

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

In the Matter of:

Complaint No. 342877

HENRY FORD VILLAGE, INC.
Registration No. LC-10010

Respondent.

_____ /

Issued and entered
This 12th day of January _____, 2022

ORDER REQUIRING ESCROW OF FUNDS

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 554.901 *et seq.* (“the Act”), hereby orders that Henry Ford Village, Inc. (“Respondent”) may arrange for the release of funds escrowed with American Deposit Management, LLC (“Escrow Agent”) pursuant to the June 10, 2020 Order Requiring Escrow of Funds (“Escrow Order”) and the September 23, 2020 Escrow Agreement (“Escrow Agreement”) between Respondent and Escrow Agent.

I. BACKGROUND

1. Respondent is Henry Ford Village, Inc., a Michigan not-for-profit corporation, incorporated on or around August 3, 1992. Respondent is registered as a Continuing Care Community pursuant to the Act.
2. On or around June 10, 2020, the Department issued the Escrow Order to Respondent under MCL 554.945(2). Thereafter, Respondent and Escrow Agent entered into the Escrow Agreement on or around September 23, 2020.
3. On or around October 28, 2020, Respondent filed a voluntary petition for bankruptcy in the United States Bankruptcy Court for the Eastern District of Michigan, Southern Division (Docket No. 20-51066-MAR).

4. The bankruptcy proceedings resulted in the sale of substantially all of Respondent's assets to a third party, and the sale was approved by order of the United States Bankruptcy Court for the Eastern District of Michigan, Southern Division on or around May 25, 2021. Respondent's bankruptcy estate, including the sale of substantially all of Respondent's assets, excluded the funds held in escrow by the Escrow Agent under the Escrow Order and the Escrow Agreement.
5. On or around December 10, 2021, Respondent submitted a request to the Department pursuant to paragraph E.4 of the Escrow Agreement. Respondent stated that it intended to abandon the offer and sale of continuing care agreements and to relinquish its registration under the Act.
6. In the December 10, 2021 request, Respondent submitted to the Department a resolution adopted by its governing body and attested to by its secretary authorizing Respondent to relinquish its registration under the Act.
7. In the December 10, 2021 request, Respondent provided an accounting of funds held by Escrow Agent under the Escrow Agreement along with a proposed distribution of funds.
8. Department staff reviewed the December 10, 2021 request, the governing body resolution, the accounting, and the proposed distribution of escrowed funds. Department staff acknowledges Respondent's relinquishment of its registration under the Act and notes no objections to the accounting and distribution of funds by Escrow Agent pursuant to paragraph E.4 of the Escrow Agreement.

II. RELEVANT STATUTORY PROVISIONS

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

(7) A request for release of escrow funds under subsection (2) or for the discontinuance or modification of an escrow arrangement under subsection (2) shall be submitted by the administrator. The request shall include the following documentation, unless the documentation was previously provided in the most recent registration application or unless waived or modified, in whole or in part, by the department in the reasonable exercise of its discretion:

(a) The methodology under subsection (5)(f) for calculating the amount of funds to be released and supporting documentation.

(b) A statement by the continuing care community that the funds were placed in escrow as required by an order of the department imposing the escrow arrangement and pursuant to the terms and conditions of the escrow agreement.

(c) A statement by the continuing care community that it has satisfied all obligations for release of funds from escrow.

(d) If required by the department, a statement by the escrow agent, signed by an appropriate officer, setting forth the aggregate amount of escrowed funds placed with the escrow agent.

(e) The name of each member and the amount held in escrow for the account of the member.

(f) A pro forma financial plan that complies with section 43.

(g) Documentation evidencing availability of adequate resources to fund the continuing care community's capital expenditures, debt service, refund of entrance fees, operating costs, continuing care community maintenance, and other costs and expenses projected for not less than 3 years.

(h) Audited financial statements for the continuing care community's most recent 4 fiscal years and financial statements for any portion of the current fiscal year ending within 120 days after the date of filing.

(i) Commitments for construction and permanent loan financing together with a copy of an adequate construction bond.

(j) Irrevocable lines or letters of credit, other irrevocable instruments of credit, confirmations of deposits of proceeds of sales of securities, leases, or evidences of any other valid commitments or income.

(k) Assumptions and the basis of schedules for attrition rates, occupancy rates, refund of entrance fees, debt service, operating expenses, and operating income.

(l) A commitment to notify the department promptly in writing of a material change in the information submitted under this subsection.

(8) The amount released shall be based on the methodology specified in the escrow agreement pursuant to subsection (5)(f), unless a switch to the alternative methodology specified in subsection (5)(f) is requested by the continuing care community and approved by the department.

(9) After submission of a request for release of funds pursuant to subsection (7), the department may approve release to the continuing care community of funds held in escrow pursuant to subsection (2). An order issued by the department approving the release of funds held in escrow under subsection (2), in whole or in part, or for modification or discontinuance of an escrow arrangement imposed pursuant to

subsection (2), shall include authorization for the escrow agent to release to the continuing care community those amounts of the escrowed funds applicable to a specified member as stated in the order.

III. CONCLUSIONS OF LAW

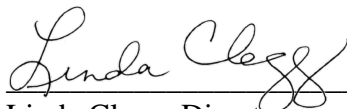
1. Respondent Henry Ford Village, Inc. submitted a request for release of escrowed funds under MCL 554.945(7).
2. The Department may exercise reasonable discretion to waive the following requirements of MCL 554.945(7) given Respondent Henry Ford Village Inc.'s relinquishment of registration and cessation of business under the Act: 554.945(7)(f), 554.945(7)(g), 554.945(7)(h), 554.945(7)(i), 554.945(7)(j), 554.945(7)(k), and 554.945(7)(l).
3. Respondent Henry Ford Village, Inc. has complied with the non-waived requirements of MCL 554.945(7) and the Department may approve release by the escrow agent of funds held pursuant to MCL 554.945(2) under MCL 554.945(9).

IV. ORDER

IT IS THEREFORE ORDERED, pursuant to section 45(9) of the Act, MCL 554.945(9):

- A. Funds escrowed pursuant to the June 10, 2020 Escrow Order and the September 23, 2020 Escrow Agreement may be released by American Deposit Management, LLC on the terms described in the December 10, 2021 letter to the Department requesting release under MCL 554.945(7).
- B. The September 23, 2020 Escrow Agreement between Henry Ford Village, Inc. and American Deposit Management, LLC may be terminated.
- C. The Department acknowledges that Henry Ford Village, Inc. has relinquished its registration under the Continuing Care Community Disclosure Act, 2014 PA 448, MCL 554.903 *et seq*, and that Henry Ford Village, Inc. has ceased offering and selling continuing care contracts under the Act.

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



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

1/12/2022

Date

**Order Permitting Release of Escrowed of Funds
Henry Ford Village, Inc. (CN 342877)**

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

In the Matter of:

Complaint No. 342877

HENRY FORD VILLAGE, INC.
Registration No. LC-10010

Respondent.

This 10th day of June, 2020

Issued and entered

ORDER REQUIRING ESCROW OF FUNDS

Linda Clegg, the Director of the Corporations, Securities & 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 Henry Ford Village, Inc. (“Respondent”) must deposit all entrance fee payments made by members or prospective members after the date of service of this order 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 Henry Ford Village, Inc., a Michigan not-for-profit corporation, incorporated on or around August 3, 1992.

B. Findings of Fact

1. Respondent is registered as a Continuing Care Community pursuant to the Act.
2. Respondent is obligated by the Act and by the disclosure statement it provides to members to refund entrance fees within 30 days of events requiring a refund in its continuing care agreements. Respondent is, and for

many years has been, past-due in making entrance fee refund payments to members or members' estates.

3. As of April 30, 2020, Respondent reported to the Department that it owes \$5,030,785.63 in past-due entrance fee refunds, ranging in severity from thirty days or less past-due, to greater than 181 days past-due. Analysis by Department staff reveals that the balance of past-due entrance fee refunds has increased from month-to-month in twenty-five of the last twenty-six months, and that Respondent's financial condition has deteriorated.
4. The Department finds that Respondent is insolvent or in jeopardy of becoming insolvent, and that escrow of entrance fees is necessary and appropriate to protect 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

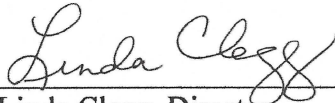
1. Respondent Henry Ford Village, Inc. is insolvent or in jeopardy of becoming insolvent and it is necessary and appropriate to protect prospective members for the Department to require Respondent to deposit all entrance fee payments made by members or prospective members with an escrow agent acceptable 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. Respondent shall deposit all entrance fee payments made by members or prospective members after the date of service of this order with an escrow agent acceptable to the Department.
- B. 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 & COMMERCIAL LICENSING BUREAU
DEPARTMENT OF LICENSING & REGULATORY AFFAIRS



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

06/10/2020

Date