

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU

In the Matter of:

Complaint No. 344113

VISTA GRANDE VILLA
Registration No. LC-10002

Respondent.

Issued and entered
This 9th day of June, 2021

ORDER REQUIRING ESCROW OF FUNDS UNDER MCL 554.945(2)

Linda Clegg, the Director of the Corporations, Securities, and Commercial Licensing Bureau of the Department of Licensing and Regulatory Affairs (“the Department”), pursuant to her statutory authority and responsibility to administer and enforce the Continuing Care Community Disclosure Act, 2014 PA 448, MCL 554.903 *et seq.* (“the Act”), hereby orders that effective on the date of service of this order Vista Grande Villa (“Respondent”) must deposit all entrance fee payments made by members or prospective members, including entrance fee deposits made on or after February 1, 2021, with an escrow agent acceptable to the Department, pursuant to section 45(2) of the Act, MCL 554.945(2).

I. BACKGROUND

A. The Respondent

1. Respondent is Vista Grande Villa, a Michigan not-for-profit corporation incorporated in or around February of 1970.

B. Findings of Fact

1. Respondent is registered as a Continuing Care Community pursuant to the Act.

2. Respondent is a debtor with respect to certain bonds offered and sold to investors in or around 2015 through the Wisconsin Public Finance Authority. The issue consisted of five tranches with maturities from 2020 through 2050, interest rates between 6.25% and 8.5%, and a security interest in the form of a mortgage to the bond trustee under a trust indenture dated December of 2015.
3. In or around March of 2021, Respondent's board of directors voted to not make a payment to its bond creditors and failed to make a payment required by the December 2015 bond trust indenture. Additionally, Respondent's most recent audited balance sheet dated December 31, 2019 showed that its liabilities exceeded assets by \$12,546,802.
4. Respondent represented to Department staff that it began voluntarily depositing entrance fees received from residents and prospective residents into an escrow account beginning in or around February of 2021.
5. The Department finds that Respondent is insolvent or in jeopardy of becoming insolvent, and that the escrow of entrance fees is necessary and appropriate to protect members and prospective members.

II. RELEVANT STATUTORY PROVISIONS

1. Section 45 of the Act, MCL 554.945, states in relevant part::

(2) The department may require a deposit with an escrow agent acceptable to the department of an amount the department considers necessary for the continuing care community to fulfill its obligations if both of the following apply:

(a) The department finds 1 or more of the following:

- (i) The financial condition of the continuing care community may materially jeopardize the care of members.
- (ii) The continuing care community is insolvent or in jeopardy of becoming insolvent.
- (iii) The continuing care community is not meeting its pro forma financial plan.

(b) The department determines the escrow to be necessary and appropriate to protect prospective members.

III. CONCLUSIONS OF LAW

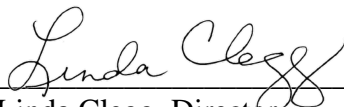
- 1. Respondent Vista Grande Villa, Inc. is insolvent or in jeopardy of becoming insolvent and it is necessary and appropriate to protect members and prospective members for the Department to require that Respondent deposit all entrance fee payments made by members or prospective members with an escrow agent acceptable to the Department in accordance with section 45(2) of the Act, MCL 554.945(2).

IV. ORDER

IT IS THEREFORE ORDERED, pursuant to section 45(2) of the Act, MCL 554.945(2), that:

- A. Effective on the date of service of this order Respondent Vista Grande Villa shall deposit all entrance fee payments made by members or prospective members, including entrance fee deposits made on or after February 1, 2021, with an escrow agent acceptable to the Department.
- B. Respondent Vista Grande Villa shall use reasonable efforts to engage an escrow agent acceptable to the Department promptly after the date of service of this order.
- C. The Department retains the right under section 45(3) of the Act, MCL 554.945(3), to summarily order the temporary suspension of Respondent’s approval to offer continuing care agreements pending a hearing under section 69(2) should Respondent fail to promptly engage an escrow agent acceptable to the Department as required by this order.
- D. Pursuant to section 85(1) of the Act, MCL 554.985(1), a person that knowingly violates the Act is guilty of a felony punishable by imprisonment for not more than 7 years or a fine of not more than \$10,000.00 or both.

CORPORATIONS, SECURITIES, AND COMMERCIAL LICENSING BUREAU
DEPARTMENT OF LICENSING, AND REGULATORY AFFAIRS



 Linda Clegg, Director
 Corporations, Securities, and Commercial Licensing Bureau
 Department of Licensing and Regulatory Affairs

06/09/2021

 Date