

Living Care Disclosure Statement Prospectus Instructions

The following outline describes, in general, the subject matter to be covered in a typical disclosure statement and the extent of coverage necessary pursuant to the Living Care Disclosure Act, 1976 PA 440, as amended (the "Act") and Rules.

The purpose of the disclosure statement is to inform prospective purchasers fully of all material facts concerning life interests, long-term leases and the facilities offering such contracts. The disclosure statement should be written in narrative form in CLEAR and CONCISE language and should be set in a type that is of a size, form and character that can be easily read by elderly persons.

The disclosure statement should be used in accordance with the requirements of the Act, the rules, and any effective order(s) of the Office of Financial and Regulation (OFIR).

The rules and sections 8, 22, and 23 of the Act, set forth the requirement to be incorporated in the disclosure statement. One copy of the disclosure statement is to be delivered to the OFIR together with the registration application.

NOTE THAT THE NAME OF THE OFFICE OF FINANCIAL & INSURANCE REGULATION (the "OFIR"), WITH THE EXCEPTION OF THE DISCLAIMERS NOTED BELOW, MAY BE USED ONLY UPON WRITTEN APPROVAL OF THE OFIR.

Cover Page

The cover page should contain only the following (unless OFIR requires otherwise):

1. "Disclosure Statement"
2. Effective date of the disclosure statement (leave blank until notified of effectiveness)
3. Name of the facility

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The following statements, double-spaced, in capital letter and at least 12-point type:

1. YOU HAVE THE RIGHT TO CANCEL YOUR PURCHASE AND RECEIVE A FULL REFUND WITHIN 7 DAYS AFTER YOU HAVE EITHER MADE A DEPOSIT AND RECEIVED A COPY OF THIS DISCLOSURE STATEMENT OR EXECUTED THE CONTRACT AND RECEIVED A COPY OF THIS DISCLOSURE STATEMENT. YOU CANNOT BE REQUIRED TO MOVE INTO THE FACILITY BEFORE THE EXPIRATION OF THIS 7-DAY PERIOD.
2. THE PURCHASE OF A LIFE INTEREST OR A LONG TERM LEASE IS AN INVESTMENT THAT MAY INVOLVE A HIGH DEGREE OF RISK AND YOU SHOULD SEEK ADVICE FROM AN ATTORNEY OR OTHER FINANCIAL ADVISOR, INDEPENDENT OR OF THE FACILITY.

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The following information must appear in boldface type:

- 3. THIS DISCLOSURE STATEMENT IS REQUIRED BY LAW TO CONTAIN ALL MATERIAL FACTS REGARDING THE OFFERING MADE HEREBY. THE MICHIGAN OFFICE OF FINANCIAL AND INSURANCE REGULATION (OFIR) HAS NOT PASSED UPON THE ACCURACY OF THIS DISCLOSURE STATEMENT, NOR HAS OFIR APPROVED OR DISAPPROVED OF THE OFFERING DESCRIBED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL AND SHOULD BE REPORTED TO:**

**OFFICE OF FINANCIAL & INSURANCE REGULATION
SECURITIES SECTION
P.O. BOX 30701
LANSING, MI 48909-8201
TELEPHONE: 1-877-999-6442**

4. NO OTHER PERSON IS AUTHORIZED TO MAKE ANY PROMISES IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS DISCLOSURE STATEMENT.
5. Where audited financial statements have been waived by the OFIR under Rules 63, 64, and 65 for a specific period of time, include the following statement.

IF YOU BUY A LIFE INTEREST OR LONG-TERM LEASE DURING THE PERIOD WHEN UNAUDITED FINANCIAL STATEMENTS ARE BEING USED, YOU ARE ENTITLED TO DAMAGES OR RESCISSION, IF MATERIAL ADVERSE CONDITIONS EXISTED AT THE DATE OF THE FINANCIAL STATEMENT AND WERE NOT DISCLOSED.

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The following statement, double-spaced, in capital letters and at least 12 point type:

MORE COMPLETE AND ADDITIONAL INFORMATION REGARDING (FACILITY) IS ON FILE AT THE OFFICE OF FINANCIAL AND INSURANCE REGULATION, SECURITIES SECTION, P.O. BOX 30701, LANSING, MI 48909, TELEPHONE 1 (877) 999-6442 AND IS AVAILABLE FREE OF CHARGE AT (INSERT LOCAL ADDRESS AND TELEPHONE NUMBER OF FACILITY'S MAIN OFFICE).

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Include a table of all major headings contained in the disclosure statement with references to the corresponding page numbers.

In the REMAINING PAGES of the disclosure statement, using the following capitalized headings, there should be set out under each heading, in narrative form, all material information pertaining to the heading.

The following information where applicable shall be set in at least 12 point type.

Organizational Information

Include:

1. The name and address of the facility's principal business office.
2. State and date of incorporation. If the facility is not a corporation, describe the form of organization in detail.
3. Name(s) of affiliated parent, together with a statement of the legal relationship through which control exists and the location of the principal office of the parent.
4. Names(s) of the facility's subsidiaries, if any, together with a statement of the legal relationship through which control exists in each case and the location of the principal office of the subsidiaries.
5. IDENTITY of persons affiliated with the facility.

Legal Actions

Include information about legal actions, which in the facility's estimation could have a material effect upon the health, safety, welfare of Residents, or the financial stability of the facility.

Financial Information

Include a table that summarizes financial data, such as current assets, total assets, liabilities, revenues, and expenses that are extracted from the facility's financial statements. The summary should reference the facility's audited financial statements, and a statement to the effect that audited financials are available to residents upon request, free of charge.

Medicare/Medicaid Participation

Include a description of the level of participation a facility has with Medicare and Medicaid programs.

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Entrance Fees (Summary)

1. Include a financial table as an attachment. Disclose fully the entrance fee obligations required of members.
2. Where the entrance fee is not the same in all cases show the plan by which the different amounts are determined.
3. Include a statement showing what percentage of the entrance fee or what dollar amount is attributable to sales expense, if any, which will not be refundable after 30 days.
4. State whether or not a member's life interest or long term lease investment is subject and subordinate to any mortgages on the facility, or any other creditors occupying a preferred status.

Monthly Rents and Service Charges

1. Include a financial table as an attachment. Disclose fully all fees and other financial obligations required of members. Indicate the type of fee, the amounts thereof and the schedule of payment.
2. Where applicable, state that members may be charged assessments and describe the method used to allocate the assessments.
3. Include a statement that members have no further financial obligations to the facility than those set forth in the disclosure statement.

Other Services and Charges

Describe the scope of optional services with an attachment listing the then current fees.

Changes in Fees

Include a statement that the facility may not increase fees until the Resident has been given a 60-day prior written notice.

Real Estate Taxes

1. Provide an assessment of real estate taxes for all units of the facility.
2. Include a table that lists the ranges of taxes for the units.

Location, Description of Services Available without Additional Charge

1. The location of the facility.
2. Services available at no extra charge.

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Medical Care Furnished

Describe the scope of medical care available and the extra charges thereof, if any, with an attachment listing the then current fees.

Health and Financial Conditions Required for Residents

1. Detail the financial and health conditions required in order to occupy the facility.
2. Indicate that if a resident becomes mentally or physically incapacitated and is unable to handle personal or financial affairs, the facility may petition a court of competent jurisdiction to appoint an independent conservator or guardian.
3. Where applicable, describe the facility's assessment tools used to determine a Resident's qualifications to occupy the facility and to later determine the appropriate level of care.
4. Describe any other admission requirements.

Cancellations and Refunds

1. Indicate under what conditions the facility may relet a member's room or unit.
2. Indicate the terms and conditions under which a life interest or long term lease may be cancelled by the member during the first six months, and subsequent to the first six months of residency and the basis for establishing the amount of the refund of the entrance fee and the monthly fee. (Please see Section 10 of the Act.)
3. Indicate the circumstances under which the facility may terminate the contract and explain the consequences thereof.
4. Include a statement that explains that upon a court order or by order of OFIR, repayment of refunds can be temporarily suspended for approximately 6 months, or longer, if the order is extended.

Divorce, Death of Spouse, Marriage

1. If a member marries while at the facility, describe the facility's policy regarding the new spouse and include a statement of the terms or conditions concerning the entry of a non-resident spouse into the facility, and the consequences if the spouse does not meet the requirements for entry.
2. Set forth a statement showing the basis for establishing any refund of the entrance fee in the event of the death to a member.
3. If no part of the entrance fee is refundable upon death of a member, state clearly that the member's interest is cancelled with all funds reverting to the facility and NOT to the member's heirs, assignees or representatives.
4. A statement that if a member dies before occupying the facility, or through illness, injury, or incapacity would be precluded from being a resident under the terms of the lease, membership is automatically cancelled and moneys paid to the facility will be refunded except those costs specifically incurred by the facility at the request of the member and set forth in writing in a separate addendum to the agreement and signed by both parties.
5. When a couple enters the facility and either the death of one spouse or a divorce occurs, describe in detail the facility's policy regarding the surviving or remaining spouse(s).

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Financial Difficulties of Resident

Include a statement that describes the entitlement residents have in the event residents have financial difficulties and need assistance.

Suggested Attachments and Addendums

1. Attach an Entrance Fee/Specific Unit table
2. Attach a monthly rents and service charges table
3. Attach a copy of the lease or membership agreement
4. Attach the alterations addendum
5. Attach the pet addendum
6. Attach a list of medical services available at additional charge

Please contact the Office of Financial and Insurance Regulation, Securities Section at 1-877-999-6442, if you have additional questions.

A copy of the disclosure prospectus, exhibiting full compliance with the above instructions, is to be delivered together with the registration application (FIS 0501) to:

Mailing Address:

Office of Financial and Insurance Regulation
Securities Section
P.O. Box 30701
Lansing, MI 48909-8201

Overnight Delivery Address:

Office of Financial and Insurance Regulation
611 W. Ottawa Street, 3rd Floor
Lansing, MI 48933



Michigan Department of Energy, Labor & Economic Growth

DELEG is an equal opportunity employer/program.

Auxiliary aids, services and other reasonable accommodations are available upon request to individuals with disabilities.

Visit OFIR online at: www.michigan.gov/ofir

Phone OFIR toll-free at: 1-877-999-6442