** It shall be a condition to the Effective Date that each of the following provisions, terms and conditions shall have been satisfied or waived pursuant to the provisions of this Plan.

- (a) The Bankruptcy Court shall have entered one or more orders (which may include the Confirmation Order) authorizing the assumption and rejection of Executory Contracts and Unexpired

Leases by the Debtor as contemplated herein in form and substance reasonably acceptable to the Debtor, FSO and the Bond Trustee.

- (b) The Confirmation Order, in form and substance reasonably acceptable to the Debtor, FSO and the Bond Trustee, shall have been entered by the Bankruptcy Court and shall not be subject to any stay or subject to an unresolved request for revocation under Bankruptcy Code section 1144.
- (c) All of the schedules, documents, supplements and exhibits to this Plan shall have been filed in form and substance reasonably acceptable to the Debtor, FSO and the Bond Trustee.
- (d) All actions, documents, certificates, and agreements necessary to implement this Plan shall have been effected or executed and delivered to the required parties and, to the extent required, filed with the applicable governmental units in accordance with applicable laws.
- (e) The Series 2017A and Series 2017B Bonds are authorized by the Issuer and FSO, respectively, and the related transactions shall have closed.

9.3 ***Waiver of Conditions.*** The conditions to confirmation and consummation of this Plan set forth herein may be waived at any time by the Debtor, with the consent of the Bond Trustee; provided, however, that the Debtor may not waive entry of the Order approving the Disclosure Statement and confirming this Plan.

9.4 ***Effect of Failure of Conditions.*** Unless otherwise agreed by the Debtor and the Bond Trustee, if the consummation of this Plan does not occur by November 10, 2017, this Plan shall be null and void in all respects and nothing contained in this Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any claims by or Claims against the Debtor; (2) prejudice in any manner the rights of the Debtor, any holders of Claims or any other Person; or (3) constitute an admission, acknowledgment, offer or undertaking by the Debtor, any holders or any other Person in any respect.

SECTION 10. MODIFICATION, REVOCATION OR WITHDRAWAL OF THIS PLAN

10.1 ***Modification and Amendments.*** Except as otherwise specifically provided herein, the Debtor reserves the right to modify this Plan as to material terms and seek confirmation consistent with the Bankruptcy Code and, as appropriate, not re-solicit votes on such modified Plan. Subject to certain restrictions and requirements set forth in Bankruptcy Code section 1127 and Bankruptcy Rule 3019 and those restrictions on modifications set forth in this Plan, the Debtor expressly reserves its rights to alter, amend or modify materially this Plan with respect to the Debtor, one or more times, after confirmation, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend or modify this Plan or remedy any defect or omission, or reconcile any inconsistencies in this Plan, the Disclosure Statement or

the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of this Plan. Any such modification or supplement shall be considered a modification of this Plan and shall be made in accordance with this Plan.

10.2 ***Effect of Confirmation on Modifications.*** Entry of a Confirmation Order shall mean that all modifications or amendments to this Plan occurring after the solicitation thereof are approved pursuant to Bankruptcy Code section 1127(a) and do not require additional disclosure or re-solicitation under Bankruptcy Rule 3019.

10.3 ***Revocation or Withdrawal of this Plan.*** The Debtor reserves the right to, consistent with its fiduciary duties, revoke or withdraw this Plan before the Effective Date. If the Debtor revokes or withdraws this Plan, or if Confirmation does not occur, then: (1) this Plan shall be null and void in all respects; (2) any settlement or compromise embodied in this Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of Executory Contracts or Unexpired Leases affected by this Plan, and any document or agreement executed pursuant to this Plan, shall be deemed null and void; and (3) nothing contained in this Plan shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of the Debtor or any other Person; or (c) constitute an admission, acknowledgement, offer or undertaking of any sort by the Debtor or any other Person.

SECTION 11. RETENTION OF JURISDICTION

11.1 Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain such jurisdiction over the Chapter 11 Case and all matters, arising out of or related to, the Chapter 11 Case and this Plan including jurisdiction to:

- (a) allow, disallow, determine, liquidate, classify, estimate or establish the priority, secured or unsecured status or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the secured or unsecured status, priority, amount or allowance of Claims;
- (b) decide and resolve all matters related to the granting and denying, in whole or in part, of any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or this Plan;
- (c) resolve any matters related to: (i) the assumption or rejection of any Executory Contract or Unexpired Lease to which the Debtor is party or with respect to which the Debtor may be liable in any manner and to hear, determine and, if necessary, liquidate, any Claims arising therefrom, including rejection Claims, cure Claims pursuant to Bankruptcy Code section 365 or any other matter related to such Executory Contract or Unexpired Lease; (ii) any

potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; (iii) the Reorganized Debtor amending, modifying or supplementing, after the Effective Date, any Executory Contracts or Unexpired Leases on the list of Executory Contracts and Unexpired Leases to be assumed or rejected; and (iv) any dispute regarding whether a contract or lease is or was executory or expired;

- (d) ensure that distributions to holders of Allowed Claims are accomplished pursuant to the provisions of this Plan;
- (e) adjudicate, decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters, and grant or deny any applications involving the Debtor that may be pending on the Effective Date;
- (f) adjudicate, decide or resolve any and all matters related to any Cause of Action;
- (g) adjudicate, decide or resolve any and all matters related to Bankruptcy Code section 1141;
- (h) enter and enforce any order for the sale of property pursuant to Bankruptcy Code sections 363, 1123 or 1146(a);
- (i) resolve any Causes of Action over which the Bankruptcy Court has jurisdiction;
- (j) resolve any cases, controversies, suits, disputes or Causes of Action that may arise in connection with the consummation, interpretation or enforcement of this Plan or any Person's obligations incurred in connection with this Plan;
- (k) issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Person with consummation or enforcement of this Plan;
- (l) resolve any cases, controversies, suits, disputes or Causes of Action with respect to the discharge, releases, injunctions, indemnifications and other provisions contained in this Plan and enter such orders as may be necessary or appropriate to implement such releases, injunctions and other provisions;
- (m) enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;

- (n) determine any other matters that may arise in connection with or relate to this Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with this Plan or the Disclosure Statement;
- (o) adjudicate any and all disputes arising from or relating to distributions under this Plan;
- (p) consider any modifications of this Plan, cure any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;
- (q) determine requests for the payment of Claims entitled to priority pursuant to Bankruptcy Code section 507;
- (r) hear and determine disputes arising in connection with the interpretation, implementation or enforcement of this Plan or the Confirmation Order, including disputes arising under agreements, documents or instruments executed in connection with this Plan;
- (s) hear and determine matters concerning state, local and federal taxes in accordance with Bankruptcy Code sections 346, 505 and 1146;
- (t) hear and determine all disputes involving the existence, nature or scope of the Debtor's discharge, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred before or after the Effective Date;
- (u) enforce all orders previously entered by the Bankruptcy Court;
- (v) hear any other matter not inconsistent with the Bankruptcy Code; and
- (w) enter an order concluding or closing the Chapter 11 Case.

SECTION 12. MISCELLANEOUS PROVISIONS

12.1 ***Immediate Binding Effect.*** Notwithstanding Bankruptcy Rules 3020(e), 6004(h) or 7062 or any other Bankruptcy Rule, upon the occurrence of the Effective Date, the terms of this Plan shall be immediately effective and enforceable and deemed binding upon the Debtor, the Reorganized Debtor and any and all holders of Claims or Interests (irrespective of whether such Claims or Interests are deemed to have accepted this Plan), all Persons that are parties to or are subject to the settlements, compromises, releases, discharges and injunctions described in this Plan, each Person acquiring property under this Plan, and any and all non-

Debtor parties to Executory Contracts and Unexpired Leases with the Debtor. However, notwithstanding the foregoing, nothing in this Plan shall be deemed to impair the right, if any, of any entity which has objected to confirmation of the Plan to seek to appeal the entry of the Confirmation Order, or to seek to stay the enforcement of that order to the extent permitted by law.

12.2 ***Additional Documents.*** On or before the Effective Date, the Debtor may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan. The Debtor or the Reorganized Debtor, as applicable, and all holders of Claims receiving distributions pursuant to this Plan and all other parties in interest shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of this Plan.

12.3 ***Reservation of Rights.*** Except as expressly set forth in this Plan, this Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of this Plan, any statement or provision contained in this Plan or any action taken or not taken by the Debtor with respect to this Plan, the Disclosure Statement shall be or shall be deemed to be an admission or waiver of any rights of the Debtor with respect to the holders of Claims or Interests before the Effective Date.

12.4 ***Successors and Assigns.*** The rights, benefits and obligations of any Person named or referred to in this Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign, affiliate, officer, director, manager, agent, representative, attorney, beneficiaries or guardian, if any, of each Person.

12.5 ***Votes Solicited in Good Faith.*** Upon entry of the Confirmation Order, the Debtor and FSO will be deemed to have solicited votes on this Plan in good faith and in compliance with the Bankruptcy Code and any applicable non-bankruptcy law, and pursuant to Bankruptcy Code section 1125(e), the Debtor and its affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale and purchase of securities offered and sold under this Plan, and, therefore, will have no liability for the violation of any applicable law, rule or regulation governing the solicitation of votes on this Plan or the offer, issuance, sale or purchase of the Series 2017A or 2017B Bonds offered under this Plan.

12.6 ***Closing of Chapter 11 Case.*** The Debtor or the Reorganized Debtor shall, promptly after the full administration of the Chapter 11 Case, file with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Case.

12.7 **Notices.** All notices or requests in connection with this Plan shall be in writing and given by mail addressed to:

If to the Debtor or the Reorganized Debtor:	Stephen Yenchek 350 West Schaumburg Road Schaumburg, IL 60194
With copies to:	Bruce Dopke Stahl Cowen Crowley Addis LLC 55 W. Monroe Street, Suite 1200 Chicago, IL 60603 And Jeremy R. Johnson Polsinelli PC 600 Third Avenue New York, NY 10016
If to the Bond Holders:	UMB Bank, N.A. Attn: Virginia A. Housum Senior Vice President 120 Sixth Street South Suite 1400 Minneapolis, MN 55403 e-mail: Virginia.housum@umb.com
With copies to:	Mintz Levin Cohn Ferris Glovsky & Popeo PC Attn: Daniel S. Bleck, Esq. One Financial Center Boston, MA 02111 e-mail: dsbleck@mintz.com

All notices and requests to Persons holding any Claim in any Class shall be sent to them at their last known address or to the last known address of their attorney of record in this Chapter 11 Case. Any such holder of a Claim may designate in writing any other address for purposes of this Section, which designation will be effective upon receipt by the Debtor.

12.8 **Headings.** The headings used in this Plan are inserted for convenience only and neither constitute a portion of this Plan nor in any manner affect the construction of the provisions of this Plan.

12.9 **Severability.** If, prior to confirmation, any term or provision of this Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the

maximum extent practicable, consistent with the original purpose of the term or provision, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

12.10 ***Validity and Enforceability.*** The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms. Should any provision in this Plan be determined by the Bankruptcy Court or any appellate court to be unenforceable following the Effective Date, such determination shall in no way limit the enforceability and operative effect of any and all other provisions of this Plan.

12.11 ***Governing Law.*** Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and the Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of Illinois, without giving effect to the principles of conflicts of laws, shall govern the rights, obligations, construction, and implementation of the Plan and the restructuring transactions consummated or to be consummated in connection therewith.

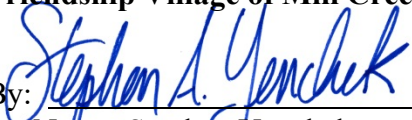
[Intentionally Blank]

12.12 ***Request for Confirmation Pursuant to Bankruptcy Code Sections 1129(a) and 1129(b)***. The Debtor and FSO request entry of a Confirmation Order under Bankruptcy Code section 1129(a) and, to the extent necessary, Bankruptcy Code section 1129(b).

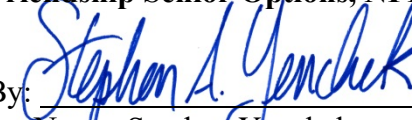
Dated: September 18, 2017

Respectfully submitted,

Friendship Village of Mill Creek, NFP

By: 
Name: Stephen Yenchek
Title: Chief Executive Officer

Friendship Senior Options, NFP

By: 
Name: Stephen Yenchek
Title: Chief Executive Officer

2017-9-18 BD v2

Exhibit

Bond Debt Service
 GreenFields of Geneva
 GreenFields of Geneva Series 2017A&B
 Dated Date 11/3/2017
 Delivery
 Date 11/3/2017

Period Ending	Principal	Coupon	Interest	Debt Service
11/1/2017				
11/1/2018	345,000	7.050%	4,733,728.13	5,078,728.13
11/1/2019	500,000	7.050%	4,569,052.50	5,069,052.50
11/1/2020	535,000	7.050%	4,533,802.50	5,068,802.50
11/1/2021	580,000	**	4,496,085.00	5,076,085.00
11/1/2022	620,000	**	4,455,530.00	5,075,530.00
11/1/2023	660,000	**	4,412,035.00	5,072,035.00
11/1/2024	710,000	**	4,365,735.00	5,075,735.00
11/1/2025	755,000	**	4,315,920.00	5,070,920.00
11/1/2026	810,000	**	4,262,945.00	5,072,945.00
11/1/2027	865,000	**	4,206,117.50	5,071,117.50
11/1/2028	930,000	**	4,145,420.00	5,075,420.00
11/1/2029	995,000	**	4,080,160.00	5,075,160.00
11/1/2030	1,060,000	**	4,010,337.50	5,070,337.50
11/1/2031	1,135,000	**	3,935,952.50	5,070,952.50
11/1/2032	1,215,000	**	3,856,312.50	5,071,312.50
11/1/2033	1,300,000	**	3,771,045.00	5,071,045.00
11/1/2034	1,395,000	**	3,679,812.50	5,074,812.50
11/1/2035	1,490,000	**	3,581,905.00	5,071,905.00
11/1/2036	1,595,000	**	3,477,340.00	5,072,340.00
11/1/2037	1,705,000	**	3,365,390.00	5,070,390.00
11/1/2038	1,825,000	**	3,245,717.50	5,070,717.50
11/1/2039	1,955,000	**	3,117,630.00	5,072,630.00
11/1/2040	2,090,000	**	2,980,417.50	5,070,417.50
11/1/2041	2,240,000	**	2,833,725.00	5,073,725.00
11/1/2042	2,395,000	**	2,676,487.50	5,071,487.50
11/1/2043	2,565,000	**	2,508,367.50	5,073,367.50
11/1/2044	2,745,000	**	2,328,317.50	5,073,317.50
11/1/2045	2,935,000	**	2,135,610.00	5,070,610.00
11/1/2046	3,145,000	**	1,929,570.00	5,074,570.00
11/1/2047	3,365,000	**	1,708,777.50	5,073,777.50
11/1/2048	3,600,000	7.100%	1,472,540.00	5,072,540.00
11/1/2049	3,855,000	7.100%	1,216,940.00	5,071,940.00
11/1/2050	4,130,000	7.100%	943,235.00	5,073,235.00
11/1/2051	4,420,000	7.100%	650,005.00	5,070,005.00
11/1/2052	4,735,000	7.100%	336,185.00	5,071,185.00
	65,200,000		112,338,150.63	177,538,150.63

Exhibit H

Greenfields (FVMC)
Obligated Group Statement of Financial Position
ASSETS

	<u>3/31/2017</u>	<u>3/31/2016</u>	<u>Change</u>
Current Assets			
Cash and cash equivalents	2,589,614	771,504	1,818,110
Assets whose use is limited or restricted - required for current liabilities	2,574,297	9,522,206	(6,947,909)
Receivables less allowance for doubtful accounts	774,402	775,560	(1,157)
Entrance fees receivable	410,780	543,254	(132,474)
Other receivables	(8,622)	(1,993)	(6,629)
Inventories	15,901	21,803	(5,902)
Prepaid expenses	318,162	17,762	300,400
Total Current Assets	<u>6,674,534</u>	<u>11,650,095</u>	<u>(4,975,561)</u>
Assets whose use is limited or restricted, net of amounts required for current liabilities:			
Held by trustee under bond indenture agreement	-	778,632	(778,632)
Escrow cash from resident advance deposits	-	-	-
Donor restricted investments	-	-	-
Total noncurrent assets whose use is limited or restricted	<u>-</u>	<u>778,632</u>	<u>(778,632)</u>
Land, buildings and equipment, net of accumulated depreciation	77,993,395	80,859,229	(2,865,834)
Due from Affiliates	(52,444)	-	(52,444)
Notes Receivable from Affiliate	-	-	-
Deferred costs, net	8,500,956	9,868,583	(1,367,627)
Total assets	<u>93,116,441</u>	<u>103,156,539</u>	<u>(10,040,098)</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Current installments of long-term debt	8,575,000	8,575,000	-
Accounts payable	397,070	701,422	(304,352)
Accrued expenses:		-	-
Payroll and employee benefits	256,127	244,357	11,770
Property taxes	484,207	485,846	(1,639)
Interest	2,256,790	947,206	1,309,584
Other	240,109	930,888	(690,779)
Entrance fee refunds	3,137,636	665,022	2,472,614
Entrance fee deposits	390,417	411,705	(21,288)
Total Current Liabilities	<u>15,737,356</u>	<u>12,961,446</u>	<u>2,775,910</u>
Long-Term Debt, less current installments and unamortized bond discount	88,268,771	88,226,963	41,808
Due to Affiliates	6,354,276	5,025,024	1,329,252
Notes Payable to Affiliate	4,000,000	4,000,000	-
Entrance Fees			
Deferred revenue from nonrefundable entrance fees	-	-	-
Refundable entrance fees	48,286,374	49,004,860	(718,485)
Total Long Term Liabilities	<u>146,909,422</u>	<u>146,256,847</u>	<u>652,575</u>
Total Liabilities	<u>162,646,778</u>	<u>159,218,293</u>	<u>3,428,485</u>
Net assets (deficit)			
Unrestricted	(69,530,337)	(56,061,753)	(13,468,583)
Total net assets (deficit)	<u>(69,530,337)</u>	<u>(56,061,753)</u>	<u>(13,468,583)</u>
Total Liabilities and Net Assets (Deficit)	<u>93,116,441</u>	<u>103,156,539</u>	<u>(10,040,098)</u>

Exhibit H

Greenfields (FVMC)
Obligated Group Statement of Operations
March 31, 2017

	FY 17 YTD Actual Thru 03/31/17	FY 17 YTD Budget Thru 03/31/17	Last Year Actual Thru 03/30/16	\$ Variance from Budget	% Variance from Budget	\$ Variance from Prior Year	% Variance from Prior Year
Revenue, gains and other support:							
1 Net independent service revenue	5,194,392	5,424,244	5,085,537	(229,852)	-4.2%	108,855	2.1%
2 Net assisted living service revenue	2,805,197	4,111,154	2,932,505	(1,305,957)	-31.8%	(127,308)	-4.3%
3 Net health care service revenue	5,825,750	6,283,908	6,133,672	(458,158)	-7.3%	(307,922)	-5.0%
31 Adult Day Care	-	-	-	-		-	
32 Home Health	-	-	-	-		-	
4 Amortization of entrance fees	1,029,818	1,082,115	1,176,442	(138,115)	-12.8%	(232,442)	-19.8%
5 Contributions	-	-	-	-		-	
6 Investment income (Note A)	35,596	157,078	110,172	(121,482)	-77.3%	(74,576)	-67.7%
7 Net assets released from restrictions used for operations	-	-	-	-		-	
8 Other revenue	1,233,831	128,909	126,546	1,104,922	857.1%	1,107,286	875.0%
Total revenue, gains and other support	16,038,766	17,187,408	15,564,874	(1,148,642)	-6.7%	473,893	3.0%
Operating expenses							
9 Salaries and benefits	7,259,774	7,252,789	7,401,204	(6,985)	-0.1%	141,430	1.9%
10 Supplies and other	1,998,266	2,328,339	2,849,282	330,073	14.2%	851,015	29.9%
11 Dietary	1,093,420	746,131	955,746	(347,289)	-46.5%	(137,675)	-14.4%
12 Professional fees	3,860,719	3,171,177	2,675,610	(689,542)	-21.7%	(1,185,109)	-44.3%
13 Repairs and maintenance	1,691,579	462,620	834,790	(1,228,959)	-265.7%	(856,789)	-102.6%
14 Utilities and telephone	664,683	697,493	689,138	32,810	4.7%	24,456	3.5%
15 Insurance	317,017	316,734	285,143	(283)	-0.1%	(31,874)	-11.2%
16 Real estate taxes	385,104	385,101	265,335	(3)	0.0%	(119,769)	-45.1%
17 Interest	7,857,503	7,826,221	8,002,348	(31,282)	-0.4%	144,846	1.8%
18 Depreciation and amortization	4,336,583	4,277,118	4,288,497	(59,465)	-1.4%	(48,086)	-1.1%
19 Provision for bad debts	42,702	10,000	35,255	(32,702)	-327.0%	(7,446)	-21.1%
Total operating expenses	29,507,350	27,473,723	28,282,348	(2,033,627)	-7.4%	(1,225,002)	-4.3%
Operating income (loss)	(13,468,583)	(10,286,315)	(12,717,474)	(3,182,268)	30.9%	(751,109)	5.9%
Other changes in unrestricted net assets:							
26 Transfer of Pledged Assets	-	-	3,947,512	-		(3,947,512)	-100.0%
Increase (decrease) in unrestricted net assets	(13,468,583)	(10,286,315)	(8,769,963)	(3,182,268)	30.9%	(4,698,621)	53.6%

Exhibit H

Greenfields (FVMC)
Statements of Cash Flows
Fiscal Year to Date Ended March 31, 2017 and 2016

	Actual 03/31/17	Actual 03/31/16
Cash Flows from Operating Activities		
Net Profit/(loss)	(13,468,583)	(8,774,880)
Increase (decrease) in temporarily restricted net assets	-	-
Increase (decrease) in permanently restricted net assets	-	-
Change in net assets (defecit)	<u>(13,468,583)</u>	<u>(8,774,880)</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,943,799	2,942,883
Amortization of bond discount	41,808	42,000
Amortization of deferred costs	1,350,976	1,303,104
Amortization of entrance fees	(1,029,818)	(1,134,724)
Change in unrealized (gains) and losses	84,035	(21,599)
GoG Management Fee Deferral	2,554,632	-
Changes in assets and liabilities:		1,504,980
Resident accounts receivable & Other Receivables	140,260	283,132
Transfer Pledged Assets, FSO to Greenfields	-	3,947,512
Inventory of supplies, prepaid expenses	(294,498)	(10,365)
Accounts payable & Other Payables	(304,352)	1,984,896
Accrued expenses	3,080,262	(3,412,765)
Net cash provided by (used in) operating activities	<u>(4,901,480)</u>	<u>(1,345,827)</u>
Cash Flows from Investing Activities		
Net sales (purchases) of assets whose use is limited or restricted	4,183,748	(411,812)
Net sales (purchases) of long-term investments	-	21,599
Proceeds from Sale of Land	-	-
Acquisition of land, buildings and equipment, net	42,952	(278,362)
Net cash provided by (used in) investing activities	<u>4,226,700</u>	<u>(668,574)</u>
Cash Flows from Financing Activities		
Repayment of long-term debt	-	(2,440,000)
Proceeds from refundable entrance fees	3,324,216	5,910,183
Refunds paid on entrance fees	(831,326)	(2,352,920)
Net cash provided by (used in) financing activities	<u>2,492,890</u>	<u>1,117,263</u>
Net (decrease) increase in cash and cash equivalents	1,818,110	(869,692)
Cash and cash equivalents at beginning of year	<u>771,504</u>	<u>1,667,854</u>
Cash and cash equivalents at end of year (end of current period)	<u><u>2,589,614</u></u>	<u><u>798,162</u></u>

Greenfields (FVMC)
Obligated Group Statement of Financial Position
ASSETS

	4/30/2017	4/30/2016	Change
Current Assets			
Cash and cash equivalents	2,853,269	750,637	2,102,632
Assets whose use is limited or restricted - required for current liabilities	2,466,648	10,305,217	(7,838,569)
Receivables less allowance for doubtful accounts	1,766,493	1,059,089	707,403
Entrance fees receivable	410,780	978,474	(567,694)
Other receivables	(8,622)	(1,993)	(6,629)
Inventories	15,901	21,803	(5,902)
Prepaid expenses	293,559	13,296	280,263
Total Current Assets	7,798,028	13,126,524	(5,328,496)
Land, buildings and equipment, net of accumulated depreciation	77,790,392	80,671,160	(2,880,768)
Deferred costs, net	8,399,784	9,759,570	(1,359,787)
Total assets	93,988,204	103,557,254	(9,569,050)

LIABILITIES AND NET ASSETS

Current Liabilities			
Current installments of long-term debt	8,575,000	8,575,000	-
Accounts payable	296,540	499,012	(202,473)
Accrued expenses:		-	-
Payroll and employee benefits	287,620	268,227	19,393
Property taxes	313,506	517,938	(204,432)
Interest	2,638,665	1,599,391	1,039,274
Other	919,883	601,913	317,970
Entrance fee refunds	3,904,336	665,022	3,239,314
Entrance fee deposits	401,292	457,205	(55,913)
Total Current Liabilities	17,336,842	13,183,708	4,153,134
Long-Term Debt, less current installments and unamortized bond discount	88,272,196	88,230,447	41,749
Due to Affiliates	6,819,890	5,224,799	1,595,091
Notes Payable to Affiliate	4,000,000	4,000,000	-
Entrance Fees			
Deferred revenue from nonrefundable entrance fees	-	-	-
Refundable entrance fees	48,063,871	49,855,684	(1,791,813)
Total Long Term Liabilities	147,155,957	147,310,930	(154,973)
Total Liabilities	164,492,799	160,494,638	3,998,161
Net assets (deficit)			
Total net assets (deficit)	(70,504,595)	(56,937,384)	(13,567,211)
Total Liabilities and Net Assets (Deficit)	93,988,204	103,557,254	(9,569,050)

Exhibit 4

Greenfields (FVMC)

Obligated Group Statement of Operations

April 30, 2017

	FY 18 YTD Actual Thru 04/30/17	FY 18 YTD Budget Thru 04/30/17	Last Year Actual Thru 04/30/16	\$ Variance from Budget	% Variance from Budget	\$ Variance from Prior Year	% Variance from Prior Year	FY 18 Annual Budget
Revenue, gains and other support:								
1 Net independent service revenue	433,962	471,042	429,692	(37,080)	-7.9%	4,270	1.0%	5,708,679
2 Net assisted living service revenue	210,283	309,044	242,432	(98,761)	-32.0%	(32,150)	-13.3%	3,873,010
3 Net health care service revenue	528,263	530,282	503,533	(2,019)	-0.4%	24,730	4.9%	6,463,355
4 Amortization of entrance fees	80,000	94,050	90,000	(14,050)	-14.9%	(10,000)	-11.1%	1,128,600
6 Investment income (Note A)	6,548	10,178	3,019	(3,630)	-35.7%	3,528	116.9%	122,136
8 Other revenue	9,591	14,992	12,469	(5,401)	-36.0%	(2,878)	-23.1%	179,904
Total revenue, gains and other support	1,268,646	1,429,588	1,281,146	(160,942)	-11.3%	(12,500)	-1.0%	17,475,684
Operating expenses								
9 Salaries and benefits	582,747	607,663	568,911	24,916	4.1%	(13,836)	-2.4%	7,663,071
10 Supplies and other	143,152	190,108	180,559	46,956	24.7%	37,406	20.7%	2,265,275
11 Dietary	93,219	90,023	89,186	(3,196)	-3.6%	(4,033)	-4.5%	1,081,824
12 Professional fees	224,786	153,537	266,533	(71,249)	-46.4%	41,747	15.7%	1,847,834
13 Repairs and maintenance	71,864	32,075	140,406	(39,789)	-124.0%	68,543	48.8%	402,519
14 Utilities and telephone	54,565	61,398	59,259	6,833	11.1%	4,694	7.9%	738,874
15 Insurance	25,617	27,228	26,311	1,611	5.9%	694	2.6%	326,736
16 Real estate taxes	30,409	30,409	32,092	-	0.0%	1,683	5.2%	364,908
17 Interest	381,875	381,875	652,185	-	0.0%	270,310	41.4%	4,582,500
18 Depreciation and amortization	355,204	355,204	356,426	-	0.0%	1,222	0.3%	4,262,381
19 Provision for bad debts	-	833	-	833	100.0%	-	-	9,996
Total operating expenses	1,963,438	1,930,353	2,371,868	(33,085)	-1.7%	408,430	17.2%	23,545,918
Operating income (loss)	(694,792)	(500,765)	(1,090,722)	(194,027)	38.7%	395,930	-36.3%	(6,070,234)

Greenfields (FVMC)
Statements of Cash Flows
Fiscal Year to Date Ended April 30, 2017 and 2016

	Actual 04/30/17	Actual 04/30/16
Cash Flows from Operating Activities		
Net Profit/(loss)	(694,792)	(1,090,722)
Change in net assets (defecit)	(694,792)	(1,090,722)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	238,719	234,712
Amortization of bond discount	11,518	11,579
Amortization of deferred costs	104,967	109,013
Amortization of entrance fees	(80,000)	(90,000)
Proceeds from nonrefundable entrance fees	-	-
Loss on Disposal of Property & Equipment	-	-
Provision for bad debts	-	25,000
Change in unrealized (gains) and losses	(5,301)	22,863
Contributions of restricted net assets	-	-
GoG Management Fee Deferral	75,034	212,886
Changes in assets and liabilities:		
Resident accounts receivable & Other Receivables	992,091	(308,530)
Transfer Pledged Assets, FSO to Greenfields	-	-
Inventory of supplies, prepaid expenses	(24,603)	4,466
Accounts payable & Other Payables	(100,531)	298,463
Accrued expenses	(145,798)	215,780
Net cash provided by (used in) operating activities	371,304	(354,490)
Cash Flows from Investing Activities		
Net sales (purchases) of assets whose use is limited or restricted	(107,648)	(132,995)
Net sales (purchases) of long-term investments	-	(22,863)
Proceeds from Sale of Land	-	-
Investment in joint venture	-	-
Acquisition of land, buildings and equipment, net	-	(54,739)
Net cash provided by (used in) investing activities	(107,648)	(210,597)
Cash Flows from Financing Activities		
Proceeds from refundable entrance fees	-	544,220
Refunds paid on entrance fees	-	-
Net cash provided by (used in) financing activities	-	544,220
Net (decrease) increase in cash and cash equivalents	263,656	(20,867)
Cash and cash equivalents at beginning of year	2,589,614	771,504
Cash and cash equivalents at end of year (end of current period)	2,853,270	750,637

Exhibit 5

Exhibit 4

Greenfields (FVMC)**Obligated Group Statement of Financial Position****ASSETS**

	<u>5/31/2017</u>	<u>5/31/2016</u>	<u>Change</u>
Current Assets			
Cash and cash equivalents	3,987,715	188,019	3,799,696
Assets whose use is limited or restricted - required for current liabilities	2,505,120	10,292,910	(7,787,791)
Receivables less allowance for doubtful accounts	914,223	773,334	140,889
Entrance fees receivable	217,610	1,345,074	(1,127,464)
Other receivables	(8,827)	(1,885)	(6,942)
Inventories	15,901	21,803	(5,902)
Prepaid expenses	427,439	16,905	410,534
Total Current Assets	<u>8,059,180</u>	<u>12,636,160</u>	<u>(4,576,980)</u>
Land, buildings and equipment, net of accumulated depreciation	77,551,673	80,430,151	(2,878,478)
Deferred costs, net	8,294,817	9,650,557	(1,355,741)
Total assets	<u>93,905,670</u>	<u>102,716,868</u>	<u>(8,811,198)</u>

LIABILITIES AND NET ASSETS

Current Liabilities			
Current installments of long-term debt	8,575,000	8,575,000	-
Accounts payable	297,664	562,908	(265,244)
Accrued expenses:		-	-
Payroll and employee benefits	330,720	321,627	9,093
Property taxes	343,915	356,658	(12,743)
Interest	3,020,540	2,251,576	768,964
Other	957,107	737,069	220,037
Entrance fee refunds	4,813,776	811,854	4,001,922
Entrance fee deposits	394,942	442,918	(47,976)
Total Current Liabilities	<u>18,733,665</u>	<u>14,059,610</u>	<u>4,674,055</u>
Long-Term Debt, less current installments and unamortized bond discount	88,272,196	88,233,931	38,265
Due to Affiliates	6,928,855	4,574,228	2,354,628
Notes Payable to Affiliate	4,000,000	4,000,000	-
Entrance Fees			
Deferred revenue from nonrefundable entrance fees	-	-	-
Refundable entrance fees	47,154,947	50,159,102	(3,004,154)
Total Long Term Liabilities	<u>146,355,999</u>	<u>146,967,260</u>	<u>(611,262)</u>
Total Liabilities	<u>165,089,664</u>	<u>161,026,871</u>	<u>4,062,793</u>
Net assets (deficit)			
Unrestricted	(71,183,994)	(58,310,003)	(12,873,991)
Total net assets (deficit)	<u>(71,183,994)</u>	<u>(58,310,003)</u>	<u>(12,873,991)</u>
Total Liabilities and Net Assets (Deficit)	<u>93,905,670</u>	<u>102,716,868</u>	<u>(8,811,198)</u>

Exhibit 4

Greenfields (FVMC)
Obligated Group Statement of Operations
May 31, 2017

	FY 18 YTD Actual Thru 05/31/17	FY 18 YTD Budget Thru 05/31/17	Last Year Actual Thru 05/31/16	\$ Variance from Budget	% Variance from Budget	\$ Variance from Prior Year	% Variance from Prior Year	FY 18 Annual Projection	FY 18 Annual Budget
Revenue, gains and other support:									
1 Net independent service revenue	865,661	942,084	429,692	(76,423)	-8.1%	435,969	101.5%	5,193,963	5,708,679
2 Net assisted living service revenue	428,148	623,216	242,432	(195,068)	-31.3%	185,716	76.6%	2,568,890	3,873,010
3 Net health care service revenue	1,021,993	1,077,555	503,533	(55,562)	-5.2%	518,460	103.0%	6,131,959	6,463,355
31 Adult Day Care	-	-	-	-	-	-	-	-	-
32 Home Health	-	-	-	-	-	-	-	-	-
4 Amortization of entrance fees	160,000	188,100	90,000	(28,100)	-14.9%	70,000	77.8%	960,000	1,128,600
5 Contributions	-	-	-	-	-	-	-	-	-
6 Investment income (Note A)	13,295	20,356	3,019	(7,061)	-34.7%	10,276	340.4%	79,770	122,136
7 Net assets released from restrictions used for operations	-	-	-	-	-	-	-	-	-
8 Other revenue	19,061	29,984	12,469	(10,923)	-36.4%	6,592	52.9%	114,367	179,904
Total revenue, gains and other support	2,508,158	2,881,295	1,281,146	(373,137)	-13.0%	1,227,013	95.8%	15,048,950	17,475,684
Operating expenses									
9 Salaries and benefits	1,179,220	1,228,487	568,911	49,267	4.0%	(610,308)	-107.3%	7,075,318	7,663,071
10 Supplies and other	315,816	374,194	180,559	58,378	15.6%	(135,258)	-74.9%	1,894,898	2,265,275
11 Dietary	196,038	180,003	89,186	(16,035)	-8.9%	(106,851)	-119.8%	1,176,225	1,081,824
12 Professional fees	384,111	307,041	266,533	(77,070)	-25.1%	(117,578)	-44.1%	2,304,664	1,847,834
13 Repairs and maintenance	130,735	67,443	140,406	(63,292)	-93.8%	9,671	6.9%	784,409	402,519
14 Utilities and telephone	90,227	122,799	59,259	32,572	26.5%	(30,968)	-52.3%	541,362	738,874
15 Insurance	54,200	54,456	26,311	256	0.5%	(27,889)	-106.0%	325,200	326,736
16 Real estate taxes	60,818	60,818	32,092	-	0.0%	(28,726)	-89.5%	364,908	364,908
17 Interest	763,750	763,750	652,185	-	0.0%	(111,565)	-17.1%	1,936,458	4,582,500
18 Depreciation and amortization	698,890	710,408	356,426	11,518	1.6%	(342,464)	-96.1%	4,193,340	4,262,381
19 Provision for bad debts	8,281	1,666	-	(6,615)	-397.1%	(8,281)	-	49,688	9,996
Total operating expenses	3,882,085	3,871,065	2,371,868	(11,020)	-0.3%	(1,510,217)	-63.7%	20,646,470	23,545,918
Operating income (loss)	(1,373,927)	(989,770)	(1,090,722)	(384,157)	38.8%	(283,205)	26.0%	(5,597,520)	(6,070,234)

Exhibit 4

Greenfields (FVMC)
Statements of Cash Flows
Fiscal Year to Date Ended April 30, 2017 and 2016

	<u>Actual</u> <u>04/30/17</u>	<u>Actual</u> <u>04/30/16</u>		
Cash Flows from Operating Activities				
Net Profit/(loss)	(1,373,927)	(1,090,722)		
Change in net assets (deficit)	<u>(1,373,927)</u>	<u>(1,090,722)</u>		
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation	238,719	234,712		
Amortization of bond discount	11,518	11,579		
Amortization of deferred costs	104,967	109,013		
Amortization of entrance fees	(160,000)	(90,000)		
Provision for bad debts	-	25,000		
Change in unrealized (gains) and losses	(5,301)	22,863		
GoG Management Fee Deferral	75,034	212,886		
Changes in assets and liabilities:				
Resident accounts receivable & Other Receivables	992,091	(308,530)		
Inventory of supplies, prepaid expenses	(24,603)	4,466		
Accounts payable & Other Payables	(100,531)	298,463		
Accrued expenses	(145,798)	215,780		
Net cash provided by (used in) operating activities	<u>(387,831)</u>	<u>(354,490)</u>		
Cash Flows from Investing Activities				
Net sales (purchases) of assets whose use is limited or restricted	(107,648)	(132,995)		
Net sales (purchases) of long-term investments	-	(22,863)		
Acquisition of land, buildings and equipment, net	-	(54,739)		
Net cash provided by (used in) investing activities	<u>(107,648)</u>	<u>(210,597)</u>		
Cash Flows from Financing Activities				
Proceeds from refundable entrance fees	-	544,220		
Net cash provided by (used in) financing activities	<u>-</u>	<u>544,220</u>		
Net (decrease) increase in cash and cash equivalents	(495,479)	(20,867)	(894,722)	(873,854)
Cash and cash equivalents at beginning of year	<u>2,589,614</u>	<u>771,504</u>		
Cash and cash equivalents at end of year (end of current period)	<u><u>2,094,135</u></u>	<u><u>750,637</u></u>		

Exhibit 4

Greenfields (FVMC)
Obligated Group Statement of Financial Position
ASSETS

	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>Change</u>
Current Assets			
Cash and cash equivalents	5,589,869	1,827,657	3,762,212
Assets whose use is limited or restricted - required for current liabilities	2,436,302	10,403,748	(7,967,446)
Receivables less allowance for doubtful accounts	860,537	634,833	225,705
Entrance fees receivable	-	1,137,334	(1,137,334)
Other receivables	(11,490)	(3,061)	(8,429)
Inventories	15,901	21,803	(5,902)
Prepaid expenses	293,661	14,417	279,244
Total Current Assets	<u>9,184,780</u>	<u>14,036,730</u>	<u>(4,851,950)</u>
Land, buildings and equipment, net of accumulated depreciation	77,312,954	80,186,222	(2,873,268)
Due from Affiliates	-	278,495	(278,495)
Deferred costs, net	8,189,850	9,541,544	(1,351,695)
Total assets	<u>94,687,584</u>	<u>104,042,991</u>	<u>(9,355,407)</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Current installments of long-term debt	8,575,000	8,575,000	-
Accounts payable	360,565	813,928	(453,362)
Accrued expenses:		-	-
Payroll and employee benefits	366,320	337,402	28,918
Property taxes	374,324	388,750	(14,426)
Interest	3,402,415	2,903,760	498,655
Other	758,779	828,195	(69,416)
Entrance fee refunds	4,902,370	811,854	4,090,516
Entrance fee deposits	348,492	467,553	(119,061)
Total Current Liabilities	<u>19,088,266</u>	<u>15,126,442</u>	<u>3,961,824</u>
Long-Term Debt, less current installments and unamortized bond discount	88,272,196	88,237,415	34,781
Due to Affiliates	7,157,253	5,128,781	2,028,472
Notes Payable to Affiliate	4,000,000	4,000,000	-
Entrance Fees			
Deferred revenue from nonrefundable entrance fees	-	-	-
Refundable entrance fees	48,132,439	51,359,150	(3,226,710)
Total Long Term Liabilities	<u>147,561,888</u>	<u>148,725,345</u>	<u>(1,163,457)</u>
Total Liabilities	<u>166,650,154</u>	<u>163,851,787</u>	<u>2,798,367</u>
Net assets (deficit)			
Unrestricted	(71,962,570)	(59,808,796)	(12,153,774)
Total net assets (deficit)	<u>(71,962,570)</u>	<u>(59,808,796)</u>	<u>(12,153,774)</u>
Total Liabilities and Net Assets (Deficit)	<u>94,687,584</u>	<u>104,042,991</u>	<u>(9,355,407)</u>

Exhibit 4

Greenfields (FVMC)
Obligated Group Statement of Operations
June 30, 2017

	FY 18 YTD Actual Thru 06/30/17	FY 18 YTD Budget Thru 06/30/17	Last Year Actual Thru 06/30/16	\$ Variance from Budget	% Variance from Budget	\$ Variance from Prior Year	% Variance from Prior Year	FY 18 Annual Projection	FY 18 Annual Budget
Revenue, gains and other support:									
1 Net independent service revenue	1,288,122	1,400,358	1,301,263	(112,236)	-8.0%	(13,141)	-1.0%	5,152,488	5,708,679
2 Net assisted living service revenue	647,374	952,194	764,319	(304,820)	-32.0%	(116,945)	-15.3%	2,589,496	3,873,010
3 Net health care service revenue	1,523,402	1,593,036	1,501,659	(69,634)	-4.4%	21,743	1.4%	6,093,610	6,463,355
31 Adult Day Care	-	-	-	-	#DIV/0!	-	#DIV/0!	-	-
32 Home Health	-	-	-	-	#DIV/0!	-	#DIV/0!	-	-
4 Amortization of entrance fees	240,000	282,150	270,000	(42,150)	-14.9%	(30,000)	-11.1%	960,000	1,128,600
5 Contributions	-	-	-	-	#DIV/0!	-	#DIV/0!	-	-
6 Investment income (Note A)	8,865	30,534	91,528	(21,669)	-71.0%	(82,663)	-90.3%	35,459	122,136
7 Net assets released from restrictions used for operations	-	-	-	-	#DIV/0!	-	#DIV/0!	-	-
8 Other revenue	28,126	61,050	56,104	(32,924)	-53.9%	(27,978)	-49.9%	112,505	179,904
Total revenue, gains and other support	3,735,889	4,319,322	3,984,873	(583,433)	-13.5%	(248,984)	-6.2%	14,943,557	17,475,684
Operating expenses									
9 Salaries and benefits	1,791,748	1,850,614	1,770,490	(58,866)	-3.2%	21,258	1.2%	7,166,992	7,663,071
10 Supplies and other	490,407	558,963	612,816	(68,556)	-12.3%	(122,409)	-20.0%	1,961,628	2,265,275
11 Dietary	287,151	269,979	270,253	17,172	6.4%	16,898	6.3%	1,148,605	1,081,824
12 Professional fees	649,639	460,546	1,192,080	189,093	41.1%	(542,442)	-45.5%	2,598,555	1,847,834
13 Repairs and maintenance	175,583	104,157	724,498	71,426	68.6%	(548,914)	-75.8%	702,333	402,519
14 Utilities and telephone	125,119	184,197	175,830	(59,078)	-32.1%	(50,711)	-28.8%	500,475	738,874
15 Insurance	81,300	81,684	78,933	(384)	-0.5%	2,367	3.0%	325,200	326,736
16 Real estate taxes	91,227	91,227	96,276	-	0.0%	(5,049)	-5.2%	364,908	364,908
17 Interest	1,145,625	1,145,625	1,956,554	-	0.0%	(810,929)	-41.4%	4,582,500	4,582,500
18 Depreciation and amortization	1,042,576	1,065,612	1,069,278	(23,036)	-2.2%	(26,702)	-2.5%	4,170,304	4,262,381
19 Provision for bad debts	8,281	2,499	-	5,782	231.4%	8,281	#DIV/0!	33,125	9,996
Total operating expenses	5,888,656	5,815,103	7,947,008	73,553	1.3%	(2,058,352)	-25.9%	23,554,626	23,545,918
Operating income (loss)	(2,152,767)	(1,495,781)	(3,962,135)	(656,986)	43.9%	1,809,368	-45.7%	(8,611,069)	(6,070,234)
Other changes in unrestricted net assets:									
20 Change in net unrealized gains and losses	-	-	-	-	-	-	-	-	-
21 Net assets released from restriction for PP&E acquisitions	-	-	-	-	-	-	-	-	-
23 Gain/(Loss) on Fixed Assets	-	-	-	-	-	-	-	-	-
24 Transfer to affiliated not-for-profit entity	-	-	-	-	-	-	-	-	-
25 Gain/(Loss) on Sale of Symbria	-	-	-	-	-	-	-	-	-
26 Transfer of Pledged Assets	-	-	-	-	-	-	-	-	-
Increase (decrease) in unrestricted net assets	(2,152,767)	(1,495,781)	(3,962,135)	(656,986)	43.9%	1,809,368	-45.7%	(8,611,069)	(6,070,234)

Note A: Investment Income includes unrealized losses of (\$152,082), realized gains of \$82,135 and Interest & dividend income of \$71,839

Exhibit 4

Greenfields (FVMC)
Statements of Cash Flows
Fiscal Year to Date Ended June 30, 2017 and 2016

	Actual 06/30/17	Actual 06/30/16
Cash Flows from Operating Activities		
Net Profit/(loss)	(2,152,767)	(3,962,138)
Change in net assets (defecit)	(2,152,767)	(3,962,138)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	716,157	731,787
Amortization of bond discount	8,095	10,452
Amortization of deferred costs	314,901	327,039
Amortization of entrance fees	(260,269)	(270,000)
Proceeds from nonrefundable entrance fees		-
Loss on Disposal of Property & Equipment		-
Provision for bad debts		-
Change in unrealized (gains) and losses		(67,315)
Contributions of restricted net assets		-
GoG Management Fee Deferral		638,658
Changes in assets and liabilities:		
Resident accounts receivable & Other Receivables	(87,457)	(516,629)
Transfer Pledged Assets, FSO to Greenfields		-
Inventory of supplies, prepaid expenses	(742)	3,345
Accounts payable & Other Payables	610,025	(424,285)
Accrued expenses	1,286,088	2,064,902
Net cash provided by (used in) operating activities	434,031	(1,464,185)
Cash Flows from Investing Activities		
Net sales (purchases) of assets whose use is limited or restricted	137,995	(102,910)
Net sales (purchases) of long-term investments	3,423	-
Proceeds from Sale of Land		-
Investment in joint venture		-
Acquisition of land, buildings and equipment, net		(58,780)
Net cash provided by (used in) investing activities	141,418	(161,690)
Cash Flows from Financing Activities		
Proceeds from refundable entrance fees	2,161,151	3,012,400
Refunds paid on entrance fees	-	(330,372)
Net cash provided by (used in) financing activities	2,161,151	2,682,028
Net (decrease) increase in cash and cash equivalents	2,736,600	1,056,153
Cash and cash equivalents at beginning of year	2,853,269	771,504
Cash and cash equivalents at end of year (end of current period)	5,589,869	1,827,657

Exhibit 5A

**GreenFields of Geneva Forecast Assumptions
2018-2022**

The following table lists key assumptions on which the GreenFields forecast is based:

Area	Assumption
Annual Fee Increase	4.25%
Non Fee Annual Revenue% Increase	3.0%
Investment Return	3.0%
Annual Expense Increases Other than Wages	2-3% based on category
Wage Increase	3%
Capital Spending	\$500,000 per year
Interest and Principal	Per Exhibit 3

Below is a table showing census assumptions:

	2018		2019		2020		2021		2022		
	Capacity	Avg Occ	% Occ	Avg Occ	% Occ	Avg Occ	% Occ	Avg Occ	% Occ	Avg Occ	% Occ
Independent	147	129.15	87.86%	142.41	96.88%	143.5	97.62%	143.5	97.62%	143.5	97.62%
Assisted Living	51	37.39	73.31%	43	84.31%	43	84.31%	43	84.31%	43	84.31%
Assisted Memory	26	15.47	59.50%	20.5	78.85%	21	80.77%	21	80.77%	21	80.77%
Total Assisted	77	52.86	68.65%	63.5	82.47%	64	83.12%	64	83.12%	64	83.12%
Skilled Lifecare		10		10		14		17		18	
Skilled Private		5		5		5		5		5	
Skilled Medicare		25		25		21		18		17	
	43	40	93.02%	40	93.02%	40	93.02%	40	93.02%	40	93.02%

- Census is assumed to incrementally increase once the financial structuring is complete
- Assisted Living census is capped at 83.12% at its highest level
- As residents age, it is assumed that Medicare census will decline and lifecare census will increase

Exhibit 5A

GreenFields Projected Balance

Accounts	Actual	Restated	Projected			
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Assets						
Current Assets						
Cash	2,592,999	9,601,544	8,626,026	9,139,461	9,684,565	10,263,289
Asset whose use is limited	2,574,297	5,195,614	5,195,614	5,195,614	5,195,614	5,195,614
Receivables	1,175,239	1,276,170	1,340,535	1,384,717	1,425,803	1,463,098
Inventory	15,901	15,901	15,901	15,901	15,901	15,901
Prepays	290,051	377,620	395,921	362,242	364,472	366,643
Total	6,648,487	16,466,850	15,573,997	16,097,935	16,686,355	17,304,545
Non-Current Assets Limited as to Use	0	0	0	0	0	0
Investments		0	0	0	0	0
Fixed Assets & Accumulated Depreciation	78,029,111	61,150,736	59,082,730	56,651,950	55,157,400	53,907,766
Other Assets	8,512,846	0	0	0	0	0
Total	93,190,444	77,617,586	74,656,727	72,749,885	71,843,755	71,212,311
Liabilities and Equities						
Liabilities						
Current Liabilities						
Current Installments of Long-term Debt	8,575,000	345,000	500,000	535,000	580,000	620,000
Accounts Payable	379,646	310,000	341,104	298,123	302,729	307,374
Current Accrued Expenses	3,615,750	2,883,597	2,941,018	2,864,480	2,873,994	2,883,579
Entrance Fee Refunds Payable	3,137,636	3,137,636	3,137,636	3,137,636	3,137,636	3,137,636
Entrance Fee Deposits	390,417	401,905	413,671	425,724	438,068	450,712
Total	16,098,450	7,078,138	7,333,430	7,260,962	7,332,427	7,399,301
Non-Current Liabilities						
Long-term Debt, less current installments and unamortized bond discount	88,268,773	61,987,519	61,584,176	61,145,832	60,662,489	60,139,146
Due to Affiliates	6,486,221	0	0	0	0	0
Notes payable to Affiliate	4,000,000	0	0	0	0	0
Entrance Fees	48,146,802	53,918,065	57,902,558	61,940,299	65,771,741	69,661,332
Total Non-Current Liabilities	146,901,796	115,905,584	119,486,734	123,086,131	126,434,230	129,800,478
Total Liabilities	163,000,246	122,983,722	126,820,164	130,347,093	133,766,657	137,199,779
Net assets (deficit)						
Unrestricted Net Assets	-69,809,803	-45,366,136	-52,163,437	-57,597,209	-61,922,902	-65,987,468
Retained Earnings						
Total	-69,809,803	-45,366,136	-52,163,437	-57,597,209	-61,922,902	-65,987,468
Total	93,190,444	77,617,586	74,656,727	72,749,885	71,843,756	71,212,311

Exhibit 5B

GreenFields Income Statement Projection

Accounts	Actual	Projected				
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Revenue, gains and other support						
Independent Living Revenue	5,137,266	5,128,119	5,898,450	6,203,277	6,473,516	6,754,158
Assisted Living Revenue	2,865,118	3,156,278	3,630,002	4,476,574	4,757,242	4,999,220
Health Care Revenue	5,764,375	6,446,737	5,820,018	5,584,663	5,682,911	5,697,397
Amortization of entrance fees	1,083,572	1,132,333	1,183,288	1,236,536	1,292,180	1,350,328
Investment income	35,596	109,718	113,009	116,399	119,891	123,488
Other Revenue	1,291,947	284,757	297,571	310,961	324,955	339,578
Total	16,177,873	16,257,941	16,942,338	17,928,410	18,650,696	19,264,169
Operating expenses						
Salaries and benefits	7,262,267	7,410,643	7,255,174	7,625,024	7,881,081	8,076,915
Supplies and other	2,002,920	2,270,310	2,058,561	1,929,980	1,918,596	1,905,663
Dietary	1,092,959	1,120,683	1,149,112	1,178,264	1,208,158	1,238,812
Professional fees	4,305,045	2,302,600	2,356,035	2,410,765	2,466,821	2,524,233
Repairs and maintenance	1,691,579	1,742,326	1,909,806	1,366,304	587,213	600,510
Utilities and telephone	685,184	698,888	712,866	727,123	741,665	756,499
Insurance	311,209	317,433	323,782	330,257	336,862	343,600
Real estate taxes	371,166	382,301	393,770	405,583	417,750	430,283
Interest	7,857,503	1,972,385	4,663,609	4,552,263	4,518,089	4,479,198
Depreciation and amortization	4,303,389	2,923,240	2,871,623	2,789,957	2,852,092	2,923,521
Provision for bad debts	42,702	43,983	45,302	46,661	48,061	49,503
Total	29,925,923	21,184,791	23,739,639	23,362,182	22,976,389	23,328,736
Net Income	-13,748,049	-4,926,850	-6,797,301	-5,433,771	-4,325,693	-4,064,567

Exhibit 5B

GreenFields Projected Cash Flow Statements

Accounts	Actual	Projected				
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Cash Flows						
Cash Flow from Operations:						
Change in Net Assets	-5,853,026	24,443,667	-6,597,301	-5,433,771	-4,125,693	-3,864,567
Non-Cash (Income) Expenses Included in Net Assets:						
Unrealized (Gain)/Loss on Securities	-84,035	0	0	0	0	0
Depreciation	2,905,842	2,891,021	2,574,967	2,693,300	2,555,435	2,626,863
Amortization of Deferred Marketing Costs	1,259,397	-5,050,146	0	0	0	0
Amortization of Entrance Fees						
Amortization of Deferred Finance Costs	96,340	13,424,829	96,657	96,657	96,657	96,657
Equity Earnings of Investee						
Gain/Loss on Disposal		0	0	0	0	0
Amortization of Deferred Revenue		-1,132,333	-1,183,288	-1,236,536	-1,292,180	-1,350,328
Total Non-Cash Expenses	4,177,544	10,133,371	1,488,336	1,553,421	1,359,912	1,373,192
Change in Assets and Liabilities:						
Decrease (Increase) in						
Accounts Receivable	2,479	-100,931	-64,365	-44,182	-41,087	-37,295
Provision for Uncollectable Accounts		0	0	0	0	0
Prepaid Expenses and Other Current Assets	-259,758	-87,570	-18,301	33,679	-2,230	-2,171
Total Change in Payables	-257,279	-188,501	-82,666	-10,503	-43,317	-39,466
Increase (Decrease) in:						
Accounts Payable	1,118,134	-8,253,959	42,871	-30,930	16,951	17,289
Other Current Liabilities						
Accrued Interest	1,309,584	-678,881	-60,000	-60,000	-60,000	-60,000
Accrued Expenses	-302,131	-53,273	57,421	-76,538	9,514	9,586
Total increase in Payables	2,125,587	-8,986,113	40,292	-167,468	-33,535	-33,125
Total Change in Assets and Liabilities	1,868,308	-9,174,613	-42,373	-177,970	-76,852	-72,591
Total Cash from Operations	192,827	25,402,425	-5,151,339	-4,058,321	-2,842,633	-2,563,966
Cash Flows from Investing Activities						
Net Change of Assets Whose Use is Limited	-2,578,143	-2,621,317	1,878,821	2,157,756	588,737	377,690
Investment Purchases and Earnings		0	0	0	0	0
Acquisition of Land Buildings and Equipmen, Net	-75,724	16,077,754	-500,000	-500,000	-500,000	-500,000
Total Cash from Investing Activities	-2,653,867	13,456,437	1,378,821	1,657,756	88,737	-122,310
Cash Flows from Financing Activities						
Payments on Long Term Debt	41,810	-34,511,254	-345,000	-500,000	-535,000	-580,000
Net Receipt of Refundable Entrance Fees	3,766,151	2,660,937	3,142,000	3,414,000	3,834,000	3,845,000
Total Cash from Financing Activities	3,807,961	-31,850,317	2,797,000	2,914,000	3,299,000	3,265,000
Cash & Cash Equivalents, Beginning of Month	1,246,079	2,592,999	9,601,544	8,626,026	9,139,461	9,684,565
Net Increase in Cash & Cash Equivalents	1,346,920	7,008,545	-975,518	513,435	545,104	578,724
Cash & Cash Equivalents, End of Month	2,592,999	9,601,544	8,626,026	9,139,461	9,684,565	10,263,289

**Friendship Village of Mill Creek
Hypothetical Liquidation Analysis as of October 30, 2017**

EXHIBIT 6

Capitalized Terms in this Liquidation Analysis will have the meanings defined in the Plan.

Disclaimer: The purpose of this document is to compare the distributions which creditors may receive under the Plan, to the amount that they would likely receive if the Plan was not confirmed, and the Case were converted to a case under Chapter 7 of the Bankruptcy Code, in which a trustee would be appointed to liquidate the Debtor's assets and make distributions to creditors as required by the provisions of Chapter 7 of the Bankruptcy Code. The Debtor has no intention of converting its present Case to a Chapter 7 bankruptcy case. The comparisons of returns (in Chapter 11 versus Chapter 7) are therefore hypothetical.

Part 1: Recovery of Bond Holders

The Bond Holders are beneficiaries of a trust indenture which is secured by a first priority perfected lien on all of the Debtor's assets except for (a) titled motor vehicles; and (b) entrance fees which were deposited in escrow after the Bankruptcy Case began. This section of the Liquidation Analysis addresses the recoveries of Bondholders under the Plan and in a liquidation under Chapter 7.

Assets	Notes	Going Concern Value	Liquidation Value
Operating Cash	A	\$1,405,633	\$1,405,633
Entrance Fee Escrow	B	\$336,600	\$0
GreenFields of Geneva	C	\$52,800,000	\$41,000,000
Sub Totals:		\$54,542,233	\$42,405,633
Cost of Liquidation	D	\$250,000	\$800,000
Net Proceeds to Bond Holders	E	\$54,292,233	\$41,605,633
Bond Debt (approx. amount):		\$100,000,000	\$100,000,000
Percentage Going Concern & Liquidation Returns:	F	54.29%	41.61%

The Debtor believes that Bond Holders will receive a much more favorable recovery under the Plan, than is possible under a Chapter 7 liquidation of the Debtor. Also, under the Plan, Bond Holders would likely receive their distributions under the Plan shortly after the Effective Date of the Plan (projected to occur in November of 2017). In a Chapter 7 case, the timing of distributions to Bond Holders would be delayed until the Chapter 7 case was concluded, which could take a considerable amount of time.

Notes:

- A** Projected operating cash at October 30, 2017 per cash collateral budget approved by the Court, minus administrative claims including professional claims incurred through the Effective Date of the Plan (which is estimated to occur on November 10, 2017).
- B** Under the Plan, Bond Holders would receive \$336,000 from the Escrow Account, derived from an entrance fee deposit which was made to the Escrow Account before the Debtor's Chapter 11 case began. However, if the Debtor was liquidated, under the terms of the escrow, the Debtor would be required to refund that \$366,000 entrance fee deposit to the Resident who paid it.
- C** Under the Plan, Bond Holders will receive \$52,800,000 from a refinancing of the Campus. In a liquidation, the Campus would likely close and lose its going concern value. The Debtor's estimated liquidation value of the Campus is based on (a) other bids received for the Debtor's business received during the portion of the Sale Process which occurred prior to the commencement of the Case, and (b) an appraisal prepared by Michael G. Boehm, MAI, CRE, of Senior Living Valuation Services, Inc., of San Francisco, CA dated as of April 12, 2016, **MINUS** the cost of remediating several physical conditions at the Campus described in greater detail in the Disclosure Statement at pp. 18-19.
- D** The cost of marketing the Campus and related Assets in the Case (approx. \$367,000) has already been incurred, and partially paid to the investment banker in charge of the marketing effort (H.J. Sims & Co., Inc.), which is owed approx. \$250,000 for the firm's work. If the Case was converted to Chapter 7, the marketing effort would need to be renewed, at an additional cost which the Debtor estimates at \$350,000. The projected cost of liquidating the Campus in Chapter 7 includes the anticipated future cost of the marketing effort (\$350,000) plus the amount which is currently due to Sims (approx. \$250,000), both of which fees would need to be paid before Bondholders would receive their Chapter 7 distribution. In addition, the trustee in a Chapter 7 case would be entitled to receive a statutory fee (estimated at \$900,000) and the trustee's lawyers would also incur legal fees in connection with the Chapter 7 case (estimated at \$110,000), both of which would need to be paid before Bondholders received distributions.
- E** The "Net Proceeds to Bond Holders" reflects the amounts which would be paid to Bondholders by the Debtor (in the current Case) or the Chapter 7 trustee in an hypothetical Chapter 7 case. It does not include returns which Bondholders might receive from trust funds which are NOT property of the Debtor's estate, and which are held by the Bond Trustee under the terms of the trust indenture created when the Bonds were first issued.
- F** The projected return from the Debtor's estate does not include distributions by the Bond Trustee from Trustee held funds. These Trustee held funds are not property of the Debtor's estate. If the Plan is confirmed, the additional return from the Trustee Held Funds may increase the recovery of Bond Holders to approximately 56%. In a liquidation scenario, it is not clear how much, if any, of the Trustee held funds would be available for distribution to Bond Holders.

Part 2: Recovery of Certain Residents

As noted in the Disclosure Statement, the Residency Agreements signed by Residents who live in independent living or assisted living apartments entitle them to receive refunds of a portion of the entrance fee which they paid to the Debtor, if and when they satisfy a number of conditions specified in the Residency Agreement. One of those conditions requires that the apartment occupied by the Former Resident has been re-occupied by a new Resident.

Under the Plan, any Former Resident that is qualified to receive a refund of all or a portion of an entrance fee will receive that refund from available funds in the Escrow Account. Currently, there is \$2,779,880.00 in the Escrow Account, which is sufficient to pay the \$336,000.00 which Bondholders will receive from that account, and also pay the ten Former Residents (or their estates) entrance fee refunds totaling \$1,414,060.17 on the Effective Date of the Plan, which is projected to occur on or about November 10, 2017.

However, if the Debtor's case were converted to a Chapter 7 case, it is likely that current Residents who placed their entrance fees in escrow after the Debtor's Chapter 11 case began on April 20, 2017 would be entitled to receive a refund of those deposits under the terms of an order which was entered by the bankruptcy court on June 19, 2017 (Doc. 93). If this occurred, there would be no money in the Escrow Account to pay any refunds to the ten individuals (or estates) which would otherwise receive entrance fee refunds under the Plan. For these ten individuals, and any other Residents who might qualify to receive entrance fee refunds on the Effective Date of the Plan, the difference between their recovery under the Plan (\$1.4 MM) versus Chapter 7 (\$ -0-) is stark.

In addition to the above, if the Debtor was liquidated and the Campus was forced to close, the approximately 250 people who are current Residents would not only lose their entrance fee deposits; they would lose their homes. This outcome could be prevented if the trustee appointed to oversee an hypothetical Chapter 7 case was willing to assume the operating risks of operating the Debtor's Campus in Chapter 7, and that trustee was able to find a purchaser for the Campus that would be willing to assume the Residency Agreements of the current Residents. Unlike the current Plan, which requires the reorganized Debtor to assume all Residency Agreements (and agree to maintain the current levels of service at the Campus *and* refund the Residents' entrance fees when the conditions of the Residency Agreements are fulfilled, there would be no guaranty, in a Chapter 7 bankruptcy case, that a purchaser of the Campus would agree to assume the Residency Agreements as they are now written.

Even if operations at the Campus could be sustained under the direction of a Chapter 7 trustee, it is highly unlikely that the ten Former Residents (or their estates), who now qualify for a return of their entrance fees, or any other Resident who may become qualified for a refund of their entrance fee deposits after August 30, 2017, would receive that refund if the case were converted to a Chapter 7 case, regardless of whether the trustee in the Chapter 7 case attempted to operate the campus or not.

Part 3: Recovery of Unsecured, non-priority creditors

The Debtor estimates that approximately thirty unsecured creditors who are not Residents and are not Bondholders ("Unsecured Creditors") hold unsecured claims in the Case with an estimated aggregate value of approximately \$1.2 Million. Under the Plan, Unsecured Creditors will receive a pro rata share of \$30,937.74, which was the value of three motor vehicles owned by the Debtor (which are not subject to Bondholder liens) when the Debtor's Chapter 11 case began. Because the Bondholder liens encumber all other assets of the Debtor, apart from the three motor vehicles, there are no other assets which could be used to pay a dividend on Unsecured Claims, either under Chapter 11 or in Chapter 7 of the Bankruptcy Code.

If the case was converted to Chapter 7, the value of the three motor vehicles would likely depreciate. In addition, Chapter 7 would require that certain claims which have "priority" over Unsecured Claims must be paid in full before any distribution is made to Unsecured Creditors. Priority Claims include any unpaid operating expenses of the Chapter 11 case, such as unpaid professional fees, tax claims, and operating expenses of the Campus. These "priority" claims would be further subordinated to the expenses, costs and fees incurred by the Chapter 7 trustee. Under the circumstances, the Debtor believes that it is likely that Unsecured Creditors would receive no distributions if the Debtor's case was converted to a case under Chapter 7.

In addition, under the Plan, the Bondholders' claims receive a single payment which pays the secured claim and the unsecured deficiency claim which the Bondholders share. In a Chapter 7 case, however, the unsecured deficiency claim of the Bondholders (which is likely to range in the mid-seven figures, would greatly dilute the aggregate return on unsecured Claims held by both Bondholders and Unsecured Creditors.

Under these circumstances, the Debtor believes that under the Plan, all creditors will clearly receive property on account of their respective claims with a value that is not less than the amount that such holders would retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code.