

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2025
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number: 1-13445



Sonida Senior Living, Inc.

(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction of
incorporation or organization)*
14755 Preston Road, Suite 810
Dallas, TX
(Address of principal executive offices)

75-2678809
*(I.R.S. Employer
Identification No.)*

75254
(Zip Code)

Registrant's telephone number, including area code:
(972) 770-5600

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbols</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 par value per share	SNDA	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If the securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the 6,248,045 shares of the Registrant's common stock, par value \$0.01 per share ("Common Stock"), held by non-affiliates (defined to exclude all of the Registrant's executive officers, directors, and certain significant stockholders) on the last business day of the Registrant's most recently completed second quarter, based upon the closing price of the Registrant's Common Stock as reported by the New York Stock Exchange on such date, was approximately \$155.9 million. As of March 11, 2026, the Registrant had 47,388,042 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement pertaining to its 2026 Annual Meeting of Stockholders and filed or to be filed not later than 120 days after the end of the fiscal year pursuant to Regulation 14A are incorporated herein by reference into Part III of this report.

SONIDA SENIOR LIVING, INC.
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Explanatory Note

As further described in “Item 1. Business” in this Annual Report on Form 10-K, on March 11, 2026, Sonida Senior Living, Inc. completed its previously announced acquisition of CNL Healthcare Properties, Inc. (“CHP”) through a series of steps ending with a forward merger of CHP with and into a subsidiary of Sonida Senior Living, Inc. (the “CHP Merger”), with such subsidiary surviving the Merger, as a result of which Sonida Senior Living, Inc. now indirectly owns all of the assets of CHP.

Unless otherwise specifically noted or the context otherwise requires, the information in this Annual Report on Form 10-K does not reflect the closing of the CHP Merger, which occurred subsequent to December 31, 2025, the fiscal year covered by this Annual Report on Form 10-K. Accordingly, unless otherwise specifically noted or the context otherwise requires, references in this Annual Report on Form 10-K to Sonida Senior Living, Inc. and its consolidated subsidiaries (“Sonida”, “we,” “our,” “us” or the “Company”) refer only to Sonida Senior Living, Inc. and its consolidated subsidiaries prior to the CHP Merger and do not include the results or other information of CHP.

Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this Annual Report on Form 10-K of Sonida Senior Living, Inc. constitutes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical fact included in this Annual Report on Form 10-K, including, without limitation, those relating to the Company’s expectations and beliefs, the industry in which the Company operates, the CHP Merger and its expected financial and other benefits, the Company’s future business prospects and strategies, financial results, working capital, liquidity, capital needs and expenditures, interest costs, insurance availability and contingent liabilities, are forward-looking statements. Forward-looking statements can be identified by the use of forward-looking terminology such as “may,” “will,” “would,” “intend,” “could,” “believe,” “expect,” “anticipate,” “project,” “plans,” “estimate” or “continue” or the negatives thereof or other variations thereon or comparable terminology.

Forward-looking statements are subject to certain risks and uncertainties that could cause the Company’s actual results and financial condition to differ materially from those indicated in the forward-looking statements, including, among others, the risks, uncertainties and factors set forth under “Item. 1A. Risk Factors” in this Annual Report on Form 10-K, and also include the following:

- the Company’s ability to generate sufficient cash flows from operations, proceeds from equity issuances and debt financings, and proceeds from the sale of assets to satisfy its short and long-term debt obligations and to fund the Company’s acquisitions and capital improvement projects to expand, redevelop, and/or reposition its senior living communities;
- increased competition for, or a shortage of, skilled workers, including due to general labor market conditions, along with wage pressures resulting from such increased competition, low unemployment levels, use of contract labor, minimum wage increases and/or changes in immigration and overtime laws;
- elevated market interest rates that increase the cost of certain of our debt obligations;
- the Company’s ability to obtain additional capital on terms acceptable to it;
- the Company’s ability to extend or refinance its existing debt as such debt matures, in particular the Company’s ability to refinance its Bridge Loan Facility (as defined below) on the terms and within the timeline expected, or at all;
- the Company’s compliance with its debt agreements, including certain financial covenants, and the risk of cross-default in the event such non-compliance occurs;
- the Company’s ability to complete acquisitions and dispositions upon favorable terms or at all, including the possibility that the expected benefits and the Company’s projections related to such acquisitions may not materialize as expected;
- litigation relating to the CHP Merger that has been or could be instituted against CHP, the Company and our respective directors;
- our ability to integrate our business with CHP successfully, and to achieve the anticipated benefits;

- the possibility that companies that the Company has acquired or may acquire (including CHP) could have undiscovered liabilities, or that companies or assets that the Company has acquired or may acquire (including CHP) could involve other unexpected costs or may strain the Company's management capabilities;
- potential adverse reactions or changes to business relationships resulting from the CHP Merger;
- the risk of oversupply and increased competition in the markets which the Company operates;
- the Company's ability to maintain internal controls over financial reporting;
- the cost and difficulty of complying with applicable licensure, legislative oversight, or regulatory changes;
- risks associated with current global economic conditions and general economic factors such as elevated labor costs due to shortages of medical and non-medical staff, competition in the labor market, increased costs of salaries, wages and benefits, and immigration laws, the consumer price index, commodity costs, fuel and other energy costs, supply chain disruptions, increased insurance costs, tariffs, elevated interest rates and tax rates;
- the impact from or the potential emergence and effects of a future epidemic, pandemic, outbreak of infectious disease or other health crisis;
- the Company's ability to maintain the security and functionality of its information systems, to prevent a cybersecurity attack or breach, and to comply with applicable privacy and consumer protection laws, including HIPAA;
- changes in accounting principles and interpretations; and
- the other risks described under the heading "Risk Factors" in this Annual Report on Form 10-K.

We caution you that the risks, uncertainties and other factors referenced above may not contain all of the risks, uncertainties and other factors that are important to you. In addition, we cannot assure you that we will realize the results, benefits or outcomes that we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our business in the way expected. All forward-looking statements in this Annual Report on Form 10-K apply only as of the date made and are expressly qualified in their entirety by the cautionary statements included in this Annual Report on Form 10-K. Except as required by applicable law, we undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

PART I

ITEM 1. BUSINESS.

Overview

Sonida Senior Living, Inc., a Delaware corporation (together with its subsidiaries, “we,” “us,” “our,” “Sonida,” or the “Company”), is a leading owner, operator and investor in senior housing communities in the United States in terms of resident capacity. The Company and its predecessors have provided senior housing since 1990. As of December 31, 2025, the Company owned, managed, or invested in 96 senior housing communities in 20 states with an aggregate capacity of approximately 10,150 residents, including 84 owned senior housing communities (inclusive of four owned through joint venture investments in consolidated entities and four owned through a joint venture investment in an unconsolidated entity) and 12 communities that the Company managed on behalf of a third-party.

We primarily provide residential housing and services to people aged 75 years and older, including independent living, assisted living, and memory care services. Many of our communities offer a continuum of care to meet our residents’ needs as they change over time by integrating independent living, assisted living, and memory care, which may be bridged by home care through independent home care agencies. Our integrated approach sustains residents’ autonomy and independence based on their physical and cognitive abilities.

Recent Developments - Strategic Merger with CHP

On March 11, 2026, pursuant to the Agreement and Plan of Merger, dated November 4, 2025 (the “Merger Agreement”), by and among the Company, SSL Sparti LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company (“Holdco”), SSL Sparti Property Holdings Inc., a Maryland corporation and a wholly owned subsidiary of Holdco (f/k/a Sparti Merger Sub, Inc., “SNDA Merger Sub”), CNL Healthcare Properties, Inc., a public, non-traded real estate investment trust and Maryland corporation (“CHP”), and CHP Merger Corp., a Maryland corporation and a wholly owned subsidiary of CHP, the Company completed the previously announced acquisition of CHP through a series of steps ending with a forward merger of CHP with and into SNDA Merger Sub (the “CHP Merger”), with SNDA Merger Sub surviving the Merger. As a result of the CHP Merger, the Company, through SNDA Merger Sub, now owns all of the assets of CHP. See “[Note 2-CHP Merger](#)” in the Notes to Consolidated Financial Statements included herein for additional information.

CHP owns a national portfolio of 69 high-quality senior housing communities, consisting of 54 communities that are managed by various third-party property managers pursuant to management agreements and 15 communities that are leased to third-party tenants pursuant to triple-net operating leases. Of the 15 leased communities, 13 are leased to one tenant, under leases scheduled to expire in May 2030, subject to renewal options. Under the terms of the triple-net operating leases, each tenant is responsible for payment of property taxes, general liability insurance, utilities, repairs and maintenance, including structural and roof expenses. Each tenant is expected to pay real estate taxes directly to the taxing authorities.

Two of the CHP communities are skilled nursing facilities (“SNFs”), which are licensed healthcare facilities that provide rehabilitative and nursing care for people not requiring more extensive treatment at a hospital. SNFs receive significant funding from government programs and are subject to extensive regulation, including federal and state laws covering the type and quality of medical and/or nursing care provided, ancillary services (e.g., respiratory, occupational, physical and infusion therapies), qualifications of the administrative personnel and nursing staff, the adequacy of the physical plant and equipment, reimbursement and rate setting and operating policies. In addition, SNFs are subject to extensive laws and regulations pertaining to healthcare fraud and abuse, as well as comparable state laws.

The CHP Merger more than doubles our owned units to approximately 14,700 and strengthens our presence in the South, Southeast and Midwest, while strategically expanding our national exposure to attractive markets in the Mountain West and Pacific Northwest. Following the CHP Merger, we will continue to provide services across the continuum of care, focused on up-market and mid-market, clustered around key regional markets with strong underlying growth fundamentals. With the CHP Merger complete, we are currently focused on the process of integrating our and CHP’s business in a manner that facilitates synergies, cost savings, growth opportunities and achieves other anticipated benefits. We will seek to implement operational improvements and optimize our portfolio with a focus on assets operating with strong growth characteristics and long-term sustainable earnings, with the expectation of thoughtfully evaluating dispositions in low growth, non-strategic markets.

The remainder of this “Item 1. Business” section specifically excludes the impact of the CHP Merger unless otherwise noted, as it was not a part of our business prior to March 11, 2026. Further information regarding the CHP Merger and CHP is set forth in (i) the Company’s Current Report on Form 8-K filed with the SEC on March 11, 2026 and (ii) the definitive joint proxy statement/prospectus that was filed with the SEC and declared effective on January 6, 2026.

Recent Developments – Conversion of Series A Preferred Stock and Warrant Extension

On March 11, 2026, in order to induce the immediate full conversion of the Series A Convertible Preferred Stock (the “Series A Preferred Stock”), the Company entered into an agreement with the affiliates of Conversant Capital LLC that held all of the outstanding shares of Series A Preferred Stock (the “Conversant Preferred Investors”) and that hold all of the outstanding warrants to purchase common stock for \$40.00 per share, which warrants were issued on November 3, 2021. Pursuant to the agreement, the conversion price of the Series A Preferred Stock was decreased from \$40.00 per share of common stock to \$32.00 per share of common stock, the expiration date of all of the outstanding warrants issued on November 3, 2021 was extended from November 3, 2026 to November 3, 2027, and the Company made a onetime payment to the Conversant Preferred Investors totaling \$4.7 million in the aggregate. In addition, the Company paid the Conversant Preferred Investors \$1.1 million, in the aggregate, for accrued but unpaid dividends through March 11, 2026. On March 11, 2026, all of the outstanding shares of Series A Preferred Stock were converted into 1,601,505 shares of common stock.

Strategy

Our mission is to bring quality senior living to life. We provide comfortable, safe, affordable communities where residents can form friendships, enjoy new experiences, and receive personalized care from team members who treat them like family, while also striving to (i) achieve and sustain a strong, competitive position within our geographically concentrated regions, and (ii) continue to enhance the performance of our operations. Our strategic priorities are designed to enhance our performance and position our portfolio for near- and long-term growth.

The following strategic priorities are intended to complement and enhance our core operational efforts while addressing the Company's financial position and increasing margin penetration against the backdrop of rapidly evolving demographic, economic and regulatory environments.

Team. Strong local leadership teams develop engaged, loyal and caring team members by focusing on:

- Employee engagement
- Community leadership team retention
- Labor management and cost control
- Employee training and development

Value. Our living environment and team members deliver value to our residents and strive to exceed their expectations by improving:

- Resident satisfaction
- Reputation score
- Services and programming
- Health and safety

Operational Excellence. We partner with communities and team members to streamline operations, enhance efficiency, and ensure teams have the resources they need to succeed by focusing on:

- Process Optimization: Refining workflows to improve efficiency
- Training & Support: Providing guidance and resources to empower teams
- Acquisition Integration: Ensuring smooth transitions for new communities
- Field Collaboration: Adapting processes based on ongoing feedback
- Strategic Initiatives: Implementing high impact programs and solutions

Our overall strategy is focused on driving organic growth through rate optimization and margin improvement of existing communities as well as growth through prudent capital deployment into acquisitions and investments. We continue to be positioned to provide competitive residential rates and flexible product offerings. Our portfolio is situated in markets where positive demographic trends exist with respect to population growth, income growth, and population density of the 75+ age group. The Company has experience in accessing capital markets, and has the ability to source, underwrite and acquire properties for its growth initiative.

We strive to create commercial distinction where our brand presence is synonymous with excellence. Our sales team is focused on customer engagement and performance-based media strategies. Our marketing activities focus on increasing the volume of leading indicators, including new resident inquiries and tours, so that potential residents and their families can effectively evaluate our portfolio of services.

We have improved our financial flexibility by modifying the terms on a significant portion of our debt and repurchasing some of our debt at discounts to par. Over the past several years we also made significant capital expenditures in our communities, including overall refreshes and technological improvements, to enhance our residents' experience and to drive future growth.

Industry Background

The senior living industry encompasses a broad and diverse range of living accommodations and supportive services that are provided primarily to persons 75 years of age or older.

For seniors who require limited services, independent living residences, supplemented at times by home health care, offers a viable option. Most independent living communities typically offer community living packaged with basic services consisting of meals, housekeeping, laundry, 24-hour community staffing, transportation, and social and recreational activities. Independent living residents typically are not reliant on assistance with activities of daily living ("ADLs"), although some residents may utilize outside vendors for certain ADL services.

As a senior's need for assistance increases, care in an assisted living residence is often preferable and more cost-effective than home-based care or nursing home care. Typically, assisted living represents a combination of housing and support services designed to aid residents with ADLs such as ambulation, bathing, dressing, eating, grooming, personal hygiene and monitoring or assistance with medications. Certain assisted living communities may also provide assistance to residents with low acuity medical needs. Others may offer higher levels of personal assistance for residents with chronic diseases and conditions or memory care services for residents with Alzheimer's disease or other cognitive frailties. Generally, assisted living residents require higher levels of care than residents of independent living residences but require lower levels of care than residents in skilled nursing facilities. For seniors who need the constant attention of a skilled nurse or medical practitioner, a skilled nursing facility may be required.

The senior living industry is highly fragmented and characterized by numerous small operators. Moreover, the scope of senior living services varies substantially from one operator to another. Many smaller senior living providers do not operate purpose-built residences, do not have extensive professional training for staff and provide only limited assistance with ADLs. We believe that, as one of the nation's leading owners, operators, and investors in senior housing communities, we have the scale and resources needed to provide the required comprehensive range of senior living services designed to permit our residents to "age in place" within our communities as residents develop further physical or cognitive frailties, whereas smaller providers do not.

We believe that a number of demographic, regulatory and other trends will contribute to the continued growth in the senior living market, including the following:

Consumer Preference

We believe that senior housing communities are the setting preferred by many prospective residents and their families for the care of the senior population. Senior living offers residents greater independence and allows them to "age in place" in a residential setting, which we believe results in a higher quality of life than that experienced in more institutional or clinical settings.

The likelihood of living alone increases with age. Most of this increase is due to an aging population in which women outlive men. Societal changes, such as high divorce rates and the growing numbers of persons choosing not to marry, have further increased the number of Americans living alone. This growth in the number of seniors living alone has resulted in an increased demand for services that historically have been provided by a spouse, other family members or live-in caregivers.

Demographics

Our portfolio is strategically positioned in (i) markets with attractive, high-income demographics and (ii) regions where the number of new senior living units needed will continue to grow as a result of the projected population growth in the 75 and older population.

Senior Affluence

The average net worth of senior citizens is typically higher than non-senior citizens, partially as a result of accumulated equity through home ownership. We believe that a substantial portion of the senior population has historically accumulated significant resources available for their retirement and long-term care needs. Our target population is comprised of high-income seniors who have, either directly or indirectly through familial support, the financial resources to afford and pay for senior housing communities, including an assisted living alternative to traditional long-term care.

Reduced Reliance on Family Care

Historically, the family has been the primary provider of care for seniors. We believe that a reduction in the availability of family caregivers, the reduction of average family size, and overall increased mobility in society is reducing the role of the family as the traditional and primary caregiver for aging parents. We believe that these factors will make it necessary for many seniors to look outside the family for assistance as they age.

Restricted Supply of Nursing Beds

Several states in the United States have adopted Certificate of Need or similar statutes generally requiring that, prior to the addition of new skilled nursing beds, the addition of new services, or the making of certain capital expenditures, a state agency must determine that a need exists for the new beds or the proposed activities. We believe that this process tends to restrict the supply and availability of licensed nursing facility beds. High construction costs, limitations on government reimbursement and start-up expenses also act to constrain growth in the supply of such facilities. At the same time, nursing facility operators are continuing to focus on improving occupancy and expanding services to sub-acute patients generally of an older age and requiring significantly higher levels of nursing care. As a result, we believe that there has been a decrease in the number of skilled nursing beds available to patients with lower acuity levels and that this trend should increase the demand for our senior housing communities, including our assisted living and memory care communities.

Cost-Containment Pressures

In response to rapidly rising health care costs, governmental and private pay sources have adopted cost containment measures that have reduced admissions and encouraged reduced lengths of stays in hospitals and other acute care settings. Private insurers have begun to limit reimbursement for medical services in general to predetermined charges, and managed care organizations (such as health maintenance organizations) are attempting to limit hospitalization costs by negotiating for discounted rates for hospital and acute care services and by monitoring and reducing hospital use. In response, hospitals are discharging patients earlier and referring aging patients, who may be too sick or frail to manage their lives without assistance, to nursing homes and assisted living residences where the cost of providing care is typically lower than hospital care. In addition, third-party payors are increasingly becoming involved in determining the appropriate health care settings for their insureds or clients, based primarily on cost and quality of care.

Senior Living Services

We provide senior living services primarily to residents aged 75 and older, including independent living, assisted living, and memory care services. By offering a variety of services and encouraging the active participation of each resident and such resident's family and medical professionals, we are able to customize our service plan to meet the specific needs and desires of each resident. As a result, we believe that we are able to maximize customer satisfaction and avoid the cost of delivering unnecessary services to residents.

Our operating philosophy is to provide quality senior housing communities and services to senior citizens and deliver a continuum of care for our residents as their needs change over time in coordination with third-party post-acute care providers. This continuum of care, which integrates independent living, assisted living, and memory care services, sustains our residents' autonomy and independence based on their physical and mental abilities. In many of our communities, as residents age, they are able to obtain the additional services they need within the same community, avoiding the disruptive and often traumatic move to a different facility.

Our lease agreements with our residents are generally for a term of one year and, under certain circumstances, are typically terminable by us or the resident upon providing 30 days' notice, unless state law stipulates otherwise.

Independent Living Services

We provide independent living services to seniors who typically do not yet need assistance or support with ADLs, but who prefer the physical and psychological comfort of a residential community that offers health care and other services. Independent living services provided by us include daily meals, transportation, social and recreational activities, laundry, housekeeping and 24-hour community staffing. We also foster the wellness of our residents by offering access to third-party provider health screenings (such as blood pressure checks), periodic special services (such as influenza and other inoculations), dietary and similar programs, and ongoing exercise and fitness classes. Classes are given by health care professionals to keep residents informed about health and disease management. Subject to applicable governmental regulations, personal care and medical services are available to independent living residents through either the community staff or through independent home care agencies.

Assisted Living Services

We offer a wide range of assisted living care and services, including personal care services, 24-hour staffing, support services, and other supplemental services, including memory care services at some communities (as described below). The residents at our assisted living residences generally need help with some or all ADLs, but do not require the more acute medical care traditionally provided in nursing homes. Upon admission to our assisted living communities, and in consultation with the resident, the resident's family and medical consultants, each resident is assessed to determine his or her health status, including functional abilities and need for personal care services. The resident also completes a lifestyle assessment to determine the resident's preferences. From these assessments, a care plan is developed for each resident so that all staff members who render care can meet the specific needs and preferences of each resident, where possible. Each resident's individual care plan is reviewed periodically to determine whether a change in the level of care is needed.

We have adopted a philosophy of assisted living care that allows a resident to maintain a dignified independent lifestyle. Residents and their families are encouraged to be partners in the residents' care and to take as much responsibility for their well-being as possible. The basic types of assisted living services offered by us include:

Personal Care Services. These services include assistance with ADLs such as ambulation, bathing, dressing, eating, grooming, personal hygiene, and monitoring or assistance with medications.

Support Services. These services include meals, assistance with social and recreational activities, laundry services, general housekeeping, maintenance services and transportation services.

Supplemental Services. These services include extra transportation services, personal maintenance, extra laundry services and special care services, such as services for residents with certain forms of dementia. Certain of these services require extra charges.

Memory Care Services

We maintain programs and special living accommodations at some of our communities for residents with certain forms of dementia, which provide the attention, care and services needed to help these residents maintain a higher quality of life. Specialized services include assistance with ADLs, behavior management, and life skills-based activities programs, the goal of which is to provide a normalized environment that supports the resident's remaining functional abilities. Special living accommodations for residents with certain forms of dementia are located in a separate area of the community with its own dining facilities, resident lounge areas, and specially trained staff. The special care areas are designed to allow residents the freedom to ambulate as they wish, while keeping them within a secure area with a minimum amount of disruption from other residents. Resident fees for these programs and special living accommodations are dependent on the level of services provided.

We have a memory care program, Magnolia Trails, which was developed to meet the growing need for individualized programming for residents receiving memory care services. The program is designed to engage the five senses to create calming yet stimulating spaces and tailored care plans that seek to address our residents' changing and evolving needs. Each resident's preferences and current cognitive state influences his or her experience, including the physical layout and design of the space, dining options, programs, and activities. Aspects of the program include playing light background music that aligns with the generation living in the community, caregivers wearing business casual shirts and khakis rather than uniforms or scrubs, and our team members sharing items with residents in order to spark positive memories of family members or past experiences. The same responsive, sensory-focused approach is taken with dining. A dynamic menu of options is served throughout the day in a flexible but consistent manner. Our staff members provide warm, scented washcloths before each meal and incorporate inviting, calming aromas, and soft music to enhance the ambiance.

Because Magnolia Trails is focused on the best way to engage each individual resident, employees learn about and incorporate each resident's personal history and interests into his or her ongoing daily interactions. Comforting, hands-on activities are available, such as flower arranging, puzzles, and matching games. Interactive experience stations, such as pet care, gardening, and tool benches are also available. Another hallmark of the program is an emphasis on family connections, including ongoing educational opportunities specifically designed to help family members understand dementia and aspects of the disease and its progression. All communities with the Magnolia Trails program use a resident engagement mobile application where family members can receive real-time photos, videos and updates about their loved ones electronically.

Respite Care and Temporary Care Programs

Our respite care and temporary care program provides a transitional apartment for seniors who are not entirely ready to return home after a hospital or rehabilitation stay. In addition to a fully furnished apartment, seniors enrolled in this program also have full access to our community's amenities and services, including 24-hour staffing, delicious and nutritious dining, and scheduled transportation. Our flexible agreement includes a minimum two-week stay that also allows the community's guests to remain for any extended period of time if they so choose.

Therapy Programs

We partner with leading wellness and therapy providers to offer residents on-site access to specialized and tailored programs with the best care for their health. These therapy programs encompass preventive and restorative services that are provided conveniently through on-site visits and programs.

Home Care Services

Home care services are available through third-party providers to residents living at the majority of our senior housing communities. We believe that the provision of private pay, home care services is an attractive adjunct to our independent living services because it enables us to make available more services to our residents as they age in place and increases the length of stay in our communities. In addition, we may make certain customized physician, dentistry, podiatry and other health-related rehabilitation and therapy services available to our residents through third-party providers.

Operating Communities

The table below sets forth certain information with respect to the senior housing communities we operated as of December 31, 2025.

Community	Location	Units	Resident Capacity				Ownership	Commencement of Operations ¹
			IL	AL	MC	Total		
Owned:								
Addison of Alpharetta	Alpharetta, GA	88	—	65	24	89	100 %	06/25
Addison of Bluffton	Bluffton, SC	73	—	45	40	85	100 %	10/24
Addison of Florence	Florence, SC	72	—	52	23	75	100 %	10/24
Addison of Gwinnett Park	Lawrenceville, GA	94	—	48	58	106	100 %	11/24
Addison of Narcoossee	St. Cloud, FL	72	—	52	23	75	100 %	10/24
Addison of Oakleaf	Jacksonville, FL	73	—	45	41	86	100 %	10/24
Addison of Oviedo	Oviedo, FL	72	—	54	23	77	100 %	10/24
Addison of Port Orange	Port Orange, FL	59	—	45	24	69	100 %	10/24
Addison of Sandy Springs	Peachtree Corners, GA	84	—	63	26	89	100 %	11/24
Addison of St. Johns	St. Augustine, FL	61	—	41	32	73	100 %	10/24
Addison of West Ashley	Charleston, SC	73	—	45	41	86	100 %	10/24
Aspen Grove	Lambertville, MI	79	—	44	41	85	100 %	03/14
Autumn Glen	Greencastle, IN	50	—	58	—	58	100 %	06/13
Brookview Meadows	Green Bay, WI	79	45	37	—	82	100 %	01/15
Chateau of Batesville	Batesville, IN	41	—	43	—	43	100 %	10/12
Cottonwood Village	Cottonwood, AZ	160	74	69	21	164	100 %	03/91
Country Charm	Greenwood, IN	89	—	166	—	166	100 %	10/12
Courtyards at Lake Granbury	Granbury, TX	82	—	73	18	91	100 %	03/12
Georgetowne Place	Fort Wayne, IN	172	15	144	14	173	100 %	10/05
Good Tree Retirement and Memories	Stephenville, TX	59	40	31	8	79	100 %	03/12
Greenbriar Village	Indianapolis, IN	105	—	82	43	125	100 %	08/15
Harrison at Eagle Valley	Indianapolis, IN	119	—	105	14	119	100 %	03/91
Heritage at the Plains	Oneonta, NY	108	94	28	16	138	100 %	05/15
Jasper of Mansfield	Mansfield, TX	98	—	73	36	109	100 %	09/25

Community	Location	Units	Resident Capacity				Ownership	Commencement of Operations ¹
			IL	AL	MC	Total		
Keystone Woods Assisted Living	Anderson, IN	58	—	61	—	61	100 %	07/11
Laurel Hurst Laurel Woods	Columbus, NC	80	70	48	32	150	100 %	10/11
Magnolia Trails at East Lakes	Tarpon Springs, FL	64	—	—	65	65	100 %	05/25
Marquis Place of Elkhorn	Elkhorn, NE	63	—	43	23	66	100 %	03/13
North Pointe	Anderson, SC	41	—	58	24	82	100 %	10/11
Oaks at Brownsburg	Brownsburg, IN	97	98	—	—	98	100 %	02/22
Oaks at Plainfield	Plainfield, IN	60	61	—	—	61	100 %	02/22
Riverbend	Jeffersonville, IN	97	—	65	47	112	100 %	03/12
Remington at Valley Ranch	Irving, TX	128	128	—	—	128	100 %	04/12
Residence of Chardon	Chardon, OH	42	—	42	—	42	100 %	10/12
Rose Arbor	Maple Grove, MN	138	3	98	42	143	100 %	06/06
Rosemont	Humble, TX	96	—	79	48	127	100 %	09/16
Summit Corners	Macedonia, OH	100	—	140	60	200	100 %	05/24
Summit Place	Anderson, SC	76	17	72	48	137	100 %	10/11
Summit Point Living	Macedonia, OH	151	79	72	—	151	100 %	08/11
Vintage Gardens	St. Joseph, MO	103	22	64	17	103	100 %	05/13
Waterford at Baytown	Baytown, TX	127	40	57	40	137	100 %	03/15
Waterford at Carpenter's Creek	Pensacola, FL	94	—	94	—	94	100 %	02/16
Waterford at Colby	Colby, TX	44	—	40	17	57	100 %	01/16
Waterford at College Station	College Station, TX	53	—	39	17	56	100 %	03/12
Waterford at Corpus Christi	Corpus Christi, TX	52	—	52	—	52	100 %	10/12
Waterford at Creekside	Pensacola, FL	84	—	14	83	97	100 %	02/16
Waterford at Fairfield	Fairfield, OH	120	144	—	—	144	100 %	11/00
Waterford at Fitchburg	Fitchburg, WI	82	33	52	—	85	100 %	10/13
Waterford at Fort Worth	Fort Worth, TX	154	154	—	—	154	100 %	06/00
Waterford at Hartford	Hartford, WI	39	2	30	21	53	100 %	05/15
Waterford at Highland Colony	Jackson, MS	120	120	—	—	120	100 %	11/00
Waterford at Ironbridge	Springfield, MO	120	120	—	—	120	100 %	06/01
Waterford at Levis Commons	Toledo, OH	153	—	161	21	182	100 %	04/09
Waterford at Mansfield	Mansfield, OH	120	—	117	26	143	100 %	10/00
Waterford at Mesquite	Mesquite, TX	154	154	—	—	154	100 %	09/99
Waterford at Park Falls	Park Falls, WI	36	—	25	12	37	100 %	01/16
Waterford at Plano	Plano, TX	137	92	45	—	137	100 %	12/00
Waterford at Plymouth	Plymouth, WI	69	20	29	20	69	100 %	08/14
Waterford at Thousand Oaks	San Antonio, TX	121	138	—	—	138	100 %	05/00
Waterford at Virginia Beach	Virginia Beach, VA	110	—	85	35	120	100 %	10/15
Waterford at West Bend	West Bend, WI	40	—	20	20	40	100 %	05/15
Waterford at Wisconsin Rapids	Wisconsin Rapids, WI	58	—	40	18	58	100 %	01/16
Waterford on Cooper	Arlington, TX	98	—	81	28	109	100 %	03/12
Waterford on Huebner	San Antonio, TX	120	120	—	—	120	100 %	04/99
Wellington at Arapaho	Richardson, TX	142	100	45	—	145	100 %	05/02
Wellington at Conroe	Conroe, TX	44	36	20	—	56	100 %	03/12
Wellington at Dayton	Dayton, OH	156	101	37	18	156	100 %	08/08
Wellington at North Bend Crossing- Hilltop	Cincinnati, OH	122	54	71	15	140	100 %	11/16
Wellington at North Bend Crossing- Vista	Cincinnati, OH	82	—	81	32	113	100 %	12/24
Wellington at North Richland Hills	North Richland Hills, TX	120	120	—	—	120	100 %	01/02
Wellington at Southport	Indianapolis, IN	64	—	51	14	65	100 %	10/12

Community	Location	Units	Resident Capacity			Total	Ownership	Commencement of Operations ¹
			IL	AL	MC			
Wellington at Springfield	Springfield, MA	189	97	134	30	261	100 %	09/16
Whispering Pines Village ⁽²⁾	Columbiana, OH	69	24	57	—	81	100 %	07/15
Woodlands of Columbus	Columbus, OH	111	—	79	35	114	100 %	10/12
Woodlands of Hamilton	Hamilton, OH	77	—	57	28	85	100 %	10/12
Wynnfield Crossing	Rochester, IN	51	—	51	—	51	100 %	07/11
Ashton at Mayfield Heights	Mayfield Heights, OH	192	77	83	32	192	33 %	05/24
Ashton at Anderson	Cincinnati, OH	94	—	60	34	94	33 %	05/24
Ashton on Dorsey	Louisville, KY	95	—	53	43	96	33 %	05/24
Ashton on the Plaza	Kansas City, MO	89	—	64	28	92	33 %	05/24
Waterford at Shavano Park	San Antonio, TX	79	—	62	17	79	51 %	07/24
Waterford at Westover Hills	San Antonio, TX	84	—	58	48	106	51 %	07/24
Waterford at Round Rock	Round Rock, TX	100	—	70	34	104	51 %	07/24
Waterford at Decatur	Decatur, GA	62	—	—	70	70	51 %	07/24
Total owned (84 Communities)		7,783	2,492	4,464	1,808	8,764		
Managed:								
Amberleigh	Buffalo, NY	267	201	49	17	267	N/A	01/92
Crown Pointe	Omaha, NE	138	41	78	22	141	N/A	08/00
Independence Village of East Lansing	East Lansing, MI	146	146	—	—	146	N/A	08/00
Lodge at White Bear	White Bear Lake, MN	117	120	—	—	120	N/A	06/24
Middleton Crossing	Middleton, WI	117	117	—	—	117	N/A	08/24
Oakwood Hills	Eau Claire, WI	116	119	—	—	119	N/A	06/24
Southern Meadows Senior Living	Mountain Home, AR	57	—	57	—	57	N/A	12/21
Villa Santa Barbara	Santa Barbara, CA	125	—	125	—	125	N/A	08/00
West Shores	Hot Springs, AR	135	56	80	—	136	N/A	08/00
Whitley Place	Keller, TX	47	—	27	20	47	N/A	02/08
Willow Grove Maumelle	Maumelle, AR	54	—	37	17	54	N/A	12/21
Willow Grove Sherwood	Sherwood, AR	57	—	57	—	57	N/A	12/21
Total managed (12 Communities)		1,376	800	510	76	1,386		
Total		9,159	3,292	4,974	1,884	10,150		

(1) Indicates the date on which we acquired the community (with respect to owned communities) or commenced operating the community (with respect to managed communities).

(2) This excludes 12 managed units that are owned by a third party.

Operations Overview

We believe that the fragmented nature of the senior living industry, the lack of new supply entering the market, and the limited capital resources available to many small, private operators provides us with an attractive opportunity for competitive differentiation. We believe that our current operations with geographic concentrations throughout the United States and centralized support infrastructure serve as the foundation upon which we can build senior living networks in targeted geographic markets and thereby provide a broad range of high-quality care in a cost-efficient manner. Our operating strategy includes the following core principles:

Provide a Broad Range of Quality Personalized Care

Central to our operating strategy is our focus on providing quality care and services that are personalized and tailored to meet the individual needs of each community resident. Our residences and services are designed to provide a broad range of care that permits residents to thrive and “age in place” as their needs change and as they develop further physical or cognitive frailties. By creating an environment that maximizes resident autonomy and provides individualized service programs, we seek to attract seniors at an earlier stage before they need the higher level of care provided in a skilled nursing facility.

Portfolio Optimization

We continue to focus on the occupancy, rents, and operating margins of our communities. We continually seek to improve occupancy rates and increase average rents by: (i) retaining residents as they “age in place” by extending optional care and service programs, and converting existing units to higher levels of care; (ii) attracting new residents through the use of technology, including enhanced digital marketing through social media and other electronic means, and on-site marketing programs focused on residents and family members; (iii) seeking referrals from senior care referral services and professional community outreach sources, including local religious organizations, senior social service programs, civic and business networks as well as the medical community; (iv) disposing of properties or exiting management agreements of properties that do not meet our long-term goals; and (v) continually refurbishing and renovating our communities.

Offer Services Across a Range of Pricing Options

Our range of products and services is continually expanding to meet the evolving needs of our residents. We have developed a menu of products and service programs that may be further customized to serve the middle and upper middle-income market of a particular targeted geographic area. By offering a range of pricing options that are customized for each target market, we believe that it can develop synergies, economies of scale and operating efficiencies in our efforts to serve a larger percentage of the senior population within a particular geographic market.

Management Services

As of December 31, 2025, we managed 12 communities on behalf of a third party and also managed certain joint venture investments. Under our existing management arrangements, we receive management fees that are determined by an agreed-upon percentage of gross revenues, incentive management fees (as provided for in the management arrangement), and reimbursement of certain expenses we incur on behalf of the third-party or joint venture.

Improve Operating Efficiencies

We seek to improve operating efficiencies at our communities by actively monitoring and managing operating costs and by moving to a more centralized operating platform. By having an established portfolio of communities in geographically concentrated regions throughout the United States with regional management teams in place, we believe we have established a platform to achieve operating efficiencies through economies of scale in the purchase of bulk items, such as food and supplies, and in the spreading of fixed costs, such as corporate overhead, over a larger revenue base, and to provide more effective management supervision and financial controls.

Centralized Management

We aim to centralize our corporate and other administrative functions so that the community-based management and staff can focus their efforts on resident care. We maintain centralized accounting, finance, legal, human resources, information technology, operational and capital procurement, training and other operational functions at our support center located in Dallas, Texas (the “Dallas Support Center”). Our Dallas Support Center is generally responsible for: (i) establishing Company-wide policies and procedures relating to, among other things, resident care and operations; (ii) performing accounting and legal related functions; (iii) developing employee training programs and materials; (iv) coordinating human resources; (v) coordinating marketing functions; (vi) providing strategic direction; and (vii) providing capital allocation and financing.

We seek to control operational expenses for each of our communities through proprietary expense management systems, standardized management reporting, centralized controls of capital expenditures, asset replacement tracking, and purchasing larger orders of more frequently used supplies and food inventories through group purchasing programs. Community expenditures are monitored by territory directors and divisional presidents who are accountable for the resident satisfaction and financial performance of the communities in their territory.

Territory Management

We provide oversight and support to each of our senior housing communities through experienced regional directors and divisional presidents. A regional director will generally cover a geographic area consisting of 4 to 11 communities, while a divisional president generally oversees approximately 48 communities.

The executive director at each community reports to a regional director, who in turn reports to a divisional president who reports to our Chief Executive Officer. Regional directors and divisional presidents make regular site visits to each of their assigned communities. Site visits involve a physical plant inspection, quality assurance review, focused resident rate review, staff training, financial and systems audits, regulatory compliance, and team building activities.

Community-Based Management and Retention

We devote special attention to the hiring, screening, training, supervising, and retention of our employees and caregivers to ensure that quality standards are achieved. In addition to normal on-site training, we conduct national management meetings and encourage sharing of expertise among managers. We have also implemented a comprehensive online training program that addresses the specific challenges of working within the senior living environment. Our commitment to the total quality management concept is emphasized throughout our training programs. This commitment to the total quality management concept emphasizes the identification of the “best practices” in the senior living market and communication of those “best practices” to our executive directors and their staff. The identification of best practices is realized by a number of means, including: (i) emphasis on territory and executive directors keeping up with professional trade publications; (ii) interaction with other professionals and consultants in the senior living industry through seminars, conferences, and consultations; (iii) visits to other communities; (iv) leadership and participation at national and local trade organization events; and (v) information derived from marketing studies and resident satisfaction surveys. This information is continually processed by territory directors and the executive directors and subsequently communicated to our employees as part of their training.

An executive director manages the day-to-day operations at each senior housing community, which includes maintaining oversight of the quality of care, delivery of resident services, sales and marketing, and monitoring of the community’s financial performance. Depending on the size of the community, the executive director is typically supported by a community-based leadership team consisting of a sales director, wellness director, and business director. However, the executive director is ultimately responsible for all personnel, including food service, maintenance, activities, security, housekeeping and, where applicable, assisted living nursing or care services. In most cases, each community also has department managers who direct the environmental services, nursing or care services, business management functions, dining services, activities, transportation, housekeeping, and marketing functions.

The assisted living component of our senior housing communities is managed by licensed professionals, such as a nurse and/or a licensed administrator. These licensed professionals have many of the same operational responsibilities as our executive directors, but their primary responsibility is to oversee resident care. Many of our senior housing communities are part of a campus setting, which may include independent living, assisted living and/or memory care. This campus arrangement allows for cross-utilization of certain support personnel and services, including administrative functions that result in greater operational efficiencies and lower costs than freestanding facilities.

We actively recruit qualified personnel to maintain adequate staffing levels at our communities. We have adopted comprehensive recruiting and screening programs for management positions that utilize corporate office team interviews and thorough background and reference checks. We offer system-wide training and orientation for all of our employees at the community level through a combination of Company-sponsored seminars and conferences.

Quality Assurance

Quality assurance programs are coordinated and implemented by our corporate and regional staff. Our quality assurance is targeted to achieve maximum resident and resident’s family member satisfaction with the care and services that we deliver. Our primary focus in quality control monitoring is to create and maintain a safe and supportive environment for our residents and families, which includes routine in-service training and performance evaluations of caregivers and other support employees. We have established a Corporate Quality Assurance Committee, which consists of the President and Chief Executive Officer, Division Presidents, Vice President of Operations, Chief Clinical Officer, Vice President of Clinical Operations, Clinical Trainer, Chief Legal Officer, Associate Counsel, and Senior Director of Operational Excellence. The purpose of the committee is to monitor and evaluate the processes by which care is delivered to our residents and the appropriateness and quality of care provided within each of our communities. Additional quality assurance measures include:

Resident and Residents’ Family Input. On a routine basis, residents and their family members provide us with valuable input regarding the day-to-day delivery of services. On-site management at each community has fostered and encouraged active resident councils and resident committees who meet independently. These resident bodies meet with on-site management on a monthly basis to offer input and suggestions as to the quality and delivery of services.

We conduct a resident and family satisfaction survey in each of our communities. Working with an outside firm specializing in satisfaction surveys, the survey is designed to focus on high priority areas of senior living, such as resident care, activities, physical fitness, and dining. The survey also includes comparisons to competitors’ results and industry averages. In addition to numeric ratings and industry comparisons, there are also several opportunities for general feedback to ensure residents and families could provide input on any topic.

Regular Community Inspections. Each community is inspected in person, on at least a quarterly basis, by a member of the regional and/or operational leadership team, which is also supplemented by virtual site visits. Included as part of this inspection is the monitoring of the overall appearance and maintenance of the community interiors and grounds. The inspection

also includes monitoring staff professionalism and departmental reviews of maintenance, housekeeping, activities, transportation, marketing, administration, dining, and health care services, if applicable. The inspections also include observing residents in their daily activities and the community's compliance with governmental regulations.

Independent Service Evaluations. Periodically, we engage the services of outside professional independent consulting firms to evaluate various components of our communities' operations. These services include mystery shops, competing community analysis and product positioning. These services provide management with valuable and unbiased product and service information. A plan of action regarding any areas requiring improvement or change is implemented based on the information received. At communities where health care is delivered, these consulting service reviews include the on-site handling of medications, recordkeeping and general compliance with all applicable governmental regulations.

Quality Assurance and Regional Support Team. The Company deploys a support team including senior level community-based resources to provide onboarding, training, and communication of best practices across each of our territories. Each territory designates senior Executive Directors, Wellness Directors, Sales leadership, and Senior Culinary Directors to visit communities across their territory on an ongoing basis. These individuals partner with our Regional Clinical Managers, Regional Operations, and Sales leadership to provide ongoing training and development, complete quality assurance reviews on-site, and review the implementation of clinical or resident service programming. In addition, our Director of Program Development and Operations Program Manager work directly with regional leadership on the design and implementation of training programs for our key leadership positions and training materials for ongoing rollout of resident services programming in wellness, memory care, culinary, etc.

Sales and Marketing

Most communities are staffed with on-site Sales Directors, depending on size and occupancy status. The primary focus of the Sales Director is to perpetuate occupancy and revenue growth by creating awareness about the community and its services among prospective residents and their family members, professional referral sources, and other key decision makers. These efforts are outlined in a strategic plan that includes monthly, quarterly, and annual goals for leasing, new lead generation, prospect follow up, community outreach, resident and family referrals, and promotional events including a market-specific media program. The Sales Director performs a competing community assessment on a quarterly basis.

Each Sales Director's effectiveness and productivity are monitored on a weekly basis. Their compensation is comprised of a variable component tied into both occupancy and rate benchmarks. A centralized team of sales and marketing resources support communities by developing marketing strategies and campaigns to address the continuously changing resident profile, build brand awareness, and increase digital traffic and leads. The marketing strategies focus on driving traffic to our website, national referral partners, and use of social media platforms. To support this, the corporate marketing team develops content, marketing collateral, and messaging, manages digital ad buys, and provides ongoing sales and marketing training, support, and best practices.

Governmental Regulation

Changes in existing laws and regulations, adoption of new laws and regulations, and new interpretations of existing laws and regulations could have a material effect on our operations. Failure by us to comply with any applicable statutory or regulatory requirement could have a material adverse effect on our business, financial condition, cash flows, and results of operations. Accordingly, we regularly monitor legal and regulatory developments on local, state, and national levels.

The health care industry is subject to extensive regulation and frequent regulatory changes. At this time, no federal laws or regulations specifically regulate assisted or independent living residences. Our assisted living communities are subject to regulation, licensing and permitting requirements by state and local health care and social service agencies and other governmental regulatory authorities. While such requirements vary from state to state, they typically relate to staffing, training, physical design, patient privacy, required services and the quality thereof, and resident characteristics. In addition, health care providers are experiencing heightened scrutiny under anti-trust laws in the United States as the integration and consolidation of health care delivery increases and affects competition. Moreover, robust state and federal enforcement of fraud and abuse laws continues. Some of our communities receive a portion of their funds from Medicaid. Such communities are also subject to state and federal Medicaid standards in which noncompliance could result in the imposition of, among other things, penalties, sanctions, suspension, and exclusion from participation in the Medicaid program. Our communities are also subject to various zoning restrictions, local building codes and other ordinances, such as fire safety codes. Failure by us to comply with any applicable statutory or regulatory requirements could have a material adverse effect on our business, financial condition and results of operations. Regulation of the assisted living industry is also continually evolving, and we are unable to predict the scope, content or stringency of new regulations and their ultimate effect on our business. There can be no assurance that our operations will not be materially and adversely affected by regulatory developments in the future.

While we believe that our communities are in substantial compliance with applicable regulatory requirements, unannounced surveys or inspections may occur annually or following a regulator's receipt of a complaint about a community, any of which could result in a citation of deficiency. In the ordinary course of business, one or more of our communities could be cited for deficiencies resulting from such inspections or surveys from time to time. Although most inspection deficiencies are typically resolved through an agreed-upon plan of corrective action relating to the community's operations, the reviewing agency typically has the authority to take further action against a licensed or certified community, which could result in the imposition of fines, repayment of amounts previously paid, imposition of a provisional or conditional license, suspension or revocation of a license, suspension or denial of admissions, loss of certification as a provider under federal health care programs or imposition of other sanctions, including criminal penalties. Loss, suspension, or modification of a license may also cause us to default under our existing loan agreements and/or trigger cross-defaults. Sanctions may be taken against providers or facilities without regard to the particular provider's or facility's history of compliance. We may also expend considerable resources to respond to federal and state investigations or other enforcement actions under applicable laws or regulations. To date, none of the deficiency reports received by us has resulted in a suspension, fine, or other disposition that has had a material adverse effect on our revenues. However, any future substantial failure to comply with any applicable legal and regulatory requirements could result in a material adverse effect on our business, financial condition, and results of operations as a whole. In addition, states' Attorney Generals vigorously enforce consumer protection laws as those laws relate to the senior living industry. State Medicaid Fraud and Abuse Units may also investigate assisted living communities even if the community or any of our residents do not receive federal or state funds.

Under the Americans with Disabilities Act of 1990, as amended, all places of public accommodation are required to meet certain federal requirements related to access and use by disabled persons. A number of additional federal, state and local laws exist that also may require modifications to existing and planned communities to permit access to the communities by disabled persons. While we believe that our communities are substantially in compliance with present requirements or are exempt therefrom, if required changes involve a greater expenditure than anticipated or must be made on a more accelerated basis than anticipated, additional costs would be incurred by us. Further legislation may impose additional burdens or restrictions with respect to access by disabled persons and the costs of compliance could be substantial.

The Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA"), in conjunction with the federal regulations promulgated thereunder by the U.S. Department of Health and Human Services, has established, among other requirements, standards governing the privacy and security of certain protected and individually identifiable health information that is created, received or maintained by a range of covered entities. HIPAA has also established standards governing uniform health care transactions, the codes and identifiers to be used by the covered entities and standards governing the security of certain electronic transactions conducted by covered entities. Penalties for violations can range from civil money penalties for errors and negligent acts to criminal fines and imprisonment for knowing and intentional misconduct. In addition, we may from time to time be subject to a corrective action plan, and the cost associated with complying with any such corrective action plan could be significant.

In addition, we are subject to various federal, state and local environmental laws and regulations, which could require an owner or operator of real estate to investigate and clean up hazardous or toxic substances present at or migrating from properties they own or operate. Such laws and regulations often impose liability whether or not the owner or operator knew of, or was actually responsible for, the presence of hazardous or toxic substances. The costs of any required remediation or removal of these substances could be substantial and the liability of an owner or operator as to any property is generally not limited under such laws and regulations. Liabilities could exceed the property's value and the aggregate assets of the owner or operator. The presence of these substances or the failure to remediate such contamination properly may also adversely affect the owner's ability to sell or rent the property, or to borrow using the property as collateral. Under these laws and regulations, an owner, operator or an entity that arranges for the disposal of hazardous or toxic substances, such as asbestos-containing materials, at a disposal site may also be liable for the costs of any required remediation or removal of the hazardous or toxic substances at the disposal site. In connection with the ownership or operation of our properties, we could be liable for these costs, as well as certain other costs, including governmental fines and injuries to persons or properties. We have completed Phase I environmental audits of substantially all of the communities in which we own interests, typically at the time of acquisition or refinancing, and such audits have not revealed as of the date of this Annual Report on Form 10-K any material environmental liabilities that exist with respect to these communities.

Under various U.S. federal, state, and local environmental laws, ordinances and regulations, a current or previous owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or petroleum product releases at or migrating from such property and may be held liable to a governmental entity or to third parties for property damage and for investigation and clean-up costs. We are not aware, as of the date of this Annual Report on Form 10-K, of any environmental liability with respect to any of our owned or managed communities that we believe would have a material adverse effect on our business, financial condition, or results of operations. We believe that our communities are in compliance in all material respects with all federal, state and local laws, ordinances and regulations regarding hazardous or toxic substances or petroleum products. We have not been notified by any governmental authority, and are not otherwise aware of any material

non-compliance, liability or claim relating to hazardous or toxic substances or petroleum products in connection with any of the communities we currently operate.

We are subject to U.S. federal and state laws, regulations, and executive orders relating to healthcare providers' response to pandemics, which vary based on provider type and jurisdiction, but generally include mandatory requirements for testing of residents and staff, implementation of infection control standards and procedures, restrictions on new admissions or readmissions of residents, required screening of all persons entering a community, restrictions and/or limitations on who may visit residents and how residents may be visited and mandatory notification requirements to residents, families, staff and regulatory bodies related to positive coronavirus cases. Enhanced or additional penalties may apply for violation of such requirements.

We believe that the structure and composition of government and, specifically, health care regulations will continue to change and, as a result, we regularly monitor material developments and changes in the law that impact our business. We expect to modify our agreements and operations from time to time as the business and regulatory environments change. While we believe we will be able to structure all our agreements and operations in accordance with applicable law, there can be no assurances that our arrangements will not be successfully challenged. These requirements include additional penalties that may apply for violation of such requirements.

Competition

The senior living industry is highly competitive. Due to the relatively low barriers of entry into the senior living space, we expect that all segments of the industry will become increasingly competitive in the future. Although there are a number of substantial companies fairly active in the senior living industry and in the markets in which we operate, the industry continues to be very fragmented and characterized by numerous small operators. We primarily compete with national operators and other regional and local independent operators. We believe that the primary competitive factors in the senior living industry are: (i) quality of on-site staff; (ii) location; (iii) reputation of, and commitment to, a high quality of service; (iv) support service offerings (such as food services); (v) fair pricing for services provided; and (vi) physical appearance and amenities associated with the communities. We compete with other companies providing independent living, assisted living, skilled nursing, home health care and other similar service and care alternatives, some of which may have greater financial resources than us. Because prospective residents tend to choose senior housing communities in close proximity to their homes, our principal competitors are other senior living and long-term care communities in the same geographic areas as our communities. We also compete with other health care businesses with respect to attracting and retaining nurses, technicians, aides and other high quality professional and non-professional employees and managers that are critical to our business.

Human Capital Resources

We know that our people are at the center of everything we do. They work individually and collectively each day to provide safety, wellness, care and service to our residents. As of December 31, 2025, we employed 5,140 persons, of which 3,423 were full-time employees and 1,717 were part-time employees. Additionally, we had 16 unfilled community leadership positions as of December 31, 2025.

Our Culture

Our culture is the most important connection between all people at Sonida and is rooted in inclusion, respect, accountability, service and deep care for each other and for those we serve. To create this environment, we focus on attracting, engaging, developing, and retaining the best talent available in each of our markets by maintaining a compelling value proposition for each employee that includes a great work environment, excellent leadership, aligned pay and benefits, career development, and meaningful work. We have built a team with a deep sense of purpose for serving seniors and we believe that our engaged group enhances the resident experience each day.

Inclusion and Diversity

As we serve a diverse group of residents across several states and communities, we also strive to reflect similar diversity in our Company. We are proud to be an equal opportunity employer. Our diversity is exhibited by the composition of our workforce with 82% female and 55% with a diverse background as of December 31, 2025. We will continue to strive each day to maintain our inclusive culture through our efforts in recruiting, education, development, and talent progression.

Talent Acquisition, Development and Retention

In our efforts to attract new members to our team, we believe that a local focus, supported by our central talent team, provides the best results. We continue to enhance our recruiting landscape to ensure we are connecting with the best and

brightest individuals. For example, we utilize local social media pages to identify individuals for the specific communities and geographic regions we serve. We also utilize employee referral programs to bring great new people into our organization who already know our mission through current employees. With our robust focus on talent acquisition, we continued to see our average time to fill open community leadership roles improve in 2025.

We are proud of our development programs that sponsor our current employees in achieving new levels of education, licensure, and credentials. Through this approach, we support our employees' growth while they continue to work with us in new roles, enhancing our service and care and providing these employees with additional earning potential.

Total Rewards

We provide fair, competitive, and aligned compensation to all of our people that is reviewed at least annually for both merit and market-based adjustments. We also offer benefits that are designed to fit a wide variety of needs. For example, our health plans allow participants to enter the plan at an affordable premium and participants automatically receive unlimited free telehealth and local retail clinic visits, along with all other benefits of the plans. This benefit provides our people quick and easy access to care at no cost to them when they need to access it. We provide paid time off to both full-time and part-time employees to ensure they have paid time away from work. We also offer a 401(k) plan that all eligible employees can participate in as they plan for their futures. Our total rewards design includes many other benefits that can be included at the choice of each employee based on his or her needs, which is our overall strategy to providing engaging and flexible rewards for our people.

ITEM 1A. RISK FACTORS.

Our business involves various risks and uncertainties. When evaluating our business, the following information should be carefully considered in conjunction with the other information contained in our periodic filings with the SEC. Additional risks and uncertainties not known to us currently or that currently we deem to be immaterial also may impair our business operations. Immediately below is a summary of the principal factors that might cause our future operating results to differ materially from those currently expected. The risk factors summarized below are not the only risks facing us. Additional discussion of the risks summarized in the "Risk Factors Summary," as well as other risks that may affect our business and operating results, can be found below under the heading "Risk Factors," and should be carefully considered and evaluated before making an investment decision regarding our business. If we are unable to prevent events that have a negative effect from occurring, then our business may suffer. Negative events are likely to decrease our revenue, increase our costs, negatively impact our financial results and/or decrease our financial strength and may cause our stock price to decline.

Risk Factors Summary

Risks Related to Our Liquidity and Indebtedness

- We have significant debt and our failure to generate cash flow sufficient to cover required interest and principal payments could result in defaults of the related debt.
- Our failure to comply with financial covenants and other restrictions contained in our debt instruments could result in the acceleration of the related debt or in the exercise of other remedies.
- We may require additional financing and/or refinancing actions in the future and may issue equity securities.
- Elevated market interest rates, or future interest rate increases, could significantly increase the costs of our variable rate debt obligations, which may affect our cost of capital and, as a result, liquidity and earnings.

Risks Related to Our Business, Operations and Strategy

- We may be unsuccessful in integrating recent or future acquisitions into our existing operations or in realizing all or the anticipated benefits of such acquisitions, including the CHP Merger, and the closing of such acquisitions, including the CHP Merger, may adversely affect our business, financial condition, operations, stock price and market value.
- CHP's third-party managers and tenants expose us to additional operational risks.
- The obligations and liabilities of CHP, some of which may be unanticipated or unknown, may be greater than we have anticipated, which may diminish the value of CHP to us.
- We have incurred and are expected to incur substantial expenses related to the integration of the Company and CHP.

- We may not have accurately estimated the benefits or synergies to be realized from businesses we acquired, including CHP.
- Our investments in joint ventures could be adversely affected by our lack of exclusive control over these investments, our partners' insolvency or failure to meet their obligations and disputes between us and our partners.
- We largely rely on private pay residents and circumstances that adversely affect the ability of the seniors to pay for our services could have a material adverse effect on us.
- Changes in the reimbursement rates, methods, or timing of payment from government reimbursement programs could adversely affect our revenues, results of operations, and cash flow.
- The senior living services industry is very competitive and some competitors may have substantially greater financial resources than us.
- Termination of resident agreements and resident attrition could adversely affect our revenues and earnings.
- We have incurred losses from operations in each of the last two fiscal years and may do so in the future.
- We rely on information technology in our operations, and failure to maintain the security and functionality of our information technology and computer systems, or to prevent a cybersecurity attack, breach or other unauthorized access, could adversely affect our business, reputation and relationships with our residents, employees and referral sources and may subject us to remediation costs, government inquiries and liabilities under HIPAA and data and consumer protection laws, any of which could materially and adversely impact our revenues, results of operations, cash flow, and liquidity.

Risks Related to Human Capital

- A significant increase in our labor costs or labor shortages could have a material adverse effect on us.
- We rely on the services of key executive officers and the transition of management or loss of these officers or their services could have a material adverse effect on us.

Risks Related to Regulatory, Compliance, and/or Legal Matters

- We are subject to governmental regulations and compliance, some of which are burdensome and some of which may change to our detriment in the future.
- Changes in federal, state and local employment-related laws and regulations, or our failure to comply with these laws and regulations, could have an adverse effect on our financial condition, results of operations, and cash flow.

Risks Related to Our Corporate Organization and Structure

- Anti-takeover provisions in our governing documents, governing law, and material agreements may discourage, delay or prevent a merger or acquisition that our stockholders may consider favorable or prevent the removal of our current board of directors and management.
- A substantial amount of the voting power of our issued and outstanding securities is held by a small group of stockholders.

Risks Related to Other Market Factors

- Various factors, including general economic conditions such as elevated labor costs, could adversely affect our financial performance and other aspects of our business.
- Future sales of equity securities by us or certain stockholders may adversely affect the market price of our common stock.
- Our stock price has fluctuated in the past, has recently been volatile and may be volatile in the future, and as a result, investors in our common stock could incur substantial losses.
- Our trading volume may not provide adequate liquidity for investors.

Risk Factors

Risks Related to Our Liquidity and Indebtedness

We have significant debt and our failure to generate cash flow sufficient to cover required interest and principal payments could result in defaults of the related debt.

As of December 31, 2025, we had mortgage and other indebtedness, excluding deferred loan costs, totaling approximately \$693.1 million and we had an additional borrowing capacity of up to \$40.0 million under our senior secured revolving credit facility. In addition, we incurred an additional \$945.0 million of indebtedness to finance a portion of the CHP Merger, including \$270.0 million under a bridge facility, increased borrowings under our senior secured revolving credit facility of an additional \$150.0 million, and incurred \$525.0 million in term loans upon the consummation of the CHP Merger. We cannot be assured that we will generate cash flow from operations or receive proceeds from refinancing activities, other financings, and/or the sales of assets sufficient to cover required interest and principal payments. Any payment or other default could cause the applicable lender to foreclose upon the communities securing the indebtedness with a consequent loss of income and asset value to us. Further, because of cross-default and cross-collateralization provisions, a payment or other default by us with respect to one community could affect a significant number of our other communities.

Our failure to comply with financial covenants and other restrictions contained in our debt instruments could result in the acceleration of the related debt or in the exercise of other remedies.

Our outstanding indebtedness is secured by our communities, and, in certain cases, a guaranty by us or by one or more of our subsidiaries. Therefore, an event of default under the outstanding indebtedness, subject to cure provisions in certain instances, would give the respective lenders, the right to declare all amounts outstanding to be immediately due and payable, or foreclose on collateral securing the outstanding indebtedness.

There are various financial covenants and other restrictions in certain of our debt instruments, including provisions which:

- require us to meet specified financial tests, which include, but are not limited to, tangible net worth and liquidity requirements;
- require us to make payments on time;
- require us to meet specified financial tests at the community level;
- require us to purchase interest rate derivative instruments;
- require us to meet specified reserve requirements;
- require us to maintain the physical condition of the community and meet certain minimum spending levels for capital and leasehold improvements; and
- require consent for changes in control of us.

If we fail to comply with any of these requirements, then the related indebtedness could become due and payable prior to their stated dates. We cannot assure that we could pay these debt obligations if they became due prior to their stated dates.

We may require additional financing and/or refinancing actions in the future and may issue equity securities.

On or before maturity, we will need to refinance our outstanding indebtedness, including the Bridge Facility, which matures on March 9, 2027. Any refinancing could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our operations. Our failure to obtain additional financing or refinancing on terms acceptable to us would have a material adverse effect on our business, financial condition, cash flows, and results of operations. Our ability to meet our capital requirements, including the repayment of our debt obligations, will depend, in part, on our ability to obtain additional financing or refinancings on acceptable terms from available financing sources, including through the use of mortgage financing, joint venture arrangements, by accessing the debt and/or equity markets and possibly through operating leases or other types of financing, such as lines of credit. Turmoil in the financial markets can severely restrict the availability of funds for borrowing and may make it more difficult or costly for us to raise capital. Further, any decreases in the appraised values of our communities, including due to adverse changes in real estate market conditions, or their performance, may result in available mortgage refinancing amounts that are less than the communities maturing indebtedness. There can be no assurance that financing or refinancings will be available or that, if available, will be on terms acceptable to us. Moreover, raising additional funds through the issuance of additional equity securities could cause existing stockholders to experience further

dilution and could adversely affect the market price of our common stock. See “Item 1A. Risk Factors—*Future sales of equity securities by us or certain stockholders may adversely affect the market price of our common stock.*” Disruptions in the financial markets may have a significant adverse effect on the market value of our common stock and other adverse effects on us and our business. Our inability to obtain additional financing or refinancings on terms acceptable to us could delay or eliminate some or all of our growth plans, necessitate the sales of assets at unfavorable prices or both, and would have a material adverse effect on our business, financial condition, cash flows, and results of operations. Further, if we are unable to repay or otherwise refinance our indebtedness when due, the applicable lenders could proceed against the communities that serve as collateral to secure such indebtedness, the cross-default provisions in our debt instruments could be triggered and we could be forced into bankruptcy or liquidation.

Elevated market interest rates, or future interest rate increases, could significantly increase the costs of our variable rate debt obligations, which may affect our cost of capital and, as a result, our liquidity and earnings.

Our variable rate debt obligations and any future indebtedness, if applicable, exposes us to interest rate risk. Therefore, elevated prevailing interest rates, or future increases in interest rates, could further increase our future interest obligations, which could increase our cost of capital and, in turn, have a material adverse effect on our business, financial condition, cash flows, and results of operations, including our ability to finance operations, acquire and develop senior living communities, and refinance existing indebtedness.

As of December 31, 2025, we had approximately \$306.4 million of long-term variable rate debt outstanding which is indexed to the Secured Overnight Financing Rate (“SOFR”), plus an applicable margin. Accordingly, our annual interest expense related to long-term variable rate debt is directly affected by movements in SOFR. We have interest rate caps for \$194.2 million, which is the majority of the outstanding variable rate debt. The costs of obtaining additional interest rate cap derivatives may offset the benefits of our existing interest rate cap agreements. In addition, developing and implementing an interest rate risk strategy is complex, and no strategy can completely insulate us from risks associated with interest rate fluctuations and there can be no assurance that our hedging activities will be effective.

We may need additional capital to fund our operations, capital expenditure plans, and strategic priorities, and we may not be able to obtain it on terms acceptable to us, or at all.

Funding our capital expenditure plans, pursuing an acquisition, or funding investments to support our strategy may require additional capital. Financing may not be available to us or may be available to us only on terms that are unfavorable. In addition, certain of our outstanding indebtedness restrict, among other things, our (or our subsidiaries’) ability to incur additional debt. If we are unable to raise additional funds or obtain them on terms acceptable to us, we may have to delay or abandon some or all of our plans or opportunities. Further, if additional funds are raised through the issuance of additional equity securities, the percentage ownership of our stockholders would be diluted. Any newly issued equity securities may have rights, preferences, or privileges senior to those of our common stock.

Risks Related to Our Business, Operations and Strategy

We may be unsuccessful in integrating recent or future acquisitions into our existing operations or in realizing all or the anticipated benefits of such acquisitions, including the CHP Merger, and the closing of such acquisitions, including the CHP Merger, may adversely affect our business, financial condition, operations, stock price and market value.

From time to time, we evaluate and seek to acquire assets and business that we believe complement our existing senior living communities and business. In 2025, we acquired 3 new communities, and on March 11, 2026, we completed the previously announced acquisition of CNL Healthcare Properties, Inc., a public non-traded real estate investment trust which owns a national portfolio of 69 high-quality senior housing communities.

We might not be successful in consummating acquisitions. There are a number of factors that impact our ability to succeed in acquiring the senior living communities and businesses we identify, including competition for senior living communities and businesses, sometimes from larger or better-funded competitors. As a result, our success in completing acquisitions is not guaranteed.

The acquisition component of our growth strategy depends on the successful integration of acquisitions, including the communities acquired in 2025, the CHP Merger, and communities that will be acquired in the future. Integration of these acquisitions is subject to numerous risks and challenges, including (i) the potential for unexpected costs, delays and challenges that may arise in integrating acquired communities into our existing portfolio of communities and business; (ii) limitations on our ability to realize any expected cost savings and synergies from the acquisitions; and (iii) discovery of previously unknown

liabilities following the acquisitions for which we cannot receive reimbursement under any applicable indemnification provisions.

We may not realize the anticipated benefits from the acquisitions that we do consummate, including the CHP Merger and the acquisitions consummated in 2025 and 2024, and we may face difficulties in managing the expanded operations of a larger and more complex company. Our expectation is that, to the extent we are successful, any acquisitions will be additive to our business, taking into account potential benefits of operational and cost synergies; however, we cannot guarantee that these benefits will be achieved within anticipated time frames or at all. For example, we may not be able to eliminate duplicative costs. We may also incur substantial time and expense in connection with the integration of new acquisitions. We may also encounter inconsistencies in standards, controls, and policies, as well as unforeseen liabilities, expenses or regulatory requirements. The integration process could involve higher costs than anticipated or take longer than expected. While it is anticipated that certain expenses will be incurred to achieve cost synergies, such expenses are difficult to estimate accurately and may exceed current estimates. Accordingly, the benefits from planned acquisitions may be offset by costs incurred to, or delays in, integrating the businesses. Additionally, integration challenges could also divert management's attention from ongoing operations and opportunities. Any such challenges, delays or increased costs could prevent us from realizing the anticipated benefits of acquisitions, including the CHP Merger, and could adversely affect our revenues, expenses, financial condition and results of operations.

CHP's third-party managers and tenants expose us to additional operational risks.

In the CHP Merger, we acquired a national portfolio of 69 high-quality senior housing communities, consisting of 54 communities that are managed by various third-party property managers pursuant to management agreements and 15 communities that are leased to third-party tenants pursuant to triple-net operating leases. Of the 15 leased communities, 13 are leased to one tenant. Under the terms of the triple-net operating leases, each tenant is responsible for payment of property taxes, general liability insurance, utilities, repairs and maintenance, including structural and roof expenses. Each tenant is expected to pay real estate taxes directly to the taxing authorities. However, if the tenant does not pay the real estate taxes, the Company would be liable.

Utilizing third-party managers and tenants has not historically been part of our business model and will subject us to additional operational risks, as described below, which could materially and adversely affect our business, financial condition and results of operations.

Managed Communities

Although we will have some general oversight approval rights and the right to review operational and financial reporting information, our third-party managers are ultimately in control of the day-to-day business of our managed communities, and we will rely on them to operate and manage the communities, including providing resident care, complying with laws, managing risk, setting appropriate resident fees and providing accurate and timely community-level financial results. Income from our managed communities, therefore, will be dependent on the ability of our third-party managers to successfully manage those communities. Community managers generally compete with other companies in the management of senior housing communities, with respect to the quality of care provided, reputation, physical appearance of the community and price and location, among other attributes. A third-party manager's inability to successfully compete with other companies on one or more of the foregoing aspects could adversely impact our business, financial condition and results of operations. Additionally, because we do not control third-party managers, any adverse events such as issues related to insufficient internal controls, cybersecurity incidents or other adverse events may impact the income we recognize from properties managed by such third-party managers, as well as our reputation. We may be unable to anticipate such events or properly assess the magnitude of any such events because we do not control our third-party managers.

As the owner of managed community, we will be responsible for all operational costs, expenses and other risks and liabilities of the community, other than those arising out of certain actions by the third-party managers, such as gross negligence, fraud or willful misconduct, including, those relating to employment matters of our third-party managers, compliance with health care fraud and abuse and other laws, governmental reimbursement matters, compliance with federal, state, local and industry-related laws, regulations and standards, and litigation involving managed communities or residents, even though we have limited ability to control or influence our third-party managers' management of these risks. As such, these operational risks include our dependence on the availability and cost of general and professional liability insurance coverage. If these or other adverse events occur with respect to our third-party managers or managed communities, our business and reputation could suffer and our financial condition, results of operations or cash flows may be materially affected.

In addition, the success of our managed communities, will depend on our ability to maintain good relationships with our third-party managers. From time to time, disputes may arise between us and our third-party managers regarding their performance or compliance with the terms of the management agreements, which in turn could adversely affect our business,

financial condition or results of operations. We generally will attempt to resolve any such disputes through discussions and negotiations; however, if we are unable to reach satisfactory results through discussions and negotiations, we may choose to terminate our management agreement, litigate the dispute or submit the matter to third-party dispute resolution, the outcome of which may be unfavorable to us.

Leased Communities

We will be unable to directly implement strategic business decisions regarding the daily operation and marketing of our leased communities. While we have rights as the property owner under our triple-net leases and will monitor the performance of our third-party tenants, we may have limited recourse if we believe that one of them is not performing adequately, and any failure by them to effectively conduct operations or to maintain and improve our communities could adversely affect their reputation and ability to attract and retain residents in our communities, which in turn, could adversely affect their ability to make contractual payments to us and otherwise adversely affect our results of operations. Additionally, because each lease is a triple-net lease, we will depend on our tenants to pay certain insurance, taxes, utilities and maintenance and repair expenses and to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities arising in connection with their business. There can be no assurance that our tenants will have sufficient assets, income or financing to enable them to satisfy their contractual payment or indemnification obligations and they may fail to make payments when due, or they may declare bankruptcy. In any such event, we may be required to fund certain expenses (e.g., property taxes and maintenance) to preserve the value of a leased community or to avoid the imposition of liens on a leased community.

We have no control over the success or failure of our third-party tenants' businesses and, at any time, one of our tenants may experience a downturn in its business that may weaken its financial condition. This risk is concentrated as we lease 13 communities to a single tenant. If a tenant is unable to comply with the terms of its lease, we may be forced to write off unpaid amounts due to us from the tenant or modify the tenant's lease in ways that are unfavorable to us. Further, if a tenant files for bankruptcy relief, efforts by us to collect pre-bankruptcy debts from that party or seize its property could be barred. A bankruptcy could also delay our efforts to collect past due balances under the lease and could ultimately preclude collection of all or a portion of these sums. It is possible that we may recover substantially less than the full value of any unsecured claims we hold, if any, which may have a material adverse effect on our business, financial condition and results of operations.

In addition, while our triple-net leases typically contain provisions such as rent escalators designed to mitigate the adverse impact of inflation, any contractual increases in rental rates may not keep pace with a rise in inflation. Inflation could also erode the value of leases that do not contain indexed escalation provisions, or contain fixed annual rent escalation provisions that are at rates lower than the rate of inflation.

The failure of our third-party managers and tenants to comply with any applicable laws, regulations, or standards could result in adverse publicity and reputational harm for them and for us, as well as penalties, which may include loss or restriction of license, denial of reimbursement, imposition of fines, or closure of the managed or leased community.

The other risk factors set forth herein that apply to us directly as an owner and operator of senior housing communities may in many instances apply equally to our third-party managers and tenants.

The obligations and liabilities of CHP, some of which may be unanticipated or unknown, may be greater than we have anticipated, which may diminish the value of CHP to us.

CHP's obligations and liabilities, some of which may not have been disclosed to us or may not be reflected or reserved for in CHP's financial statements, may be greater than we have anticipated. The obligations and liabilities of CHP could have a material adverse effect on CHP's business or CHP's value to us or on our business, results of operations or financial condition. We are not entitled to indemnification by CHP. In the event that we are responsible for liabilities substantially in excess of any amounts recovered through any applicable insurance or alternative remedies that might be available to us, we could suffer severe consequences that materially and adversely affect our business, results of operations or financial condition.

We have incurred and are expected to incur substantial expenses related to the integration of the Company and CHP.

We have incurred and are expected to incur substantial expenses in connection with the integration of the Company and CHP. The expectation of substantial integration expenses reflects in part the many processes, policies, procedures, operations, technologies and systems that must be integrated, potentially including purchasing, accounting and finance, sales, payroll, pricing, revenue management, marketing and benefits. The substantial majority of the expenses incurred in connection with the CHP Merger and the integration of the Company and CHP will be non-recurring expenses. We will also likely incur additional costs to maintain employee morale and to attract, motivate or retain management personnel and other key employees. We will also incur fees and costs related to integration plans for the combined business, and the execution of these plans may

lead to additional unanticipated costs. These incremental costs may exceed the savings the combined company expects to achieve from the elimination of duplicative costs and the realization of other efficiencies related to the integration of the businesses, particularly in the near term and in the event there are material unanticipated costs.

We may not have accurately estimated the benefits or synergies to be realized from businesses we acquired, including CHP.

Our expected benefits and synergies from new acquisitions, including the CHP Merger, may not be realized if our estimates regarding such acquisitions are materially inaccurate or if we failed to identify operating problems or liabilities prior to closing. The accuracy of our assessments of new acquisitions and our estimates are inherently uncertain. There could also be healthcare, regulatory, environmental, or other problems that were not discovered in the course of our due diligence and inspections. If problems are identified after closing of an acquisition, our agreements related to such acquisition may provide for limited recourse against the seller of the acquired communities or businesses.

Our investments in joint ventures could be adversely affected by our lack of exclusive control over these investments, our partners' insolvency or failure to meet their obligations and disputes between us and our partners.

We have entered into, and may continue in the future to enter into, partnerships or joint ventures with other persons or entities. Joint venture investments involve risks that may not be present with other methods of ownership, including the possibility that our partner might become insolvent, refuse to make capital contributions when due or otherwise fail to meet its obligations, which may result in certain liabilities to us for guarantees and other commitments; that our partner might at any time have economic or other business interests or goals that are or become inconsistent with our interests or goals; that we could become engaged in a dispute with our partner, which could require us to expend additional resources to resolve such dispute and could have an adverse impact on the operations and profitability of the joint venture; that our partner may be in a position to take action or withhold consent contrary to our instructions or requests; and that our joint venture partners may have competing interests in our markets that could create conflicts of interests.

In some instances, we and/or our partner may have the right to trigger a buy-sell, put right or forced sale arrangement, which could cause us to sell our interest, acquire our partner's interest or sell the underlying asset at a time when we otherwise would not have initiated such a transaction. Our ability to acquire our partner's interest may be limited if we do not have sufficient cash, available borrowing capacity or other capital resources. In such event, we may be forced to sell our interest in the joint venture when we would otherwise prefer to retain it. On the other hand, our ability to transfer our interest in a joint venture to a third party may be restricted at a time when we would otherwise prefer to sell it, and the market for our such interest may be limited and/or valued lower than fair market value. Joint ventures may require us to share decision-making authority with our partners, which could limit our ability to control the communities in the joint ventures. Even when we have a controlling interest, certain major decisions may require partner approval, such as the sale, acquisition or financing of a community.

We largely rely on private pay residents and circumstances that adversely affect the ability of the seniors to pay for our services could have a material adverse effect on us.

Approximately 92.3% of our total resident revenues from communities that we operated were attributable to private pay sources and approximately 7.7% of our resident revenues from these communities were attributable to reimbursements from Medicaid, in each case, during fiscal year 2025. We expect to continue to rely primarily on the ability of residents to pay for our services from their own or family financial resources. Unfavorable economic conditions in the housing, financial and credit markets, elevated interest rates, unemployment, decreased consumer confidence, inflation, or other circumstances that adversely affect the ability of seniors to pay for our services could have a material adverse effect on our business, financial condition, cash flows, and results of operations.

We have recently made the annual rate adjustment effective March 1, 2026 for our in-place private pay residents. Due to the highly competitive nature of the senior living services industry, if our residents do not have sufficient income, assets, or other resources required to pay the increased rates associated with our services, these rate adjustments could result in attrition among our residents, which could negatively impact our occupancy, revenues, results of operations and cash flows.

Changes in the reimbursement rates, methods, or timing of payment from government reimbursement programs could adversely affect our revenues, results of operations, and cash flow.

We rely on reimbursement from government programs for a portion of our revenues. For the year ended December 31, 2025, Medicaid reimbursements represented approximately 7.7% of our resident revenues from communities that we operated. Revenues from Medicaid have, and are expected to continue to, come under pressure due to reimbursement cuts and state budget shortfalls and changes in reimbursement policies and other governmental regulation resulting from actions by the U.S. Congress, U.S. executive orders or other governmental or regulatory agencies may result in a reduction in our revenue relating

to such government programs. For example, amendments to Indiana's Medicaid Waiver program went into effect on July 1, 2024 that have resulted in significant waitlists for eligibility for both new program recipients and previous recipients with errors in the annual eligibility redetermination process, which has resulted in a reduction in our revenue from Medicaid reimbursements in Indiana. We cannot provide assurance that reimbursement levels will not decrease in the future, which could adversely affect our revenues, results of operations, and cash flow. Government efforts to reduce medical spending, along with broader healthcare reform, could result in major changes in the healthcare delivery and reimbursement systems on both the national and state levels, including a reduction in funds available for our services or increases in our operating costs. Such reimbursement levels may not remain at levels comparable to present levels or may not be sufficient to cover the costs allocable to patients eligible for reimbursement. In addition, if a partial or total federal or state government shutdown were to occur for a prolonged period of time, federal government payment obligations, including its obligations under Medicaid, and state payment obligations may be delayed. If the federal or state governments fail to make payments under these programs on a timely basis, our business could suffer, and our financial position, results of operations or cash flow may be materially affected.

The senior living services industry is very competitive and some competitors may have substantially greater financial resources than us.

The senior living services industry is highly competitive, and we expect that all segments of the industry will become increasingly competitive in the future. We compete with other companies providing independent living, assisted living, home health care and other similar services and care alternatives. In addition, expanded use of telemedicine and home healthcare by seniors, for which regulatory barriers were relaxed as a result of the pandemic, may result in additional competition for our services. We also compete with other health care businesses with respect to attracting and retaining nurses, technicians, aides and other high-quality professional and non-professional employees and managers. Although we believe there is a need for senior housing communities in the markets where we operate residences, we expect that competition will increase from existing competitors and new market entrants, some that may have substantially greater financial resources than us. In addition, some of our competitors operate on a not-for-profit basis or as charitable organizations and have the ability to finance capital expenditures on a tax-exempt basis or through the receipt of charitable contributions, neither of which are available to us. Furthermore, if the development of new senior housing communities outpaces the demand for those communities in the markets in which we have senior housing communities, those markets may become saturated. Regulation regarding entry into the independent and assisted living industry is not substantial. Consequently, development of new senior housing communities could outpace demand. An oversupply of those communities in our markets could cause us to experience decreased occupancy, reduced operating margins and lower profitability.

Termination of resident agreements and resident attrition could affect adversely our revenues and earnings.

State regulations governing assisted living facilities require written resident agreements with each resident. Most of these regulations also require that each resident have the right to terminate the resident agreement for any reason on reasonable notice. Consistent with these regulations, the resident agreements signed by us allow residents to terminate their lease upon 0 to 30 days' notice. Thus, we cannot contract with residents to stay for longer periods of time, unlike typical apartment leasing arrangements that involve lease agreements with specified leasing periods of up to a year or longer. Our resident agreements generally provide for termination of the lease upon death or allow a resident to terminate their lease upon the need for a higher level of care not provided at the community. In addition, the advanced age of our average resident means that the resident turnover rate in our senior living facilities may be difficult to predict. If a large number of residents elect to or otherwise terminate their resident agreements at or around the same time and/or the living spaces we lease remain unoccupied for a long period of time, our occupancy revenues, cash flows and earnings could be adversely affected.

We have incurred losses from operations in each of the last two fiscal years and may do so in the future.

We incurred net losses in fiscal years 2025 and 2024. The Company currently has limited resources and substantial debt obligations. Given our history of losses and current industry conditions, it is not certain that we will be able to achieve and/or sustain profitability or positive cash flows from operations in the future, which could adversely affect the trading price of our common stock and our ability to fund our operations and fulfill our debt obligations.

We rely on information technology in our operations, and failure to maintain the security and functionality of our information technology and computer systems, or to prevent a cybersecurity attack, breach or other unauthorized access, could adversely affect our business, reputation and relationships with our residents, employees and referral sources and may subject us to remediation costs, government inquiries and liabilities under HIPAA and data and consumer protection laws, any of which could materially and adversely impact our revenues, results of operations, cash flow, and liquidity.

We rely upon the proper function and availability of our information technology and computer systems, including hardware, software, applications and electronic data storage, to communicate with our residents and patients, their doctors and other healthcare providers, and our employees and vendors and to store, process, safeguard and transmit our business information, including proprietary business information, private health information and personally identifiable information of our residents and employees. We have taken steps and expended significant resources to protect the cybersecurity and physical security of our information technology and computer systems and have developed and implemented policies and procedures to comply with HIPAA and other applicable privacy laws, rules and regulations. However, there can be no assurance that our security measures, policies and procedures and disaster recovery plans will prevent damage to, or interruption or breach of, our information systems or other unauthorized access to private information.

The cybersecurity risks to our Company and our third-party vendors are heightened by, among other things, the frequently changing techniques used to illegally or fraudulently obtain unauthorized access to systems, advances in computing technology and cryptography and the possibility that unauthorized access may be difficult to detect, which could lead to us or our vendors being unable to anticipate these techniques or implement adequate preventive measures. In addition, components of our information systems that we develop or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise the security or functionality of our information systems. Unauthorized parties may also attempt to gain access to our systems or facilities, or those of third parties with whom we do business or communicate, through computer viruses, ransomware attacks, data extortion attempts, hacking, social engineering, fraud or other forms of deceiving our employees or contractors such as email phishing attacks. Additionally, the use of artificial intelligence (“AI”) by us or our business partners may create new cybersecurity vulnerabilities, including those which may not be recognized at the time, and malicious actors may employ AI to aid in launching more sophisticated and effective cybersecurity incidents. As cyber threats continue to evolve, such as threats related to AI, we may be required to expend significant additional resources to continue to modify or enhance our cybersecurity or to investigate and remediate any cybersecurity vulnerabilities, attacks, or incidents. Additionally, the rapid ongoing evolution and increased adoption of emerging technologies, such as AI and machine learning, may make it more difficult to implement protective measures to recognize, detect and prevent the occurrence of data breaches, including, but not limited to, cybersecurity breaches.

In addition, we rely on software support of third parties to secure and maintain our information systems and data. Our inability, or the inability of these third parties, to continue to maintain and upgrade our information systems could disrupt or reduce the efficiency of our operations. We or our third-party service providers may experience unexpected power losses, computer system failures, or data network disruptions, negatively impacting the systems or solutions we depend on. Costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of our operations.

Failure to maintain the security and functionality of our information systems, or to prevent a cybersecurity attack or other unauthorized access to our information systems, could expose us to a number of adverse consequences, including: (i) interruptions to our business and operations; (ii) the theft, destruction, loss, misappropriation or release of sensitive information, including proprietary business information and personally identifiable information of our residents, patients, and employees; (iii) significant remediation costs; (iv) negative publicity that could damage our reputation and our relationships with our residents, patients, employees, and referral sources; (v) litigation and potential liability under privacy, security and consumer protection laws, including HIPAA, or other applicable laws, rules or regulations; and (vi) government inquiries that may result in sanctions and other criminal or civil fines or penalties. Any of the foregoing could materially and adversely impact our revenues, results of operations, cash flow, and liquidity.

We maintain cybersecurity insurance providing coverage for certain costs related to cybersecurity-related incidents that impact our cybersecurity and information technology infrastructure. However, our insurance coverage may not sufficiently cover all types of losses or claims that may arise or be subject to exclusions.

There is an inherent risk of liability in the provision of personal and health care services, not all of which may be covered by insurance.

The provision of personal and health care services in the long-term care industry entails an inherent risk of liability. In recent years, participants in the long-term care industry have become subject to an increasing number of lawsuits alleging negligence or related legal theories, many of which involve large claims and result in the incurrence of significant defense costs. Moreover, senior housing communities offer residents a greater degree of independence in their daily living. This increased level of independence may subject the resident and, therefore, us to risks that would be reduced in more institutionalized settings. We currently maintain insurance in amounts we believe are comparable to those maintained by other senior living companies based on the nature of the risks and our historical experience and industry standards. We believe that our insurance coverage is adequate. However, we may become subject to claims in excess of our insurance or claims not covered by our insurance, such as claims for punitive damages, terrorism and natural disasters. A claim against us not covered by, or in excess

of, our insurance limits could have a material adverse effect upon our business, financial condition, cash flows, and results of operations.

In addition, our insurance policies must be renewed annually. Based upon poor loss experience and the impact of pandemics, insurers for the long-term care industry have become increasingly wary of liability exposure. A number of insurance carriers have stopped writing coverage to this market or reduced the level of coverage offered, and those remaining have increased premiums and deductibles substantially. Therefore, we cannot assure that we will be able to obtain liability insurance in the future or that, if that insurance is available, it will be available on acceptable economic terms.

Damage from catastrophic weather and other natural events, including climate change, could result in losses and adversely affect us and certain of our residents.

A certain number of our communities are located in areas that have experienced, and may experience in the future, catastrophic weather and other natural events from time to time, including snow or ice storms, windstorm, tornados, hurricanes, fires, earthquakes, freeze events in warmer climates, flooding or other severe weather. These events have intensified in recent years and could result in some of our communities losing access to electricity, gas, water and other utilities for a period of time, and could also result in increased electricity and other utility expenses. Damage to facilities or loss of power or water could adversely impact our residents and result in a decline in occupancy at our communities. We maintain insurance policies, including coverage for business interruption, designed to mitigate financial losses resulting from such adverse weather and natural events. However, there can be no assurance that adverse weather or natural events will not cause substantial damages or losses to our communities that could exceed our insurance coverage. In the event of a loss in excess of insured limits, such loss could have a material adverse effect on our business, financial condition, cash flows, and results of operations. In addition, intensifying natural disasters, climate change and extreme weather events, coupled with the current economic climate, have directly affected the availability of insurance premiums, deductibles and the capacity insurers are willing to underwrite, which may lead to an increase of our cost of insurance, a decrease in our anticipated revenues from an affected senior living community and a loss of all or a portion of our investment in an affected senior living community.

The geographic concentration of our communities could leave us vulnerable to an economic downturn, regulatory changes, acts of nature, including severe weather conditions or natural disasters, or the physical effects of climate change in those areas, which could negatively impact our financial condition, revenues, results of operations, and cash flow.

We have a high concentration of communities in various geographic areas, including the states of Texas, Indiana, Ohio and Florida, which we estimate represented approximately 22%, 13%, 18%, and 10%, respectively, of our resident revenues for the year ended December 31, 2025. As a result of this concentration, the conditions of local economies and real estate markets, changes in governmental regulations, acts of nature, including severe weather conditions or natural disasters, the physical effects of climate change, and other factors that may result in a decrease in demand for senior living services in these areas could have an adverse effect on our financial condition, revenues, results of operations, and cash flow. Given the location of our communities, we are particularly susceptible to revenue loss, cost increase, or damage caused by severe weather conditions, including winter storms or natural disasters such as hurricanes, wildfires, earthquakes, freeze events in warmer climates, or tornados. Any significant loss due to such an event may not be covered by insurance and may lead to an increase in the cost of insurance or unavailability on acceptable terms. Climate change may also have effects on our business by increasing the cost of property insurance or making coverage unavailable on acceptable terms. To the extent that significant changes in the climate occur in areas where our communities are located, we may experience increased frequency of severe weather conditions or natural disasters or other changes to weather patterns, all of which may result in physical damage to or a decrease in demand for communities affected by these conditions. Should the impact of climate change be material in nature or occur for lengthy periods of time, our financial condition, revenues, results of operations, or cash flow may be adversely affected. In addition, government regulation intended to mitigate the impact of climate change, severe weather patterns, or natural disasters, including sustainability-related laws such as emissions reduction, could result in additional required capital expenditures to comply with such regulation without a corresponding increase in our revenues.

Because we do not presently have plans to pay dividends on our common stock, holders of our common stock must look solely to appreciation of our common stock to realize a gain on their investment.

It is the policy of our board of directors to retain any future earnings to finance the operation and expansion of our business. Accordingly, we have not and do not currently anticipate declaring or paying cash dividends on your common stock in the foreseeable future. The payment of cash dividends on our common stock in the future will be at the sole discretion of our board of directors and will depend on, among other things, our earnings, operations, capital requirements, financial condition, restrictions in then existing financing agreements and other factors deemed relevant by our board of directors. Accordingly,

holders of our common stock must look solely to appreciation of our common stock to realize a gain on their investment. This appreciation may not occur.

We cannot predict the potential emergence and effects of a severe cold and flu season or a future pandemic, epidemic or outbreak of an infectious disease, on our operations, financial condition and liquidity.

Our business and operations are exposed to risks from, severe cold and flu seasons or the occurrence of other epidemics, pandemics, widespread illnesses or public health crises, as occurred during the height of the pandemic. A future epidemic, pandemic, widespread illness or public health crisis could adversely impact our occupancy levels, revenues, expenses and operating results at our communities. We have been required, and we may in the future be required, to restrict or limit access to our communities, including limitations on in-person prospective resident tours and, in certain cases, new resident admissions, which could cause a decline in the occupancy levels at our communities and negatively impact our revenues and operating results.

Further, pandemics, epidemics or outbreaks could again exacerbate existing workforce shortages and costs and require us to incur significant additional operating costs and expenses in order to care for our residents, including costs to acquire additional personal protective equipment, cleaning and disposable food services, testing of our residents and employees, and enhanced cleaning and environmental sanitation costs.

In general, the future course and impacts of a pandemic, epidemic or outbreak of an infectious disease on our operational and financial performance is uncertain and will depend on many factors outside of our control, including, among others, the duration, severity and trajectory of the illness, including the possible spread of potentially more contagious and/or virulent forms of the infection, future economic conditions, as well as the impact of government actions and administrative regulations on the senior living industry and broader economy, including through stimulus efforts, the development, availability and widespread use of effective medical treatments and vaccines, the imposition of public safety measures, and perceptions regarding the safety of senior living communities during and after the pandemic.

Our approach to AI presents risks and challenges that could impact our business and could adversely affect our business.

AI presents risks and challenges that could impact our business, including perceived breaches or privacy or security incidents related to the use of AI. We are integrating generative AI tools into certain of our systems and our third-party business partners, including residents and vendors, as well as our competitors, may also develop or use such tools. Our ongoing efforts to comply with privacy and data protection laws, as well as initiatives to comply with new legal regulations relating to privacy, data protection, and AI, impose significant costs and challenges that are likely to increase over time. AI solutions and features may become more important to our operations or to our future growth over time. Recent developments in AI, such as generative or agentic AI, may accelerate or exacerbate these effects, and industry trends and consumer expectations may influence the pace at which AI solutions are used in our business operations. There can be no assurance that we will realize the desired or anticipated benefits, or any benefits, and we may fail to properly implement such technology. Uncertainty around the safety and security of new and emerging AI applications may require additional investment in the development of proprietary datasets, machine learning models and systems to test for security, accuracy, bias and other variables, which are often complex, may be costly and could impact our profit margin. In addition, the providers of our or our business partners' AI tools may not meet existing or rapidly evolving regulatory or industry standards with respect to privacy and data protection, compliance and transparency, among others, which could inhibit our or our or our business partners' ability to maintain an adequate level of functionality or service. Our business partners may also incorporate AI into their products and services without disclosing such use to us or fail to disclose risks presented by their use of AI. There is a risk that AI tools used by us or by our business partners could produce inaccurate or unexpected results or behaviors that could harm our reputation, business, customers, or stakeholders. Our competitors or other third parties may incorporate AI in their business operations more quickly or more successfully than we do. Additionally, the complex and rapidly evolving landscape around AI may expose us to claims, inquiries, demands and proceedings by private parties and global regulatory authorities and subject us to legal liability as well as reputational harm. New laws and regulations are being adopted in the U.S. and in non-U.S. jurisdictions, and existing laws and regulations may be interpreted in ways that would affect our business operations and the way in which we use AI. Any of these outcomes could impair our ability to compete effectively, damage our reputation, result in the loss of valuable property or information and adversely impact our results of operations.

Risks Related to Human Capital

A significant increase in our labor costs or labor shortages could have a material adverse effect on us.

We compete with other providers of senior living services with respect to attracting and retaining qualified management personnel responsible for the day-to-day operations of each of our communities and skilled personnel responsible for providing resident care. In light of labor shortages for medical and non-medical workers in many geographic areas, we may

increasingly compete to attract qualified and experienced employees. We could encounter increased competition in the future that could limit our ability to attract residents and employees or expand our business. We rely upon the quality of our staff as a means to differentiate our services from other providers. A shortage of nurses or trained personnel may require us to enhance our wage and benefits package in order to compete in the hiring and retention of these personnel or to hire more expensive temporary personnel. We also will be dependent on the available labor pool of semi-skilled and unskilled employees in each of the markets in which we operate.

Historically, labor costs have comprised of approximately two-thirds of our total operating expenses. We experienced pressures associated with the intensely competitive labor environment during 2023, which continued throughout 2024 and 2025. The United States' unemployment rate remained at or below 4.5% each month during 2025 and 2024, and many states experienced record low unemployment rates. Labor pressures have resulted in higher-than-typical associate turnover and wage growth, and we have experienced difficulty in filling open line-level positions timely. To cover existing open positions, during 2024 and continuing into 2025, we needed to rely on more expensive premium labor, primarily contract labor and overtime. In our consolidated community portfolio, the labor component of our operating expense increased approximately \$33.9 million, or 26.6%, during 2025 as compared to 2024. These increases primarily resulted from labor expenses related to newly acquired properties during 2025 and 2024, filling our open positions, merit and market wage rate adjustments, more hours worked with higher occupancy during 2025, and an increase in the use of premium labor, primarily overtime. For 2026, we expect to continue to experience labor cost pressure as a result of the continuing labor conditions previously described, changes to immigration laws, and an anticipated increase in hours worked as our occupancy levels grow. Continued increased competition for, or a shortage of, nurses and other employees and general inflationary pressures have required and may require that we enhance our pay and benefits package to compete effectively for such employees.

As such, no assurance can be given that our labor costs will not increase, or that, if they do increase, they can be matched by corresponding increases in rates charged to residents. Any significant failure by us to control our labor costs or to pass on any increased labor costs to residents through rate increases could have a material adverse effect on our business, financial condition, cash flows, and results of operations.

We rely on the services of key executive officers and the transition of management or loss of these officers or their services could have a material adverse effect on us.

We depend on the services of our executive officers for our management. We have recently undergone changes in our senior management and may experience further changes in the future. The transition of management, loss of any of our executive officers or our inability to attract and retain qualified management personnel in the future, could affect our ability to manage our business and could adversely affect our business, financial condition, cash flows, and results of operations.

We are subject to risks related to the provision for employee health care benefits and future health care reform legislation.

We use a combination of insurance and self-insurance for employee health care plans. We record expenses under these plans based on estimates of the costs of expected claims, administrative costs, and stop-loss premiums. These estimates are then adjusted to reflect actual costs incurred. Actual costs under these plans are subject to variability depending primarily upon participant enrollment and demographics, the actual costs of claims and whether stop-loss insurance covers these claims. In the event that our cost estimates differ from actual costs, we could incur additional unplanned health care costs which could have a material adverse effect on our business, financial condition, cash flows, and results of operations.

In addition, the Patient Protection and Affordable Care Act (the "Affordable Care Act") expanded health care coverage to millions of previously uninsured people beginning in 2014 and has resulted in significant changes to the United States health care system. This comprehensive health care legislation has resulted and will continue to result in extensive rule making by regulatory authorities, and also may be altered, amended, repealed, or replaced. It is difficult to predict the full impact of the Affordable Care Act due to the complexity of the law and implementing regulations, as well our inability to foresee how participants in the health care industry will respond to the choices available to them under the law. The provisions of the legislation and other regulations implementing the provisions of the Affordable Care Act or any amended or replacement legislation may increase our costs, adversely affect our revenues, expose us to expanded liability or require us to revise the ways in which we conduct our business.

In addition to its impact on the delivery and payment for healthcare, the Affordable Care Act and the implementing regulations have resulted and may continue to result in increases to our costs to provide health care benefits to our employees. We also may be required to make additional employee-related changes to our business as a result of provisions in the Affordable Care Act or any amended or replacement legislation impacting the provision of health insurance by employers, which could result in additional expense and adversely affect our results of operations and cash flow.

Risks Related to Regulatory, Compliance and/or Legal Matters

We are subject to governmental regulations and compliance, some of which are burdensome and some of which may change to our detriment in the future.

Federal and state governments regulate various aspects of our business. The development and operation of senior housing communities and the provision of health care services are subject to federal, state and local licensure, certification and inspection laws that regulate, among other matters, the number of licensed beds, the provision of services, the distribution of pharmaceuticals, billing practices and policies, equipment, staffing (including professional licensing), operating policies and procedures, fire prevention measures, environmental matters and compliance with building and safety codes. Failure to comply with these laws and regulations could result in the denial of reimbursement, the imposition of fines, temporary suspension of admission of new residents, suspension or loss of certification from the Medicaid program, restrictions on the ability to acquire new communities or expand existing communities and, in extreme cases, the revocation of a community's license or closure of a community. We believe that such regulation will increase in the future, and we are unable to predict the content of new regulations or their effect on our business, any of which could materially adversely affect our business, financial condition, cash flows, and results of operations.

Various states, including several of the states in which we currently operate, control the supply of licensed beds and assisted living communities through a "Certification of Need" requirement or other programs. In those states, approval is required for the addition of licensed beds and some capital expenditures at those communities. To the extent that a Certification of Need or other similar approval is required for the acquisition or construction of new communities, the expansion of the number of licensed beds, services or existing communities, we could be adversely affected by our failure or inability to obtain that approval, changes in the standards applicable for that approval and possible delays and expenses associated with obtaining that approval. In addition, in most states, the reduction of the number of licensed beds or the closure of a community requires the approval of the appropriate state regulatory agency. If we were to seek to reduce the number of licensed beds at, or to close, a community, we could be adversely affected by a failure to obtain or a delay in obtaining that approval.

Federal and state anti-remuneration laws, such as "anti-kickback" laws, govern some financial arrangements among health care providers and others who may be in a position to refer or recommend patients to those providers. These laws prohibit, among other things, some direct and indirect payments that are intended to induce the referral of patients to, the arranging for services by, or the recommending of, a particular provider of health care items or services. Federal anti-kickback laws have been broadly interpreted to apply to some contractual relationships between health care providers and sources of patient referrals. Similar state laws vary, are sometimes vague and seldom have been interpreted by courts or regulatory agencies. Violation of these laws can result in loss of licensure, civil and criminal penalties and exclusion of health care providers or suppliers from participation in the Medicaid program. There can be no assurance that those laws will be interpreted in a manner consistent with our practices.

Under the Americans with Disabilities Act of 1990, as amended, all places of public accommodation are required to meet federal requirements related to access and use by disabled persons. A number of additional federal, state and local laws exist that also may require modifications to existing and planned communities to create access to the properties by disabled persons. We believe that our communities are substantially in compliance with present requirements or are exempt therefrom. However, if required changes involve a greater expenditure than anticipated or must be made on a more accelerated basis than anticipated, additional costs would be incurred by us. Further legislation may impose additional burdens or restrictions with respect to access by disabled persons and the costs of compliance could be substantial.

HIPAA, in conjunction with the federal regulations promulgated thereunder by the U.S. Department of Health and Human Services, has established, among other requirements, standards governing the privacy of certain protected and individually identifiable health information that is created, received or maintained by a range of covered entities. HIPAA has also established standards governing uniform health care transactions, the codes and identifiers to be used by the covered entities and standards governing the security of certain electronic transactions conducted by covered entities. Penalties for violations can range from civil money penalties for errors and negligent acts to criminal fines and imprisonment for knowing and intentional misconduct. HIPAA is a complex set of regulations and many unanswered questions remain with respect to the manner in which HIPAA applies to businesses such as those operated by us.

In addition, some states have begun to enact more comprehensive privacy laws and regulations addressing consumer rights to data protection or transparency. For example, the California Consumer Privacy Act became effective in 2020, and we expect additional federal and state legislative and regulatory efforts to regulate consumer privacy protection in the future. Compliance with such legislative and regulatory developments could be burdensome and costly, and the failure to comply could have a material adverse effect on our business, financial condition, cash flows, and results of operations.

An increasing number of legislative initiatives have been introduced or proposed in recent years that would result in major changes in the health care delivery system on a national or a state level. Among the proposals that have been introduced

are price controls on hospitals, insurance market reforms to increase the availability of group health insurance to small businesses, requirements that all businesses offer health insurance coverage to their employees and the creation of government health insurance plans that would cover all citizens and increase payments by beneficiaries. We cannot predict whether any of the above proposals or other proposals will be adopted and, if adopted, no assurances can be given that their implementation will not have a material adverse effect on our business, financial condition, or results of operations.

Changes in federal, state and local employment-related laws and regulations, or our failure to comply with these laws and regulations, could have an adverse effect on our financial condition, results of operations, and cash flow.

We are subject to a wide variety of federal, state and local employment-related laws and regulations, including, for example, those that govern occupational health and safety requirements, wage and hour requirements, equal employment opportunity obligations, leaves of absence and reasonable accommodations, employee benefits and the right of employees to engage in protected concerted activity (including union organizing). Because labor represents a large portion of our operating expenses, changes in federal, state and local employment-related laws and regulations, including immigration laws, could increase our cost of doing business. Furthermore, any failure to comply with these laws can result in significant protracted litigation, government investigation, penalties or other damages that could have an adverse effect on our financial condition, results of operations, and cash flow.

We may be subject to liability for environmental damages.

Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or petroleum product releases at the property and may be held liable to a governmental entity or to third parties for property damage and for investigation and clean-up costs incurred by those parties in connection with the contamination. These laws typically impose clean-up responsibility and liability without regard to whether the owner knew of or caused the presence of the contaminants. Liability under these laws has been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of responsibility. The costs of investigation, remediation or removal of the substances may be substantial, and the presence of the substances, or the failure to properly remediate the property, may adversely affect the owner's ability to sell or lease the property or to borrow using the property as collateral. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with the contamination. Persons who arrange for the disposal or treatment of hazardous or toxic substances also may be liable for the costs of removal or remediation of the substances at the disposal or treatment facility, whether or not the facility is owned or operated by the person. Finally, the owner of a site may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from a site. If we become subject to any of these claims, the costs involved could be significant and could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Risks Related to Our Corporate Organization and Structure

Anti-takeover provisions in our governing documents, governing law, and material agreements may discourage, delay or prevent a merger or acquisition that our stockholders may consider favorable or prevent the removal of our current board of directors and management.

Certain provisions of our Amended and Restated Certificate of Incorporation and our Amended and Restated By-laws may discourage, delay, or prevent a merger or acquisition that our stockholders may consider favorable or prevent the removal of our current board of directors and management. We have a number of anti-takeover devices in place that will hinder takeover attempts, including: a staggered board of directors consisting of three classes of directors, each of whom serve three-year terms; removal of directors only for cause, and only with the affirmative vote of at least a majority of the voting interest of stockholders entitled to vote; right of our directors to issue preferred stock from time to time with voting, economic and other rights superior to those of our common stock without the consent of our stockholders; provisions in our amended and restated certificate of incorporation and amended and restated by-laws limiting the right of our stockholders to call special meetings of stockholders; advance notice requirements for stockholders with respect to director nominations and actions to be taken at annual meetings; requirement for two-thirds stockholder approval for amendment of our by-laws and certain provisions of our Certificate of Incorporation; and no provision in our Amended and Restated Certificate of Incorporation for cumulative voting in the election of directors, which means that the holders of a majority of the outstanding shares of our common stock can elect all the directors standing for election. Further, we entered into an amended and restated investor rights agreement with certain of our largest stockholders that prohibits certain change of control transactions without the prior written consent of Conversant Fund A, which may also have the effect of deterring hostile takeovers, delaying or preventing changes in control or changes in management, or limiting the ability of our other stockholders to approve transactions that they may deem to be in the best interests of our company.

Several of our loan documents and other material agreements also require approval in the event we undergo a change of control of our Company. These provisions may have the effect of delaying or preventing a change of control of the Company even if this change of control would benefit our stockholders.

In addition to the anti-takeover provisions described above, we are subject to Section 203 of the Delaware General Corporation Law. Section 203 generally prohibits a person beneficially owning, directly or indirectly, 15% or more of our outstanding common stock from engaging in a business combination with us for three years after the person acquired the stock. However, this prohibition does not apply if (A) our directors approve in advance the person's ownership of 15% or more of the shares or the business combination or (B) the business combination is approved by our stockholders by a vote of at least two-thirds of the outstanding shares not owned by the acquiring person.

Approximately 39 percent of the voting power of our issued and outstanding securities is held by a small group of stockholders.

As of the date hereof, affiliates of Conversant Capital LLC (the "Conversant Investors") and Silk Partners LP collectively owned approximately 39 percent of the voting power of the Company's issued and outstanding securities.

Pursuant to the amended and restated investor rights agreement, Conversant Fund A is currently entitled to designate three individuals to be appointed to the Company's board of directors, including the Chairperson, and Silk Partners LP is currently entitled to designate one individual to be appointed to the Company's board of directors, in each case so long as they and their respective permitted transferees and affiliates maintain minimum aggregate holdings of our stock as described in further detail in the amended and restated investor rights agreement. Notwithstanding the fact that all directors are subject to fiduciary duties to us and to applicable law, the interests of these stockholders and their respective director designees may differ from the interests of our security holders as a whole or of our other directors.

We are a holding company with no operations and rely on our operating subsidiaries to provide us with funds necessary to meet our financial obligations.

We are a holding company with no material direct operations. Our principal assets are the equity interests we directly or indirectly hold in our operating subsidiaries. As a result, we are dependent on loans, distributions and other payments from our subsidiaries to generate the funds necessary to meet our financial obligations. Our subsidiaries are legally distinct from us and have no obligation to make funds available to us.

Risks Related to Other Market Factors

Various factors, including general economic conditions such as elevated labor costs, could adversely affect our financial performance and other aspects of our business.

General economic conditions, such as elevated labor costs due to shortages of medical and non-medical staff, competition in the labor market, increased costs of salaries, wages and benefits, and immigration laws, the consumer price index, commodity costs, fuel and other energy costs, supply chain disruptions, increased insurance costs, tariffs, elevated interest rates and tax rates, affect our facility operating, general and administrative, and other expense. We have no control or limited ability to control such factors. Current global economic conditions and uncertainties, the potential for failures or realignments of financial institutions and the related impact on available credit may affect us and our business partners, landlords, counterparties and residents or prospective residents in an adverse manner including, but not limited to, reducing access to liquid funds or credit, increasing the cost of credit, limiting our ability to manage operating costs, increasing the risk that certain of our business partners, landlords or counterparties would be unable to fulfill their obligations to us, and other impacts which we are unable to fully anticipate.

Our non-labor operating expenses have historically comprised of approximately one-third of our total operating expenses and are subject to the labor force available to us and other factors, including government regulations. In some geographic areas, the scarcity of specialized medical personnel, experienced senior care professionals and other workers has impacted, and may continue to impact, our operations by increasing our labor and operating costs. Labor shortages may also impact our ability to comply with minimum staffing requirements under applicable federal and state regulations. Failure to comply with these requirements can, among other things, jeopardize a senior living community's compliance with the conditions of participation under relevant state and federal healthcare programs. In addition, if a senior living community is determined to be out of compliance with these requirements, it may be subject to fines and other regulatory penalties, including the suspension of resident admissions, the termination of Medicaid participation or the suspension or revocation of licenses.

Future sales of equity securities by us or certain stockholders may adversely affect the market price of our common stock.

We have increased, and may again in the future, attempt to increase, our capital resources by offering additional equity securities. During 2024, we completed the 2024 Private Placement pursuant to which we issued and sold an aggregate of 5,026,318 Shares of our common stock to certain of our largest stockholders, including the Conversant Investors, at a price of \$9.50 per share; we issued and sold an aggregate of 667,502 shares of our common stock pursuant to our At-the-Market Sales Agreement with Mizuho Securities USA LLC; and we issued and sold 4,830,317 shares of our common stock in an underwritten public offering at a public offering price of \$27.00 per share. Additional equity offerings, including sales under our ATM Sales Agreement, may dilute the economic and voting rights of our existing stockholders and/or reduce the market price of our common stock. Our decision to issue equity securities in a future offering will depend on market conditions and other factors, some of which are beyond our control. We cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of our common stock bear the risk of our future offerings reducing the market price of our common stock and diluting their holdings in our Company.

Further, we have registered the resale of shares of common stock issued to certain stockholders that are either outstanding or issuable upon the exercise of outstanding warrants. The resale of a substantial number of shares of common stock in the public market, or the perception that such resale might occur, could cause the market price of our common stock to decline and impair our ability to raise capital through the sale of additional equity securities. Any shares sold in a registered resale will be freely tradable without restriction under the Securities Act. While we cannot predict the size of future resales or offerings of our common stock, if there is a perception that such resales or offerings could occur, or if the holders of our securities registered for resale sell a large number of the registered securities, the market price for our common stock could be adversely affected.

Our stock price has fluctuated in the past, has recently been volatile and may be volatile in the future, and as a result, investors in our common stock could incur substantial losses.

Our stock price has fluctuated in the past, has recently been volatile and may be volatile in the future. During the year ended December 31, 2025, our common stock traded at a low of \$19.34 and a high of \$33.50. We may continue to experience sustained depression or substantial volatility in our stock price in the foreseeable future unrelated to our operating performance or prospects.

As a result of this volatility, investors may experience losses on their investment in our common stock. The market price for our common stock may be influenced by many factors, including the following:

- our operating and financial performance and prospects;
- our quarterly or annual earnings or those of other companies in our industry;
- the public's reaction to our press releases, other public announcements and filings with the SEC;
- changes in earnings estimates or recommendations by securities analysts who track our common stock;
- market and industry perception of our success, or lack thereof, in pursuing our strategies;
- strategic actions by us or our competitors, such as acquisitions or joint ventures;
- our ability or inability to raise additional capital and the terms on which we raise it;
- changes in accounting standards, policies, guidance, interpretations or principles;
- arrival and departure of key personnel;
- our ability to integrate any business we acquire, including CHP, with our business and to achieve anticipated synergies;
- changes in our capital structure;
- trading volume of our common stock;
- sales of our common stock by us or our stockholders, including Conversant and Silk;
- changes in general market, industry, economic and political conditions in the U.S. and global economies or financial markets; and
- other events or factors, including war, terrorism and other international conflicts, public health issues including health epidemics or pandemics and natural disasters such as fire, hurricanes, earthquakes, tornados or other adverse weather and climate conditions.

Since the stock price of our common stock has fluctuated in the past, has been recently volatile and may be volatile in the future, investors in our common stock could incur substantial losses. In the past, following periods of volatility in the market, securities class-action litigation has often been instituted against companies. Such litigation, if instituted against us, could result in substantial costs and diversion of management's attention and resources, which could materially and adversely affect our business, financial condition, results of operations and growth prospects. There can be no guarantee that our stock price will remain at current levels or that future sales of our common stock will not be at prices lower than those sold to investors.

Our trading volume may not provide adequate liquidity for investors.

Our common stock is listed on the New York Stock Exchange. However, the average daily trading volume in our common stock is significantly less than that of larger public companies. A public trading market having the desired depth, liquidity and orderliness depends on the presence of a sufficient number of willing buyers and sellers for our common stock at any given time. This presence is impacted by general economic and market conditions and investors' views of us. Because our trading volume is limited relative to larger public companies, any significant sales of our shares of common stock could cause a decline in the market value and price per share of our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 1C. CYBERSECURITY

Cybersecurity Risk Management and Strategy

We have developed and implemented a cybersecurity framework intended to assess, identify, and manage risks from threats to the security of our information, systems, products, and network using a risk-based approach. The framework is informed in part by the National Institute of Standards and Technology ("NIST") Cybersecurity Framework, NIST 800-53 and International Organization for Standardization 27001 ("ISO 27001") Framework, although this does not imply that we meet all technical standards, specifications, or requirements under the NIST or ISO 27001.

Our key cybersecurity processes include the following:

- **Risk-based controls for information systems and information on our networks:** We seek to maintain an information technology infrastructure that implements physical, administrative and technical controls that are calibrated based on risk and designed to protect the confidentiality, integrity and availability of our information systems and information stored on our networks, including customer information, personal information, intellectual property and proprietary information.
- **Cybersecurity incident response plan and testing:** We have a cybersecurity incident response plan and dedicated team to respond to cybersecurity incidents. When a cybersecurity incident occurs or we identify a vulnerability, we have a strategic partner (a Managed Security Service Provider) that is responsible for leading the initial assessment of priority and severity. Our cybersecurity team assists in responding to incidents depending on severity levels and seeks to improve our cybersecurity incident management plan through periodic tabletops or simulations at the enterprise level.
- **Training:** We provide security awareness training to help our employees understand their information protection and cybersecurity responsibilities at the Company. We also provide additional role-based training to some employees based on customer requirements, regulatory obligations, and industry risks.
- **Supplier risk assessments:** We have implemented a third-party risk management process that includes expectations regarding information and cybersecurity. That process, among other things, provides for us to perform cybersecurity assessments on certain suppliers based on an assessment of their risk profile and a related rating process. We also seek contractual commitments from key suppliers to appropriately secure and maintain their information technology systems and protect our information that is processed on their systems.

- **Third-party assessments of the Company:** We have engaged third-party cybersecurity companies to periodically assess our cybersecurity posture and to assist in identifying and remediating risks from cybersecurity threats.

We also consider cybersecurity, along with other risks to us, within our enterprise risk management framework. The enterprise risk management framework includes internal reporting at the enterprise level, with consideration of key risk indicators, trends and countermeasures for cybersecurity and other types of significant risks. In the last fiscal year, we have not identified risks from known cybersecurity threats, including any prior cybersecurity incidents, which have materially affected us, including our operations, business strategy, results of operations, cash flow or financial condition.

Cybersecurity Governance

The Audit Committee of our Board of Directors is responsible for board-level oversight of risks from cybersecurity threats, and the Audit Committee reports back to the full Board of Directors about this and other areas within its responsibility. As part of its oversight role, the Audit Committee receives reporting about the Company's practices, programs, notable threats or incidents and other developments related to cybersecurity throughout the year, including through periodic updates, from our Chief Technology Officer.

Our Chief Technology Officer reports to our Chief Financial Officer and leads the Company's overall cybersecurity function, including the assessment and management of cybersecurity risks. The Chief Technology Officer has over 30 years of experience in managing and leading information technology and cybersecurity teams and participates in various cybersecurity organizations. The Chief Technology Officer collaborates with operation presidents and department leaders to identify and analyze cybersecurity risks to us; considers industry trends; implements controls, as appropriate and feasible, to mitigate these risks; and enables business leaders to make risk-based business decisions that implicate cybersecurity considerations. The Chief Technology Officer meets with senior leadership to review and discuss our cybersecurity program, including emerging cyber risks, threats, and industry trends. The Chief Technology Officer also supervises efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, including by collaborating with external security personnel and internal business stakeholders, and incorporating threat intelligence and other information obtained from governmental, public, or private sources to inform our cybersecurity technologies and processes.

ITEM 2. PROPERTIES.

Our executive and administrative offices are located at 14755 Preston Road, Suite 810, Dallas, Texas 75254, and consist of approximately 12,723 square feet as of December 31, 2025. Our lease on the premises extends through April 30, 2028 with a three-year extension option. In February 2026, the Company added 4,400 square feet of additional lease space and amended its master lease to expire on October 31, 2031.

As of December 31, 2025, we owned, managed, or invested in the senior housing communities referred to in Part I, Item 1 above under the caption "Operating Communities."

With our recent CHP Merger, we acquired a national portfolio consisting of 69 high-quality senior housing communities that comprise a total of approximately 7,500 units and one vacant land parcel. The portfolio is geographically diversified with properties in 26 states.

ITEM 3. LEGAL PROCEEDINGS.

We have claims incurred in the normal course of our business. Most of these claims are believed by management to be covered by insurance, subject to normal reservations of rights by the insurance companies and possibly subject to certain exclusions in the applicable insurance policies. Whether or not covered by insurance, these claims, in the opinion of management, and based on advice of legal counsel, should not have a material effect on our consolidated financial statements if determined adversely to us.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

(a) *Market Information and Holders of the Registrant’s Common Equity and Related Stockholder Matters.*

Market Information and Holders

The Company’s shares of common stock are listed for trading on the New York Stock Exchange under the symbol “SNDA.” As of February 25, 2026, there were 29 known registered stockholders of record of the Company’s common stock.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table presents information relating to the Company’s equity compensation plans as of December 31, 2025:

<u>Plan Category</u>	<u>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</u>	<u>Weighted-Average Exercise Price of the Outstanding Options, Warrants and Rights</u>	<u>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in First Column)</u>
Equity compensation plans approved by security holders	—	\$ —	797,512
Equity compensation plans not approved by security holders	—	—	—
Total	—	\$ —	797,512

(b) *Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities.*

None, other than as previously disclosed by the Company in a quarterly report on Form 10-Q or a current report on Form 8-K.

(c) *Purchases of Equity Securities by the Issuer and Affiliated Purchasers.*

The following information is provided pursuant to Item 703 of Regulation S-K. The information set forth in the table below reflects information regarding the aggregate shares repurchased by the Company pursuant to its share repurchase program (as described below) as of December 31, 2025.

<u>Period</u>	<u>Total Number of Shares Purchased⁽¹⁾</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs⁽²⁾</u>
Total at September 30, 2025	32,941	\$ 104.10	32,941	\$ 6,570,222
October 1 – October 31, 2025	—	—	—	6,570,222
November 1 – November 30, 2025	—	—	—	6,570,222
December 1 – December 31, 2025	—	—	—	6,570,222
Total at December 31, 2025	32,941	\$ 104.10	32,941	\$ 6,570,222

(1) Does not include shares withheld to satisfy tax liabilities due upon the vesting of restricted stock, all of which have been reported in Form 4 filings relating to the Company. The average price paid per share for such share withholding is based on the closing price per share on the vesting date of the restricted stock or, if such date is not a trading day, the trading day immediately prior to such vesting date. The number of shares are a cumulative total.

(2) On January 22, 2009, the Company’s board of directors approved a share repurchase program that authorized the Company to purchase up to \$10.0 million of the Company’s common stock. On January 14, 2016, the Company announced that its board of directors approved a continuation of the share repurchase program. The repurchase program does not obligate the Company to acquire any particular amount of common stock and the share repurchase authorization has no stated expiration date. All shares that have been acquired by the Company under this program were purchased in open-market transactions. The Company may evaluate whether to acquire additional shares of common stock under this program at its discretion.

ITEM 6. [RESERVED].

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help provide an understanding of our business and results of operations. This MD&A should be read in conjunction with our audited consolidated financial statements and the related notes thereto included elsewhere in this Annual Report on Form 10-K. This report, including the following MD&A, contains forward-looking statements regarding future events or trends that should be read in conjunction with the risks, uncertainties and other factors described under "Cautionary Note Regarding Forward-Looking Statements" and "Item 1A. Risk Factors" in this Annual Report on Form 10-K. Actual results may differ materially from those projected in such statements as a result of such risks, uncertainties and other factors.

Overview

The following discussion and analysis addresses (i) the Company's results of operations on a historical consolidated basis for the years ended December 31, 2025 and 2024, and (ii) liquidity and capital resources of the Company, and should be read in conjunction with the Company's historical consolidated financial statements and the selected financial data contained elsewhere in this Annual Report on Form 10-K.

The Company is a leading owner, operator and investor in independent living, assisted living and memory care communities and services for senior adults in the United States in terms of resident capacity. The Company's operating strategy is to provide value to its senior living residents by providing quality senior living services at reasonable prices, while achieving and sustaining a strong, competitive position within its geographically concentrated regions, as well as continuing to enhance the performance of its operations. The Company primarily provides senior living services to the 75+ population, including independent living, assisted living, and memory care services at reasonable prices. Many of the Company's communities offer a continuum of care to meet each of their resident's needs as they change over time. This continuum of care, which integrates independent living, assisted living, and memory care that may be bridged by home care through independent home care agencies, sustains our residents' autonomy and independence based on their physical and mental abilities.

As of December 31, 2025, the Company owned, managed, or invested in 96 senior housing communities in 20 states with an aggregate capacity of approximately 10,150 residents, including 84 owned senior housing communities (inclusive of four owned through joint venture investments in consolidated entities and four owned through a joint venture investment in an unconsolidated entity) and 12 communities that the Company managed on behalf of a third party.

Strategic Merger with CHP

On March 11, 2026, the Company completed the previously announced acquisition of CHP, a public non-traded real estate investment trust which owns a national portfolio of 69 high-quality senior housing communities, pursuant to the Merger Agreement. Under the terms of the Merger Agreement, the Company acquired 100% of the outstanding common stock of CHP in a stock and cash transaction valued at approximately \$1.8 billion, with approximately 68% of the consideration paid in the form of newly issued Sonida common stock and 32% paid in cash. Specifically, each share of CHP common stock was converted into \$2.32 in cash and 0.1318 shares of Sonida common stock, which was determined by dividing (a) \$4.58 by (b) the volume weighted average price ("VWAP") of Sonida common stock during a measurement period prior to closing of the transaction and subject to a collar of 15% below the transaction reference price for the Sonida common stock of \$26.74 (the "Transaction Reference Price") and 30% above the Transaction Reference Price. Since the VWAP during the measurement period was \$35.93, the 0.1318 exchange ratio was calculated by dividing \$4.58 by \$34.76, being the high end of the collar.

In order to fund a portion of the cash consideration required for the CHP Merger, entities affiliated with Conversant Capital, LLC and Silk Partners LP, two of the Company's largest shareholders, funded an aggregate amount of \$110.0 million in exchange for the issuance of 4,113,688 of Sonida common stock in a private placement pursuant to Section 4(a)(2) of the Securities Act at a price per share equal to \$26.74, in accordance with certain investment agreements. The remainder of the cash consideration was funded with cash from the balance sheets of the Company and CHP along with debt financing as described under "—Recent Financing—Senior Secured Credit Facility" and "—Recent Financing—Bridge Loan Agreement."

See Part I, Item 1 and "[Note 2—CHP Merger](#)" in the Notes to Consolidated Financial Statements for additional information.

Unless otherwise specifically noted, the historical financial information included herein does not reflect the closing of the CHP Merger, which occurred subsequent to December 31, 2025. The post-Merger results of CHP will first be included in our consolidated financial information for the period ending March 31, 2026. We expect our 2026 results of operations to be materially impacted by the CHP Merger as a result of acquiring 69 senior housing communities.

Recent Acquisitions

2025 Acquisitions and Community Held for Sale

The Jasper Acquisition

In September 2025, the Company acquired one senior living community located in Mansfield, Texas for a purchase price of \$15.6 million plus transaction costs of \$0.1 million. The asset acquisition was recorded at relative fair value. The Company recorded \$14.2 million in "Property and equipment, net" for tangible assets purchased and \$1.5 million in "Intangible assets, net" for in-place leases in the Company's consolidated balance sheets.

Alpharetta Acquisition

In June 2025, the Company acquired one senior living community located in Alpharetta, Georgia for a purchase price of \$11.0 million plus transaction costs of \$0.2 million. The asset acquisition was recorded at relative fair value. The Company recorded \$9.2 million in "Property and equipment, net" for tangible assets purchased, \$2.1 million in "Intangible assets, net" for in-place leases, and \$0.1 million in "Other long-term liabilities" for below market leases in the Company's consolidated balance sheets.

East Lake Acquisition

In May 2025, the Company acquired one senior living community located in Tarpon Springs, Florida for a purchase price of \$11.0 million plus transaction costs of \$0.3 million. The asset acquisition was recorded at relative fair value. The Company recorded \$9.9 million in "Property and equipment, net" for tangible assets purchased, \$1.6 million in "Intangible assets, net" for in-place leases, and \$0.2 million in "Other long-term liabilities" for below market leases in the Company's consolidated balance sheets. The Company mortgaged the property with a \$9.0 million loan. See "[Note 9 - Debt](#)" in the Notes to Consolidated Financial Statements.

Assets and Liabilities Held for Sale

As of December 31, 2025, the Company classified one of its communities as held for sale in its consolidated balance sheets in accordance with ASC 360, following management's decision to divest the property and actively market it for sale. The reclassification of the property's assets and liabilities held-for-sale status represents a presentation change within the balance sheet, rather than a new investing or financing transaction. The community did not meet the criteria for classification as a discontinued operation under ASC 205-20, as the sale does not represent a strategic shift that has or will have a major effect on the Company's operations and financial results. During the year ended December 31, 2025, the Company recorded an impairment charge of \$4.7 million for the excess of its carrying value over its estimated fair value less estimated disposal costs. This charge was reported on long-lived asset impairment on the consolidated statements of operations. See "[Note 4 - Investments, Acquisitions and Assets Held for Sale](#)" in the Notes to Consolidated Financial Statements. The Company continues to actively market the community for sale, and no sale-related cash flows with respect to such community have been recognized as of December 31, 2025.

2024 Acquisitions

Cincinnati Acquisition

In December 2024, the Company closed on the acquisition of an unoccupied single senior living community located in Cincinnati, Ohio for a purchase price of \$16.3 million. Sonida funded the transaction with \$18.3 million of senior mortgage debt, including \$2.0 million for capital expenditure investment into the facility (the "Cincinnati Acquisition"). The non-recourse mortgage has an 84-month term and 24-month interest waiver to support lease-up and stabilization, with a 3% fixed-interest-only rate thereafter.

The asset acquisition was recorded at relative fair value. The Company recorded \$16.4 million in "Property and equipment, net" for tangible assets purchased in the Company's consolidated balance sheets. As of December 31, 2025, the community was occupied.

Atlanta Acquisition

In November 2024, the Company acquired two senior living communities in the Atlanta, Georgia market for \$29.0 million. The asset acquisition was recorded at relative fair value. The Company recorded \$24.7 million in “Property and equipment, net” for tangible assets purchased; \$4.8 million in “Intangible assets, net” for in-place leases; and \$0.1 million in “Other long-term liabilities” for below-market leases in the Company’s consolidated balance sheets.

Palm Acquisition

In October 2024, the Company acquired eight senior living communities (collectively, the “Palm Communities”) for an aggregate cash purchase price of \$102.9 million (such acquisition, the “Palm Acquisition”). Five of the Palm Communities are located in Florida and three are located in South Carolina. The asset acquisition was recorded at relative fair value. The Company recorded \$89.2 million in “Property and equipment, net” for tangible assets purchased; \$15.6 million in “Intangible assets, net” for in-place leases; and \$0.5 million in “Other long-term liabilities” for below-market leases in the Company’s consolidated balance sheets.

Macedonia Acquisition

In May 2024, the Company acquired a community located in Macedonia, Ohio for a purchase price of \$10.7 million plus transaction costs of \$0.4 million. The Company entered into a mortgage loan totaling \$9.4 million to fund the acquisition. The Company purchased a Secured Overnight Financing Rate (“SOFR”) based interest rate cap (“IRC”) to reduce exposure to the variable interest rate fluctuations associated with the new mortgage. The total cost of the IRC was \$0.2 million and has an aggregate notional amount of \$9.4 million. The IRC has a 24-month term and caps SOFR at 6.00%. See “[Note 9–Debt](#)” and “[Note 15–Fair Value](#).”

The asset acquisition was recorded at relative fair value. We recorded \$10.0 million in “Property and equipment, net” for tangible assets purchased; \$1.2 million in “Intangible assets, net” for in-place leases; and \$0.1 million in “Other liabilities” for below-market leases for this acquisition in our consolidated balance sheets.

Investments

Investment in Consolidated VIE

In July 2024, the Company entered into two joint ventures with affiliates of Palatine Capital Partners (the “Palatine JVs”), which acquired four senior living communities located in Texas (3) and Georgia (1). The Company is a 51% owner of the Palatine JVs. The noncontrolling interest of the Palatine JVs is reported on the noncontrolling interest line items in the Company’s consolidated financial statements.

The asset acquisition by the Palatine JVs was recorded at fair value. The Company recorded \$27.5 million in “Property and equipment, net” for tangible assets purchased; \$5.6 million in “Intangible assets, net” for in-place leases; and \$0.2 million in “Other liabilities” for below market leases in the Company’s consolidated balance sheets.

On March 4, 2026 the Company entered into a membership interest purchase agreement with its minority partner PAL SL Decatur RS JV, LLC, to purchase their 49% membership interest for \$2.1 million. The community has a \$1.8 million outstanding mortgage that will be paid off at closing. The community will be a wholly-owned subsidiary of the Company after closing.

Investment in Stone Unconsolidated Entity

In May 2024, the Company and an investor formed a joint venture, Stone JV LLC (the “Stone JV”), which purchased four senior housing communities located in the Midwest for a purchase price of \$64.0 million through cash contributions. KZ Stone Investor LLC is the controlling managing member of the Stone JV and owns 67.29% of the entity as of December 31, 2025 and 2024. Sonida owns a 32.71% noncontrolling interest in the Stone JV as of December 31, 2025 and 2024. Sonida operates the four communities for a management fee based on gross revenues of the applicable communities, as well as, in some cases, an incentive management fee based on earnings before interest, taxes, depreciation, amortization, rent, and management fees, and on other customary terms and conditions. The carrying amount of the Company’s investment in the Stone JV and maximum exposure to loss as a result of the Company’s ownership interest in the Stone JV were \$8.8 million and \$10.9 million, respectively, as of December 31, 2025 and 2024, which is included in investment in unconsolidated entity on the accompanying consolidated balance sheets.

The Company evaluates the realization of its investment in unconsolidated entities accounted for using the equity method if circumstances indicate the Company’s investment is other than temporarily impaired. During the year ended December 31, 2025 and 2024, there were no impairments.

Recent Financing

Senior Secured Revolving Credit Facility

In July 2024, the Company entered into a credit agreement for a senior secured revolving credit facility (the “Revolving Credit Facility”). The Revolving Credit Facility had an initial borrowing capacity of \$75.0 million, a term of three years, a leverage-based pricing matrix between SOFR plus 2.10% margin and SOFR plus 2.60% margin and is fully recourse to Sonida Senior Living, Inc. and its applicable subsidiaries. The borrowing base by which borrowing availability under the Revolving Credit Facility is determined is generally based upon the value of the senior living communities that secure the Company’s obligations under the Revolving Credit Facility. In October 2024, the Company closed on an additional \$75.0 million commitment under the Revolving Credit Facility. The incremental \$75.0 million availability results in a total aggregate commitment under the Revolving Credit Facility of up to \$150.0 million with total commitment fees paid of \$0.1 million for the year ended December 31, 2024. During the year ended December 31, 2025, the Company borrowed \$49.6 million under the Revolving Credit Facility, at a weighted average interest rate of 6.6%, which was secured by 14 of the Company’s senior living communities. The Company repaid \$14.5 million of the borrowings during the year ended December 31, 2025 and \$95.1 million borrowings were outstanding as of December 31, 2025, which was secured by 14 of the Company’s senior living communities. The Company had a \$15.0 million standby letter of credit outstanding as of December 31, 2025 under the Revolving Credit Facility. The standby letter of credit expired on March 11, 2026.

On December 29, 2025, the Company amended and restated its revolving credit facility (as further amended on March 5, 2026, the “A&R Credit Agreement”) to fund a portion of the cash consideration necessary for the CHP Merger, which amendments were subject to and conditioned upon the consummation of the CHP Merger. The A&R Credit Agreement increased the available commitments under the revolving credit facility to \$405.0 million, extended the maturity thereof to March 10, 2030, reduced the leverage-based pricing matrix to between SOFR plus 1.35% margin and SOFR plus 2.00% margin, expanded the participating lenders, and effected certain other change (the “New Revolving Credit Facility”). In addition, the Company incurred \$525.0 million in permanent term loans under the A&R Credit Agreement in two equal tranches (the “Term Loan Facility”) to fund a portion of the cash consideration necessary for the CHP Merger. The Term Loan Facility is comprised of a three-year tranche that matures March 10, 2029 and a five-year tranche that matures March 10, 2031. The Term Loan Facility is subject to a leverage-based pricing matrix between SOFR plus 1.30% margin and SOFR plus 1.95% margin, and is otherwise subject to the same guarantees and security provisions, events of default, corporate covenants and borrowing base availability requirements of the New Revolving Credit Facility. The Company entered into a SOFR-based interest rate cap (“IRC”) to reduce exposure to the variable interest rate fluctuations associated with the Term Loan Facility. The IRC has a total cost of \$0.6 million, an aggregate notional amount of \$262.5 million, a 36-month term and an interest rate of 4.50%. Upon consummation of the CHP Merger, the \$150.0 million Revolving Credit Facility was replaced with the new \$405.0 million revolving credit facility under the A&R Credit Agreement. The A&R Credit Agreement has a \$320.0 million accordion feature to provide for future liquidity needs of the Company. See “[Note 2—CHP Merger](#)” in the Notes to Consolidated Financial Statements.

Bridge Loan Agreement

In order to fund the remaining portion of the cash consideration required for the CHP Merger, the Company obtained a debt commitment letter in an aggregate amount of \$900.0 million for a 364-day senior secured bridge loan (the “Bridge Facility”), which was reduced to \$270.0 million in connection with the entry into A&R Credit Agreement. On March 10, 2026, the Company incurred \$270.0 million of loans under the Bridge Facility to fund a portion of the cash consideration for the CHP Merger. The Bridge Facility matures on March 9, 2027 and is subject to a leverage-based pricing matrix between SOFR plus 1.35% margin and SOFR plus 2.00% margin. The Company entered into a SOFR-based IRC to reduce exposure to the variable interest rate fluctuations associated with the Bridge Facility. The IRC has a total cost of \$35 thousand, an aggregate notional amount of \$270.0 million, a 12-month term and an interest rate of 4.25%. The Bridge Facility is subject to the same guarantees and security provisions, events of default, corporate covenants and borrowing base availability requirements as the A&R Credit Agreement.

2025 Ally Term Loan

On August 7, 2025, the Company entered into a senior secured term loan of \$137.0 million (“2025 Ally Term Loan”) with Ally Bank (“Ally”) with a closing fee of 0.75%, or \$1.0 million. The 2025 Ally Term Loan amended and restated the Company’s then-existing term loan with Ally, dated as of March 10, 2022, as amended. The amendment resulted in the removal of one lender from the loan commitment. Following this amendment, only one lender remains under the facility. The 2025 Ally Term Loan allowed for an initial term loan advance on the closing date of \$122.0 million secured by 19 communities, which included 18 communities under the then-existing Ally term loan agreement, as well as the Alpharetta community the Company

acquired in June 2025. Two additional draws of \$7.5 million each will become available if the Company achieves certain debt yields and debt service coverages ratios. The 2025 Ally Term Loan has a 36-month maturity date and a variable interest rate of one-month SOFR plus a 2.65% margin (subject to a performance-based step-down to a 2.45% margin). As of December 31, 2025, the Company has \$122.0 million outstanding under the 2025 Ally Term Loan, which has a maturity date of August 2028. The Company has the ability to request an increase in the term loan up to \$40.0 million to finance additional properties subject to lender due diligence, review and approval.

2025 and 2024 Community Mortgage Loans

On May 30, 2025, the Company acquired one senior living community located in Tarpon Springs, Florida. The Company mortgaged the property with a \$9.0 million interest-only loan, which has a term of 36 months, plus two 12-month extensions at the Company's option subject to the Company meeting certain financial conditions. The interest rate is based on SOFR plus applicable margins ranging from 0.0% to 3.0%.

On December 31, 2024, as part of the Cincinnati Acquisition, the Company entered into a non-recourse mortgage loan of \$18.3 million for a term of 84-months and 24-month interest waiver with a 3% fixed-interest-only rate thereafter.

In May 2024, as part of the Macedonia Acquisition, the Company entered into a \$9.4 million mortgage loan with a 60-month term and a variable interest rate equal to 1-month SOFR plus 2.00% margin. The Company is not required to make scheduled principal payments for the first 36 months. The Company also entered into a SOFR-based IRC to reduce exposure to the variable interest rate fluctuations associated with the new mortgage. The total cost of the IRC was \$0.2 million and has an aggregate notional amount of \$9.4 million. The IRC has a 24-month term and caps SOFR at 6.00% from May 9, 2024 through May 1, 2026 with respect to such variable rate indebtedness.

2024 Fannie Mae Loan Modifications

In December 2024, the Company and certain of its subsidiaries entered into an Omnibus Amendment to Multifamily Loan and Security Agreements (the "Omnibus Amendment") with Federal National Mortgage Association ("Fannie Mae"). The Omnibus Amendment amended the terms of each of the loan agreements (each, a "2024 Loan Agreement" and collectively, the "2024 Loan Agreements") relating to 18 of the Company's 37 senior living communities encumbered by mortgage agreements with Fannie Mae to, among other things, extended the maturity dates of each 2024 Loan Agreement from December 1, 2026 to January 1, 2029 in exchange for \$10 million of scheduled principal paydowns on the 2024 Loan Agreements. The Company has made \$4 million in principal payments as of December 31, 2025 and is scheduled to pay \$3 million on each of November 2026 and November 2027 to Fannie Mae.

Texas Loan Modification

In August 2024, the Company entered into loan modification agreements ("Texas Loan Modification") with one of its lenders on two owned communities in Texas, pursuant to which, among other things, the Company received an option to make a discounted payoff ("Texas DPO") of the outstanding loan principal. On November 1, 2024, the Company paid \$18.3 million for the Texas DPO which was financed with funds received from our Revolving Credit Facility. The Texas DPO represents a discount of 36% on the total principal outstanding for which the Company recognized a gain on debt extinguishment of \$10.4 million for the year ended December 31, 2024.

2024 Loan Purchase and Ally Loan Expansion

During 2024, we entered into an agreement with one of our previous lenders whereby the Company agreed to purchase the outstanding indebtedness it owed to such lender for a purchase price of \$40.2 million (plus the reimbursement of certain amounts advanced to the Company by such lender). In February 2024, the Company completed the purchase of the total outstanding principal balance of \$74.4 million from the lender which loans were secured by seven of the Company's senior living communities (such transaction, the "2024 Loan Purchase"). The 2024 Loan Purchase was funded by the concurrent expansion of the Company's existing loan facility with Ally by \$24.8 million and the remainder was funded by proceeds from the 2024 Private Placement, as described below. The 2024 Loan Purchase and Ally Term Loan expansion reduced notes payable by \$49.6 million and resulted in a gain on debt extinguishment totaling \$38.1 million for the year ended December 31, 2024. The Company incurred deferred loan costs of \$0.5 million as part of the Ally financing which are being amortized over the loan term. As part of the Ally loan expansion, the Company expanded its then-existing interest rate cap to include the additional loan obligation at a cost of \$0.6 million. The expanded Ally debt facility was secured by six of the Company's senior living communities involved in the 2024 Loan Purchase.

Notes Payable - Consolidated VIE

In connection with the purchase of the Palatine JVs in July 2024, the Palatine JV assumed \$21.7 million of mortgage debt with several lenders. As of December 31, 2025, the mortgages have a weighted average interest rate of 6.6% and have terms ranging from 2026 through 2029. As of December 31, 2025, \$21.7 million relating to this debt assumed through acquisitions, remained outstanding. These purchases are non-cash financing activities and therefore are not reflected within Capital expenditures in our consolidated statements of cash flows. The Company amended \$13.5 million of the Palatine JV mortgage debt with one lender and extended the maturity to April 1, 2027.

In addition, one of the affiliates in the Palatine JVs entered into a SOFR-based IRC to reduce exposure to the variable interest rate fluctuations associated with one of the mortgages at a cost of \$0.1 million.

Conversion of Series A Preferred Stock and Warrant Extension

On March 11, 2026, in order to induce the immediate full conversion of the Series A Preferred Stock, the Company entered into an agreement with the Conversant Preferred Investors. Pursuant to the agreement, the conversion price of the Series A Preferred Stock was decreased from \$40.00 per share of common stock to \$32.00 per share of common stock, the expiration date of all of the outstanding warrants issued on November 3, 2021 was extended from November 3, 2026 to November 3, 2027, and the Company made a onetime payment to the Conversant Preferred Investors totaling \$4.7 million in the aggregate. In addition, the Company paid the Conversant Preferred Investors \$1.1 million, in the aggregate, for accrued but unpaid dividends through March 11, 2026. On March 11, 2026, all of the outstanding shares of Series A Preferred Stock were converted into 1,601,505 shares of common stock.

Public Offering

In August 2024, the Company entered into an underwriting agreement providing for the offer and sale (the "2024 Offering") by the Company, and the purchase by the underwriters, of 4,300,000 shares of the Company's common stock, at a price to the public of \$27.00 per share. The Company also granted a 30-day option to the underwriters to purchase up to an additional 645,000 shares of common stock on the same terms as above. During August 2024, the Company raised \$124.1 million in total net proceeds from the 2024 Offering: an initial \$110.4 million of proceeds on the sale of 4,300,000 shares and an additional \$13.7 million on 530,317 shares, pursuant to the partial exercise of the underwriters' 30-day option.

At-the-Market Equity Offerings

In April 2024, the Company entered into an At-the-Market Issuance Sales Agreement (the "ATM Sales Agreement") with Mizuho Securities USA LLC, as sole sales agent. Pursuant to the ATM Sales Agreement in which the Company may sell, at its option, shares of its common stock up to an aggregate offering price of \$75.0 million (the "Shares") through its Agent. The ATM Sales Agreement provides that the Mizuho will be entitled to receive a commission of up to 3% of the gross proceeds from the sale of the shares in a transaction.

During 2024, the Company sold an aggregate of 667,502 shares pursuant to the ATM Sales Agreement for net proceeds of \$18.7 million, after applicable commissions and offering costs.

2024 Private Placement Transaction

In February 2024, the Company entered into a securities purchase agreement with affiliates of Conversant Capital, LLC and several other shareholders (together, the "Investors"), pursuant to which the Investors agreed to purchase from the Company, and the Company agreed to sell to the Investors, in a private placement transaction (the "2024 Private Placement"), an aggregate of 5,026,318 shares of the Company's common stock at a price of \$9.50 per share. The 2024 Private Placement occurred in two tranches. The first tranche occurred in February 2024, at which time 3,350,878 shares of common stock were issued and sold to the Investors for \$31.8 million. The second tranche occurred in March 2024, at which time 1,675,440 shares of common stock were issued and sold to the Investors for \$15.9 million. The Company used a portion of the proceeds from the first closing of the 2024 Private Placement to fund a portion of the cash purchase price for the 2024 Loan Purchase.

Management Services

The Company has property management agreements with third parties and its joint ventures pursuant to which the Company manages certain communities on their behalf for a management fee based on gross revenues of the applicable communities, as well as, in some cases, an incentive management fee and on other customary terms and conditions. The Company managed 12 and 13 communities on behalf of a third party during the years ended December 31, 2025 and 2024, respectively. The Company managed four communities on behalf of an unconsolidated joint venture and four communities of consolidated joint ventures during the years ending December 31, 2025 and 2024.

Critical Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the accompanying financial statements and related notes. Management bases its estimates and assumptions on historical experience, observance of industry trends and various other sources of information and factors, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates. Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties, and potentially could result in materially different results under different assumptions and conditions. The Company believes the following are our most critical accounting policies and/or typically require management's most difficult, subjective, and complex judgments.

Acquisitions of Senior Living Communities

Upon the acquisition of new senior living communities, we recognize the assets acquired and the liabilities assumed as of the acquisition date, measured at their relative fair values using Level 2 inputs at the date of acquisition including replacement costs and market data, as well as Level 3 inputs at the date of acquisition. There is judgment involved when determining the fair value of land and building values, including the selection of key assumptions in the valuation models based on estimated replacement costs, market data, and capitalization rates, which are primarily unobservable inputs. We have estimated the value and economic lives of certain tangible assets based on historical information, industry estimates and averages, which are used to calculate depreciation and amortization expense. If the subsequent actual results and updated projections of the underlying business activity change, compared with the assumptions and projections used to develop these values, we could experience impairment charges. If our estimates of the economic lives change, depreciation or amortization expense could be accelerated or extended. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates.

Long-Lived Assets and Impairment

The Company continuously reviews the carrying value of its property and equipment to determine if facts and circumstances suggest that they may be impaired or that the depreciation period may need to be changed. The Company considers internal factors such as net operating losses along with external factors relating to each asset, including contract changes, local market developments, and other publicly available information to determine whether impairment indicators exist. If an indicator of impairment is identified, recoverability of an asset group is assessed by comparing its carrying amount to the estimated future undiscounted net cash flows expected to be generated by the asset group through operation or disposition, calculated utilizing the lowest level of identifiable cash flows. If this comparison indicates that the carrying amount of an asset group is not recoverable, we estimate fair value of the asset group and record an impairment loss when the carrying amount exceeds fair value.

To estimate fair value management makes several estimates and assumptions, including, but not limited to, the projected date of disposition, estimated sales price, future cash flows of each property during our estimated holding period, and estimated capitalization rates. We corroborate the estimated capitalization rates we use in these calculations with capitalization rates observable from recent market transactions. If our analysis or assumptions regarding the projected cash flows expected to result from the use and eventual disposition of our properties change, we incur additional costs and expenses during the holding period, or our expected hold periods change, we may incur future impairment losses. The Company recognized a non-cash impairment charge of \$12.5 million to its "Property and equipment, net" during the year ended December 31, 2025 which related to four owned communities. Due to recurring net operating losses, the Company concluded the assets related to three of the communities had indicators of impairment and the carrying value was not recoverable. With respect to a fourth community, the Company adjusted the carrying value of the community and classified it as held for sale at its fair value, net of estimated disposal costs. There were no impairments on long-lived assets during the year ended December 31, 2024.

New Accounting Pronouncements

See “[Note 3—Summary of Significant Accounting Policies](#)” in the Notes to Consolidated Financial Statements for a discussion of new accounting pronouncements.

Results of Operations

We use the operating measures described below in connection with operating and managing our business and reporting our results of operations.

Same-Store/Same-Store Community Portfolio is defined by the Company as communities that are consolidated, wholly or partially owned, and operational for the full year in each year beginning as of January 1st of the prior year. Consolidated communities excluded from the same-store community portfolio include the Acquisition Community Portfolio, Repositioning Portfolio, and certain communities that have experienced a casualty event that has significantly impacted their operations. Management uses same-store community operating results and data for decision making and components of executive compensation, and we believe such results and data provide useful information to investors, because it enables comparisons of revenue, expense, and other operating measures for a consistent portfolio over time without giving effect to the impacts of communities that were not consolidated and operational for the comparison periods, or communities acquired or disposed during the comparison periods (or planned for disposition).

Acquisition Community Portfolio is defined by the Company as communities that are wholly or partially owned, acquired in the current year or prior comparison year, and are not operational in both comparison years. An operational community is defined as a community that has maintained its certificate of occupancy and has made at least 80% of its wholly owned or partially owned units available for five consecutive quarters.

Repositioning Portfolio is defined by the Company as communities that are wholly or partially owned, and have recently undergone or are undergoing strategic repositioning as a result of significant changes in the Company's business model, care offerings, and/or capital re-investment plans, that in each case, have disrupted, or are expected to disrupt, normal course operations. These communities will be included in the Same-Store Community Portfolio once operating under normal course operating structures for the full year in each year beginning as of January 1st of the prior year.

Community Operating Expense is a financial measure not calculated in accordance with GAAP. It is defined by the Company as community operating expenses excluding casualty loss, non-recurring settlement fees, income tax and personal property tax. Please see “—Non-GAAP Financial Measures” below for more information.

RevPAR, or average monthly revenue per available unit, is defined by the Company as resident revenue for the period, divided by the weighted average number of available units in the corresponding portfolio for the period, divided by the number of months in the period. Our management uses RevPAR for decision making, and we believe the measure provides useful information to investors because the measure is an indicator of senior housing resident fee revenue performance that reflects the impact of both senior housing occupancy and rate.

RevPOR, or average monthly revenue per occupied unit, is defined by the Company as resident revenue for the period, divided by the weighted average number of occupied units in the corresponding portfolio for the period, divided by the number of months in the period. Our management uses RevPOR for decision making, and we believe the measure provides useful information to investors because it reflects the average amount of resident revenue we derive from an occupied unit per month without factoring occupancy rates. RevPOR is a significant driver of our senior housing revenue performance.

Weighted Average Occupancy reflects the percentage of units at our owned communities being utilized by residents over a reporting period. We measure occupancy rates on both a consolidated community portfolio basis and a same-store community portfolio basis. Our management uses weighted average occupancy, and we believe the measure provides useful information to investors because it is a significant driver of our resident revenue performance.

This section includes the non-GAAP performance measures Adjusted EBITDA, Community net operating income and Community operating expense. See “—Non-GAAP Financial Measures” below for our definition of these measures and other important information regarding such measures, including reconciliations to the most comparable measures in accordance with GAAP.

Summary Operating Results

Year Ended December 31, 2025 Compared to the Year Ended December 31, 2024

The following table summarizes our overall operating results for the years ended December 31, 2025 and 2024.

(in thousands)	Years Ended December 31,		Increase (Decrease)	
	2025	2024	\$	%
Net loss	\$ (72,492)	\$ (3,280)	\$ (69,212)	*
Resident revenue	331,957	267,849	64,108	23.9 %
Community operating expense	248,472	199,181	49,291	24.7 %
Community net operating income ¹	83,485	68,668	14,817	21.6 %
Adjusted EBITDA ¹	\$ 53,760	\$ 43,244	\$ 10,516	24.3 %

⁽¹⁾ See “—Non-GAAP Financial Measures.”

* Represents a percentage in excess of 100%.

The following table summarizes our consolidated data for the years ended December 31, 2025 and 2024, including operating results and data on a same-store community portfolio basis.

(in thousands, except communities, units, occupancy, RevPAR, and RevPOR)	Years Ended December 31,		Increase (Decrease)	
	2025	2024	\$	%
Resident revenue	\$ 331,957	\$ 267,849	\$ 64,108	23.9 %
Community operating expense ¹	248,472	199,181	49,291	24.7 %
Community net operating income	83,485	68,668	14,817	21.6 %
Number of communities owned (period end) ²	80	77	3	3.9 %
Total average units	6,999	6,092	907	14.9 %
RevPAR	\$ 3,952	\$ 3,664	\$ 288	7.9 %
Weighted average occupancy	84.7 %	85.3 %	(0.6)%	(0.7)%
RevPOR	\$ 4,665	\$ 4,295	\$ 370	8.6 %

(in thousands, except communities, units, occupancy, RevPAR, and RevPOR)	Years Ended December 31,		Increase (Decrease)	
	2025	2024	\$	%
<i>Same-Store Operating Results</i> ³				
Resident revenue	\$ 233,807	\$ 220,440	\$ 13,367	6.1 %
Community operating expense	168,655	160,091	8,564	5.3 %
Community net operating income	65,152	60,349	4,803	8.0 %
Number of communities owned (period end)	55	55	—	— %
Total average units	5,151	5,143	8	0.2 %
RevPAR	\$ 3,783	\$ 3,572	\$ 211	5.9 %
Weighted average occupancy	87.4 %	86.5 %	0.9 %	1.0 %
RevPOR	\$ 4,330	\$ 4,130	\$ 200	4.8 %

⁽¹⁾ Community operating expense for FY 2025 and FY 2024 excludes casualty loss, non-recurring settlement fees, income tax and personal property tax of \$4.7 million and \$2.8 million, respectively.

⁽²⁾ Excludes four unconsolidated communities for FY 2025 and FY 2024.

⁽³⁾ FY 2025 excludes four unconsolidated communities, six repositioning communities, and 19 newly acquired communities.

The increase in resident revenue was primarily attributable to an additional 19 operating communities acquired during 2025 and 2024, and a 5.9% increase in same-store RevPAR, comprised of a 4.8% increase in same-store portfolio RevPOR and a 90 basis point increase in same-store weighted average occupancy.

The increase in community operating expense was primarily attributable to an increase in operating expenses related to the 19 additional communities acquired during 2025 and 2024, and a 5.3% increase in same-store community operating expense primarily resulting from increases in labor, service contracts, utilities and other expense.

The increase in net loss was primarily attributable to \$12.5 million non-cash impairment charges to long-lived assets in 2025, the gain on extinguishment of debt in 2024 of \$48.5 million, an increase in transaction, transition and restructuring costs, and an increase in depreciation and amortization expense, partially offset by the increase in community net operating income.

The increase in Adjusted EBITDA was primarily attributable to new communities added during 2025 and 2024 and an increase in resident revenue, partially offset by the increase in community operating expense.

Expenses and Other

(in thousands)	Years Ended December 31,		Increase (Decrease)	
	2025	2024	\$	%
Management fee revenue	\$ 4,431	\$ 3,381	\$ 1,050	31.1 %
General and administrative expense	39,851	34,123	5,728	16.8 %
Transaction, transition and restructuring costs	16,231	5,874	10,357	*
Depreciation and amortization expense	56,768	44,051	12,717	28.9 %
Long-lived asset impairment	12,525	—	12,525	*
Interest expense	(38,635)	(36,990)	(1,645)	4.4 %
Gain on extinguishment of debt	—	48,536	(48,536)	*
Other income (expense), net	\$ 7,948	\$ (540)	\$ 8,488	*

* Represents a percentage in excess of 100%.

General and administrative expense for the year ended December 31, 2025 increased as compared to the year ended December 31, 2024, primarily due to a result of an increase in labor and employee related expenses to support the Company's 2025 and 2024 acquisitions.

Transaction, transition and restructuring costs increased for the year ended December 31, 2025 compared to the year ended December 31, 2024. The costs include legal, audit, and other costs to support the Company's CHP transaction, recent debt restructuring, and investments by the Company.

Depreciation increased for the year ended December 31, 2025 as compared to the year ended December 31, 2024, primarily due to the additional communities acquired in 2024 and 2025, and an increase in capital expenditures.

During the year ended December 31, 2025, the Company recorded non-cash impairment charges of \$12.5 million to property and equipment, net, of which \$4.7 million was to adjust the carrying value of a community classified as held for sale to its fair value, net of estimated disposal costs, and \$7.8 million was related to three owned communities with decreased cash flow estimates as a result of recurring net operating losses.

Gain on extinguishment of debt for the year ended December 31, 2024 was \$48.5 million related to the derecognition of notes payable and accrued liabilities as a result of a loan purchase and discounted loan payoff from two of its lenders.

The increase in other income (expense), net for the year ended December 31, 2025 as compared to the year ended December 31, 2024, included \$10.7 million recognized for gross employee retention credits ("ERC") received from the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") funding for businesses that had certain employee costs and were affected by the coronavirus pandemic. This increase was offset by \$2.2 million in integration costs of the communities related to the Company's recent acquisitions.

Liquidity and Capital Resources

In addition to approximately \$11.0 million of unrestricted cash balance as of December 31, 2025, our future liquidity will depend in part upon our operating performance, which will be affected by prevailing economic conditions, and financial,

business and other factors, some of which are beyond our control. Principal sources of liquidity are expected to be cash flows from operations, proceeds from our A&R Credit Agreement, proceeds from debt financings, refinancings or loan modifications, and proceeds from equity offerings. These transactions are expected to provide additional financial flexibility to us and increase our liquidity position. On March 11, 2026, the holders of all of the outstanding shares of Series A Preferred Stock converted all of such shares to shares of our common stock. As a result, dividends will no longer be payable on any shares of Series A Preferred Stock. See “[Note 2–CHP Merger](#)”, “[Note 9–Debt](#)”, “[Note 10–Securities Financing](#)”, and “[Note 20–Subsequent Events](#)” in the Notes to Consolidated Financial Statements.

The Company, from time to time, considers and evaluates financial and capital raising transactions related to its portfolio, including debt financings and refinancings, purchases and sales of assets, equity offerings and other transactions. There can be no assurance that the Company will continue to generate cash flows at or above current levels, or that the Company will be able to obtain the capital necessary to meet the Company’s short- and long-term capital requirements.

We will need to refinance all or a portion of our indebtedness on or before maturity, including the \$270.0 million Bridge Facility that will mature in March 2027. We expect to repay the Bridge Facility in 2026 with the net proceeds of additional financing transactions secured by certain of the CHP properties, including any property-level agency or mortgage financing. We cannot assure you that we will be able to refinance any of our indebtedness on attractive terms on or before maturity or on commercially reasonable terms or at all.

Recent changes in the current economic environment, and other future changes, could result in decreases in the fair value of assets, slowing of transactions, and the tightening of liquidity and credit markets. These impacts could make securing debt or refinancings for the Company or buyers of the Company’s properties more difficult or on terms not acceptable to the Company. The Company’s actual liquidity and capital funding requirements depend on numerous factors, including its operating results, its capital expenditures for community investment, and general economic conditions, as well as other factors described in “Item 1A. Risk Factors.”

In summary, the Company’s cash flows were as follows (in thousands):

	Years Ended December 31,		\$ Change
	2025	2024	
Net cash provided by (used in) operating activities	\$ 24,364	\$ (1,782)	\$ 26,146
Net cash used in investing activities	(70,687)	(208,923)	\$ 138,236
Net cash provided by financing activities	37,508	232,042	(194,534)
Increase (decrease) in cash and cash equivalents	\$ (8,815)	\$ 21,337	\$ (30,152)

Operating activities

Net cash provided by operating activities for the year ended December 31, 2025 was \$24.4 million as compared to net cash used by operating activities of \$1.8 million for the year ended December 31, 2024. The change of \$26.1 million is primarily due to the timing of collections of accounts receivable and settlement of accounts payable and accrued expenses during the year ended December 31, 2025 compared to the prior year.

Investing activities

The net cash used in investing activities for the year ended December 31, 2025 was \$70.7 million primarily due to \$38.2 million for acquisitions of new communities and \$33.3 million due to ongoing capital improvements and refurbishments, partially offset by a return of investment of \$0.8 million in our unconsolidated entity. The net cash used in investing activities for the year ended December 31, 2024 was primarily due to \$172.5 million for acquisitions of new communities, ongoing capital improvements and refurbishments of \$25.2 million, and \$22.4 million in investments in unconsolidated entities, partially offset by a return on investment of \$10.6 million in our unconsolidated entities in connection with its subsequent financing.

Financing activities

The net cash provided by financing activities for the year ended December 31, 2025 of \$37.5 million was primarily due to proceeds from our Revolving Credit Facility of \$49.6 million and proceeds of \$18.1 million from notes payable, partially offset by repayments of our Revolving Credit Facility of \$14.5 million, repayments of notes payable of \$8.4 million, dividends paid of \$5.6 million, and deferred loan costs paid of \$1.2 million. The net cash provided by financing activities for the year ended December 31, 2024 of \$232.0 million was primarily due to net proceeds from the issuance of common stock of \$190.5 million, proceeds from our Revolving Credit Facility of \$68.7 million, proceeds of \$56.0 million from notes payable, and proceeds from noncontrolling investors of \$7.8 million, partially offset by repayments of notes payable of \$72.0 million, repayments of our Revolving Credit Facility of \$8.7 million, deferred loan costs paid of \$3.7 million, purchase of derivative assets of \$3.3 million, and dividends paid of \$2.8 million. See “[Note 9–Debt](#)” and “[Note 10–Securities Financing](#)” in the Notes to Consolidated Financial Statements.

Non-GAAP Financial Measures

Community Net Operating Income and Net Operating Income Margin

Community Net Operating Income and Net Operating Income Margin are non-GAAP performance measures that the Company defines as net income (loss) excluding: general and administrative expenses (inclusive of stock-based compensation expense), interest income, interest expense, other income (expense), provision for income taxes, management fees, and further adjusted to exclude income/expense associated with non-cash, non-operational, transactional, or organizational restructuring items that management does not consider as part of the Company’s underlying core operating performance and that management believes impact the comparability of performance between periods. For the periods presented herein, such other items include depreciation and amortization expense, long-lived asset impairment, transaction, transition and restructuring costs, gain on extinguishment of debt, loss from equity method investment, casualty loss, non-recurring settlement fees, income tax, and personal property tax. Net Operating Income Margin is calculated by dividing Net Operating Income by resident revenue. The Company presents these non-GAAP measures on a consolidated community and same-store community basis.

The following table presents a reconciliation of the Non-GAAP Financial Measures of Net Operating Income and Net Operating Income Margin, in each case, on a consolidated community and same-store community basis to the most directly comparable GAAP financial measure of net loss for the periods indicated:

(Dollars in thousands)

	Years Ended December 31,	
	2025	2024
Same-store community net operating income⁽¹⁾		
Net loss	\$ (72,492)	\$ (3,280)
General and administrative expense	39,851	34,123
Transaction, transition and restructuring costs	16,231	5,874
Depreciation and amortization expense	56,768	44,051
Long-lived asset impairment	12,525	—
Interest income	(2,103)	(1,681)
Interest expense	38,635	36,990
Gain on extinguishment of debt, net	—	(48,536)
Loss from equity method investment	1,370	895
Other (income) expense, net	(7,948)	540
Provision for income taxes	330	239
Management fees	(4,431)	(3,381)
Other operating expenses ⁽²⁾	4,749	2,834
Consolidated community net operating income	83,485	68,668
Net operating income for non same-store communities ⁽¹⁾	(18,333)	(8,319)
Same-store community net operating income	65,152	60,349
Resident revenue	331,957	267,849
Resident revenue for non same-store communities ⁽¹⁾	98,150	47,409
Same-store community resident revenue	\$ 233,807	\$ 220,440
Same-store community net operating income	65,152	60,349
Same-store community net operating income margin	27.9 %	27.4 %

⁽¹⁾ YTD 2025 excludes 3 and 16 senior living consolidated communities acquired by the Company in 2025 and 2024, respectively and the 6 Repositioning communities. YTD 2024 excludes 16 senior living consolidated communities acquired by the Company in 2024 and the 6 Repositioning communities.

⁽²⁾ Includes casualty loss, non-recurring settlement fees, income tax and personal property tax.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP performance measure that the Company defines as net income (loss) excluding: depreciation and amortization expense, interest income, interest expense, other expense/income, provision for income taxes; and further adjusted to exclude income/expense associated with non-cash, non-operational, transactional, or organizational restructuring items that management does not consider as part of the Company's underlying core operating performance and that management believes impact the comparability of performance between periods. For the periods presented herein, such other items include stock-based compensation expense, provision for credit losses, impairments for long-lived assets, gain on extinguishment of debt, casualty losses, and transaction, transition and restructuring costs.

The following table presents a reconciliation of the non-GAAP financial measures of Adjusted EBITDA to the most directly comparable GAAP financial measure of net loss for the periods indicated:

(In thousands)	Years Ended December 31,	
	2025	2024
Adjusted EBITDA		
Net loss	\$ (72,492)	\$ (3,280)
Depreciation and amortization expense	56,768	44,051
Stock-based compensation expense	5,049	4,369
Provision for credit losses	3,329	2,596
Interest income	(2,103)	(1,681)
Interest expense	38,635	36,990
Long-lived asset impairment	12,525	—
Gain on extinguishment of debt, net	—	(48,536)
Other (income) expense, net	(7,948)	540
Provision for income taxes	330	239
Casualty losses ⁽¹⁾	3,436	2,082
Transaction, transition and restructuring costs ⁽²⁾	16,231	5,874
Adjusted EBITDA	\$ 53,760	\$ 43,244

⁽¹⁾ Casualty losses relate to non-recurring insured claims for unexpected events.

⁽²⁾ Transaction, transition and restructuring costs relate to legal and professional fees incurred for transactions, restructuring projects, or related projects, primarily related to the CHP transaction during 2025.

Debt Covenants

Certain of our debt agreements contain restrictions and financial covenants, such as those requiring us to maintain prescribed minimum debt service coverage ratios, in each case on a multi-community basis. The debt service coverage ratios are generally calculated as revenues less operating expenses, including an implied management fee, divided by the debt (principal and interest). Furthermore, our debt is secured by our communities and if an event of default has occurred under any of our debt, subject to cure provisions in certain instances, the respective lender would have the right to declare all of the related outstanding amounts of indebtedness immediately due and payable, to foreclose on our mortgaged communities and/or pursue other remedies available to such lender. We cannot provide assurance that we would be able to pay the debts if they became due upon acceleration following an event of default.

The Company was in compliance with all financial covenants of its outstanding indebtedness as of December 31, 2025.

Other Liquidity Factors

The continuation of the currently elevated inflationary environment could affect the Company's future revenues and results of operations because of, among other things, the Company's dependence on senior residents, many of whom rely primarily on fixed incomes to pay for the Company's services. As a result, during inflationary periods, the Company may not be able to increase resident revenues to account fully for increased operating expenses. In structuring its fees, the Company attempts to anticipate inflation levels, but there can be no assurances that the Company will be able to anticipate fully or otherwise respond to any future inflationary pressures.

Our non-labor operating expenses have historically comprised of approximately one-third of our total operating expenses and are subject to inflationary pressures. The United States consumer price index increased 2.8% during 2025, as compared to an increase of 2.9% in 2024. We mitigated a portion of the increase in food costs with the scale benefit of a higher number of residents, along with appropriate product substitution. For 2025 our non-labor operating expense on the same-store communities increased 3.5% as compared to the prior year. For 2026, we expect to continue to experience increases tied in to overall inflationary pacing.

Historically, labor costs have comprised of approximately two-thirds of our total operating expenses. We began to experience pressures associated with the intensely competitive labor environment during 2022, which continued throughout 2024 and 2025. Labor pressures have resulted in higher-than-typical associate turnover and wage growth, and we have experienced difficulty in filling open positions timely. To cover existing open positions, during 2024 and continuing into 2025, we needed to rely on more expensive premium labor, primarily shift bonuses and overtime. The increase primarily resulted

from merit and market wage rate adjustments, more hours worked with higher occupancy during 2025, and an increase in the use of premium labor, consisting primarily of shift bonuses and overtime. For 2026, we expect to continue to experience labor cost pressures as a result of the continuing labor conditions previously described and an anticipated increase in hours worked as our occupancy levels grow. Continued increased competition for, or a shortage of, nurses and other employees and general inflationary pressures have required and may require that we enhance our pay and benefits package to compete effectively for such employees.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The consolidated financial statements of the Company are included in Item 15 of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

The Company had no disagreements on accounting or financial disclosure matters with its independent accountants to report under this Item 9.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Principal Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to the Company's management, including the Chief Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Based upon the controls evaluation, the Company's Chief Executive Officer and Principal Financial Officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective.

Management's Report on Internal Control Over Financial Reporting

Management of the Company, including the Chief Executive Officer and the Principal Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) under the Exchange Act. The Company's internal controls were designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair presentation of published financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2025. In making this assessment, management used the criteria set forth in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment, we believe that, as of December 31, 2025, the Company's internal control over financial reporting is effective based on those criteria.

As permitted by guidance issued by the SEC that an assessment of internal control over financial reporting of a recently acquired business may be omitted from management's evaluation of disclosure controls and procedures, management excluded an assessment of the internal controls of the following 2025 acquisitions from its evaluation of the effectiveness of our

disclosure controls and procedures. We are in the process of integrating these acquisitions into our system of internal control over financial reporting.

- East Lake Acquisition purchased in May 2025 and represented 1% of our consolidated total assets and 1% of total revenues for the year ended December 31, 2025.
- Alpharetta Acquisition purchased in June 2025 and represented 1% of our consolidated total assets and 1% of total revenues for the year ended December 31, 2025.
- Jasper Acquisition purchased in September 2025 and represented 2% of consolidated total assets and 1% of total revenues for the year ended December 31, 2025.

Remediation of Previously Reported Material Weaknesses

As previously reported in Item 9A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, management had concluded the Company had a material weakness in internal control over financial reporting, specific to the Company's system user access controls for certain financial systems, including provisioning and user access review, which were not operating effectively. Moreover, the lack of effective user access controls caused insufficient restriction of user and privileged access to our payroll system and data, resulting in a lack of segregation of duties for certain user roles. These control deficiencies could have resulted in a material misstatement of our accounts or disclosures that would not be prevented or detected on a timely basis, and accordingly, we determined that these control deficiencies in aggregate constituted a material weakness. To remediate the material weakness, during the fiscal year ended December 31, 2025, we:

- Established a project team to review, evaluate and remediate the material weakness.
- Retained a third-party firm to validate the design of newly implemented controls to remediate the material weakness.
- Restricted user and privileged access to our payroll system to ensure appropriate segregation of duties.
- Further implemented single sign-on user access for key financial systems.
- Enhanced key financial system user access reviews to ensure the completeness and accuracy of users.
- Further reviewed our system user access controls and implemented additional review controls as deemed necessary.

During the three months ended December 31, 2025, the Company completed its testing of the operating effectiveness of internal controls impacted by these remediation efforts and determined that the material weakness has been effectively remediated as of December 31, 2025.

Changes In Internal Control Over Financial Reporting

Other than those implemented to address the material weakness as described above, there have been no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2025, that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Sonida Senior Living, Inc.
Dallas, Texas

Opinion on Internal Control over Financial Reporting

We have audited Sonida Senior Living, Inc.'s (the "Company's") internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2025 and 2024, the related consolidated statements of operations, comprehensive loss, shareholders' equity (deficit), and cash flows for each of the years then ended, and the related notes and our report dated March 12, 2026, expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

As indicated in the accompanying Item 9A, Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the East Lake Acquisition, which was acquired in May 2025, the Alpharetta Acquisition, which was acquired in June 2025, and the Jasper Acquisition, which was acquired in September 2025, and which are included in the consolidated balance sheet of the Company as of December 31, 2025, and the related consolidated statements of operations, comprehensive loss, shareholders' equity (deficit), and cash flows for the year then ended. The East Lake Acquisition constituted 1% of total assets as of December 31, 2025 and 1% of total revenues for the year then ended. The Alpharetta Acquisition constituted 1% of total assets as of December 31, 2025 and 1% of total revenues for the year then ended. The Jasper Acquisition constituted 2% of total assets as of December 31, 2025 and 1% of total revenues for the year then ended. Management did not assess the effectiveness of internal control over financial reporting of these acquisitions. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of these acquisitions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ BDO USA, P.C.

Dallas, Texas

March 12, 2026

ITEM 9B. OTHER INFORMATION.

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required by this Item 10 is incorporated by reference to the information under the headings “Election of Directors,” “Board of Directors and Committees,” “Executive Officers,” and “General” in our definitive proxy statement, which will be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2025 in connection with our 2026 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION.

The information required under Item 11 is incorporated herein by reference to the information under the headings “Executive Compensation Tables” and “2025 Director Compensation” in our definitive proxy statement, which will be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2025 in connection with our 2026 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required under Item 12 is incorporated herein by reference to the information under the headings “Principal Stockholders and Stock Ownership of Management” and “Equity Compensation Plan Information” in our definitive proxy statement, which will be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2025 in connection with our 2026 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required under Item 13 is incorporated herein by reference to the information under the headings “Certain Relationships and Related Person Transactions” and “Board of Directors and Committees” in our definitive proxy statement, which will be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2025 in connection with our 2026 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information required under Item 14 is incorporated herein by reference to the information under the heading “Fees Paid to Independent Auditors” in our definitive proxy statement, which will be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2025 in connection with our 2026 Annual Meeting of Stockholders.

PART IV

ITEM 15. EXHIBITS, AND FINANCIAL STATEMENT SCHEDULES.

The following documents are filed as part of this Annual Report on Form 10-K:

(5) Financial Statements:

The response to this portion of Item 15 is submitted as a separate section of this Annual Report on Form 10-K. See “Index to Financial Statements” at page F-1.

(2) Financial Statement Schedules:

All schedules have been omitted as the required information is inapplicable or the information is presented in the financial statements or related notes.

(3) Exhibits:

The following documents are filed as a part of this Annual Report on Form 10-K. Those exhibits previously filed and incorporated herein by reference are identified below. Exhibits not required for this Annual Report on Form 10-K have been omitted.

Exhibit Number	Description
2.1†	Agreement and Plan of Merger, dated as of November 4, 2025, by and among Sonida Senior Living, Inc., Sparti Merger Sub, Inc., SSL Sparti LLC, CHP Merger Corp. and CNL Healthcare Properties, Inc. (Incorporated by reference to Exhibit 2.1 to the Company’s Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on November 5, 2025.)
3.1	Second Restated Certificate of Incorporation of the Registrant (Incorporated by reference to Exhibit 3.3 to the Company’s Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on March 11, 2026.)
3.2	Second Amended and Restated Bylaws of the Registrant (Incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on March 8, 2013.)
3.3	Amendment to the Second Amended and Restated Bylaws of the Registrant (Incorporated by reference to Exhibit 3.2 to the Company’s Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on November 10, 2021.)
3.4	Second Amendment to the Second Amended and Restated Bylaws of the Registrant (Incorporated by Reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on March 26, 2024.)
3.5	Third Amendment to the Second Amended and Restated Bylaws of the Registrant (Incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on December 16, 2025.)
4.1†	2007 Omnibus Stock and Incentive Plan for Capital Senior Living Corporation (Incorporated by reference to Exhibit 4.6 to the Company’s Registration Statement on Form S-8 filed by the Company with the Securities and Exchange Commission on May 31, 2007.)
4.2†	First Amendment to 2007 Omnibus Stock and Incentive Plan for Capital Senior Living Corporation (Incorporated by reference to Exhibit 4.7 to the Company’s Registration Statement on Form S-8 filed by the Company with the Securities and Exchange Commission on May 31, 2007.)
4.3†	Amended and Restated Second Amendment to the 2007 Omnibus Stock and Incentive Plan for Capital Senior Living Corporation, as amended (Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on May 22, 2015.)
4.4†	2019 Omnibus Stock and Incentive Plan for Capital Senior Living Corporation (Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on May 15, 2019.)
4.5†	Amendment No. 1 to the 2019 Omnibus Stock and Incentive Plan for Capital Senior Living Corporation (Incorporated by reference to Exhibit 10.4 to the Company’s Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on November 4, 2021.)
4.6†	Amendment No. 2 to Sonida Senior Living, Inc. 2019 Omnibus Stock and Incentive Plan, as amended, (Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on January 28, 2022.)

4.7†	Amendment No. 3 to Sonida Senior Living, Inc. 2019 Omnibus Stock and Incentive Plan, as amended. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on June 16, 2023.)
4.8†	Amendment No. 4 to Sonida Senior Living, Inc. 2019 Omnibus Stock and Incentive Plan, as amended (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 7, 2024.)
4.9*	Description of the Company's securities.
10.1	Investment Agreement, dated as of November 4, 2025, by and among Sonida Senior Living, Inc. and Conversant PIF Aggregator A LP, CPIF Sparti SAF, L.P., Conversant Dallas Parkway (A) LP and CPIF K Co-Invest SPT A, L.P. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on November 5, 2025.)
10.2	Investment Agreement, dated as of November 4, 2025, by and between Sonida Senior Living, Inc. and Silk Partners, LP (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on November 5, 2025.)
10.3	Amended and Restated Investor Rights Agreement, dated as of March 10, 2026, by and among Sonida Senior Living, Inc., Conversant Dallas Parkway (A) LP, Conversant Dallas Parkway (B) LP, Conversant Dallas Parkway (D) LP, Conversant Dallas Parkway (F) LP, Conversant PIF Aggregator A LP, CPIF Sparti SAF, L.P., CPIF K Co-Invest SPT A, L.P., and Silk Partners, LP (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on March 11, 2026.)
10.4	Amended and Restated Registration Rights Agreement, dated as of March 10, 2026, by and among Sonida Senior Living, Inc., Conversant Dallas Parkway (A) LP, Conversant Dallas Parkway (B) LP, Conversant Dallas Parkway (D) LP, Conversant Dallas Parkway (F) LP, Conversant PIF Aggregator A LP, CPIF Sparti SAF, L.P., CPIF K Co-Invest SPT A, L.P., Silk Partners, LP, and PF Investors, LLC (Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on March 11, 2026.)
10.5	Warrant Agreement, dated as of November 3, 2021, by and among Capital Senior Living Corporation, Computershare Inc. and Computershare Trust Company, N.A. (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on November 4, 2021.)
10.6†	Form of Outside Director's Restricted Share Unit Award Under the 2007 Omnibus Stock and Incentive Plan for Capital Senior Living Corporation (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed by the Company with the Securities and Exchange Commission on August 5, 2015.)
10.7†	Employment Agreement by and between Sonida Senior Living, Inc. and Kevin Detz (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on April 19, 2022.)
10.8†	Amended and Restated Executive Employment Agreement, dated December 17, 2024, by and between Sonida Senior Living, Inc. and Brandon Ribar (Incorporated by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission on March 17, 2025.)
10.9	Waiver and Third Amendment to Master Credit Facility Agreement among Sonida Senior Living, Inc., Berkadia Commercial Mortgage LLC, Fannie Mae and affiliated borrower entities dated September 29, 2023 (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on October 6, 2023.)
10.10	[Form of] Waiver and [First] Amendment to Multifamily Loan and Security Agreement by and among, Sonida Senior Living, Inc., [Berkadia Commercial Mortgage LLC], [Wells Fargo Bank, National Association], Fannie Mae and affiliated borrower entities dated September 29, 2023 (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on October 6, 2023.)
10.11	At-The-Market Issuance Sales Agreement, dated April 1, 2024, by and between Sonida Senior Living, Inc. and Mizuho Securities USA LLC (Incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on April 1, 2024.)
10.12	Omnibus Amendment to Multifamily Loan and Security Agreements, dated December 31, 2024, by and among each entity identified as a "Borrower" on Schedule I thereto, Sonida Senior Living, Inc., each entity identified as an "Original Lender" on Schedule I thereto, and Fannie Mae, the corporation duly organized under the Federal National Mortgage Association Charter Act (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on January 6, 2025.)

10.13†	Form of Performance Award Under the Sonida Senior Living, Inc. 2019 Omnibus Stock and Incentive Plan, as amended (Incorporated by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission on March 17, 2025.)
10.14†	Form of Restricted Stock Award Under the Sonida Senior Living, Inc. 2019 Omnibus Stock and Incentive Plan, as amended (Incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission on March 17, 2025.)
10.15†	Form of Outside Director's Restricted Stock Award Under the Sonida Senior Living, Inc. 2019 Omnibus Stock and Incentive Plan, as amended (Incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission on March 17, 2025.)
10.16†	Form of Outside Director's Restricted Share Unit Award Under the Sonida Senior Living, Inc. 2019 Omnibus Stock and Incentive Plan, as amended (Incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission on March 17, 2025.)
10.17†	Form of Shareholder Alignment Performance Award Under the Sonida Senior Living, Inc. 2019 Omnibus Stock and Incentive Plan, as amended (Incorporated by reference to Exhibit 10.23 to the Company's Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission on March 17, 2025.)
10.18†	Form of Performance Stock Unit Award Under the Sonida Senior Living, Inc. 2019 Omnibus Stock and Incentive Plan, as amended (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed by the Company with the Securities and Exchange Commission on August 11, 2025.)
10.19†	Form of Restricted Stock Unit Award Under the Sonida Senior Living, Inc. 2019 Omnibus Stock and Incentive Plan, as amended (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed by the Company with the Securities and Exchange Commission on August 11, 2025.)
10.20†	Form of Outside Director's Restricted Stock Unit Award Under the Sonida Senior Living, Inc. 2019 Omnibus Stock and Incentive Plan, as amended (Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed by the Company with the Securities and Exchange Commission on August 11, 2025.)
10.21	Amended and Restated Term Loan Agreement, dated August 7, 2025, by and among Ally Bank, Sonida Senior Living, Inc. and affiliated borrower entities (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on August 13, 2025.)
10.22	Amended and Restated Credit Agreement, dated December 29, 2025, among Sonida Senior Living, Inc. and BMO Bank, N.A. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on January 5, 2025.)
10.23*++	Increase and Joinder to Credit Agreement, dated March 5, 2026, by and among Sonida Senior Living, Inc., the guarantors party thereto, BMO Bank N.A., as administrative agent and swingline lender, the banks, financial institutions and other institutional lenders listed as lenders on the signature pages thereof as the lenders, the L/C Issuers party thereto and Goldman Sachs Bank USA,
10.24++	Bridge Loan Agreement, dated as of March 10, 2026, by and among Sonida Senior Living, Inc., as borrower, the guarantors from time to time party thereto, the lenders from time to time party thereto, Royal Bank of Canada, as administrative agent, and BMO Bank N.A., as collateral agent (Incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on March 11, 2026.)
10.25†	Form of Indemnification Agreement (Incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on March 11, 2026.)
10.26*	Master Credit Facility Agreement, by and between affiliated borrower entities signatory thereto and Berkadia Commercial Mortgage LLC, dated December 18, 2018,
10.27*	First Amendment to Master Credit Facility Agreement, dated June 18, 2019, by and among the affiliated borrower entities signatory thereto and Fannie Mae,
10.28*	Second Amendment to Master Credit Facility, dated July 30, 2019, by and among the affiliated borrower entities signatory thereto and Fannie Mae,
10.29	Preferred Stock Conversion and Warrant Extension Agreement, dated as of March 11, 2026, by and among Sonida Senior Living, Inc., Conversant Dallas Parkway (A) LP and Conversant Dallas Parkway (B) LP (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on March 11, 2026.)
10.30	Amendment to Warrant Agreement, dated as of March 11, 2026, by and among Sonida Senior Living, Inc., Computershare Inc. and Computershare Trust Company, N.A. (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on March 11, 2026.)

19.1*	Sonida Senior Living, Inc. Policy on Insider Trading
21.1*	Subsidiaries of the Company
23.1*	Consent of BDO, USA P.C.
24.1	Power of Attorney (included in signature pages hereto)
31.1*	Certification of Principal Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a)
31.2*	Certification of Principal Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a)
32.1*	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97.1	Sonida Senior Living, Inc. Compensation Recovery Policy (Incorporated by Reference to Exhibit 97 to the Company's Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission on March 27, 2024.)
97.2	Sonida Senior Living, Inc. Supplemental Compensation Recovery Policy (Incorporated by reference to Exhibit 97.2 to the Company's Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission on March 17, 2025.)
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
104*	Cover page from the Company's Annual Report on Form 10-K for the year ended December 31, 2025, formatted in Inline XBRL (included in Exhibit 101).

* Filed herewith.

† This exhibit constitutes a management contract or compensatory plan, contract, or arrangement.

+ The schedules and exhibits to this exhibit have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally a copy of such schedules and exhibits, or any section thereof, to the SEC upon request.

++ The schedules and exhibits to this exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally a copy of such schedules and exhibits, or any section thereof, to the SEC upon request.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SONIDA SENIOR LIVING, INC.

By: /s/ BRANDON M. RIBAR

Brandon M. Ribar
President, Chief Executive Officer and Director

Date: March 12, 2026

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated. Each person whose signature to this report appears below hereby appoints Brandon M. Ribar and Kevin J. Detz and each of them, any one of whom may act without the joinder of the other, as his or her attorney-in-fact to sign on his or her behalf, individually and in each capacity stated below, and to file all amendments to this report, which amendment or amendments may make such changes in and additions to the report as any such attorney-in-fact may deem necessary or appropriate.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ BRANDON M. RIBAR</u> Brandon M. Ribar	President, Chief Executive Officer, and Director (Principal Executive Officer)	March 12, 2026
<u>/s/ KEVIN J. DETZ</u> Kevin J. Detz	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 12, 2026
<u>/s/ TIMOTHY J. COBER</u> Timothy J. Cober	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	March 12, 2026
<u>/s/ MICHAEL SIMANOVSKY</u> Michael Simanovsky	Chairman of the Board	March 12, 2026
<u>/s/ LILLY H. DONOHUE</u> Lilly H. Donohue	Director	March 12, 2026
<u>/s/ ROBERT GROVE</u> Robert Grove	Director	March 12, 2026
<u>/s/ BENJAMIN P. HARRIS</u> Benjamin P. Harris	Director	March 12, 2026
<u>/s/ JILL M. KRUEGER</u> Jill M. Krueger	Director	March 12, 2026
<u>/s/ SHMUEL S.Z. LIEBERMAN</u> Shmuel S.Z. Lieberman	Director	March 12, 2026

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Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Sonida Senior Living, Inc.
Dallas, Texas

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Sonida Senior Living, Inc. (the “Company”) as of December 31, 2025 and 2024, the related consolidated statements of operations, comprehensive loss, shareholders’ equity (deficit), and cash flows for the years then ended, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 12, 2026, expressed an unqualified opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Measurement of Impairment Charges for Long-Lived Assets

As described in Notes 3, 5 and 6 to the consolidated financial statements, the Company assessed \$1.2 billion of long-lived assets for impairment during the year ended December 31, 2025, resulting in a total impairment charge of \$12.5 million. The Company assesses its long-lived assets held for use for impairment whenever facts and circumstances suggest the carrying amount of its long-lived assets may not be recoverable from future cash flows.

If the carrying amount of a long-lived asset held for use exceeds its estimated undiscounted future cash flows, the Company recognizes an impairment charge for the amount in which the carrying amount exceeds fair value. During the year ended December 31, 2025, the Company recognized \$7.8 million in impairment charges related to held for use communities.

Further, as described in Note 4 to the consolidated financial statements, the Company classified one community as held for sale as of December 31, 2025, following management's decision to divest the property and actively market it for sale.

If the carrying amount of a long-lived asset held for sale exceeds its estimated fair value, less estimated costs to sell, the Company recognizes an impairment charge for the amount in which the carrying value exceeds fair value, less estimated costs to sell. During the year ended December 31, 2025, the Company recognized a \$4.7 million impairment charge related to the community classified as held for sale.

We identified the measurement of impairment loss for the one community held for sale and three of the communities held for use as a critical audit matter because of the significant assumptions and judgments used by management in estimating the fair value of these asset groups. Auditing management's significant assumptions and judgments used in the fair value estimates, including sales price, future cash flows of each community during the holding period, and capitalization rates, required a high degree of auditor judgment and increased audit effort.

The primary procedures we performed to address this critical audit matter included:

- Evaluating management's inputs used to develop the future cash flow estimates within the fair value model by comparing such inputs to historical operating results and publicly available industry and market outlook information.
- Utilizing professionals with specialized skills and knowledge in valuation to evaluate certain of the Company's significant assumptions, including sales price and capitalization rates used in the fair value estimates by comparing to publicly available market data.

/s/ BDO USA, P.C.

We have served as the Company's auditor since 2024.

Dallas, Texas

March 12, 2026

SONIDA SENIOR LIVING, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

	December 31,	
	2025	2024
Assets:		
Current assets:		
Cash and cash equivalents	\$ 11,008	\$ 16,992
Restricted cash	19,264	22,095
Accounts receivable, net of allowance for credit losses of \$2.6 million and \$7.9 million, respectively	18,611	18,965
Prepaid expenses and other assets	6,373	4,634
Assets held for sale	9,453	—
Derivative assets	8	1,403
Deferred issuance costs	13,163	—
Total current assets	77,880	64,089
Property and equipment, net	736,188	739,884
Investment in unconsolidated entity	8,789	10,943
Intangible assets, net	19,743	24,526
Other assets, net	2,245	2,479
Total assets ^(a)	\$ 844,845	\$ 841,921
Liabilities:		
Current liabilities:		
Accounts payable	\$ 4,705	\$ 9,031
Accrued expenses	71,663	45,024
Current portion of debt, net of deferred loan costs	7,291	15,486
Deferred income	7,275	5,361
Federal and state income taxes payable	292	243
Liabilities held for sale	13,529	—
Other current liabilities	379	470
Total current liabilities	105,134	75,615
Long-term debt, net of deferred loan costs	682,450	635,904
Other long-term liabilities	1,006	793
Total liabilities ^(a)	788,590	712,312
Commitments and contingencies (Note 13)		
Redeemable preferred stock:		
Series A convertible preferred stock, \$0.01 par value; 41 shares authorized, 41 shares issued and outstanding as of December 31, 2025 and 2024	51,249	51,249
Equity:		
Sonida's shareholders' equity (deficit):		
Preferred stock, \$0.01 par value:		
Authorized shares — 15,000 as of December 31, 2025 and 2024; none issued or outstanding, except Series A convertible preferred stock as noted above	—	—
Common stock, \$0.01 par value:		
Authorized shares — 30,000 as of December 31, 2025 and 2024; 18,770 and 18,992 shares issued and outstanding as of December 31, 2025 and 2024, respectively	188	190
Additional paid-in capital	490,804	491,819
Retained deficit	(491,003)	(420,224)
Total Sonida shareholders' equity (deficit)	(11)	71,785
Noncontrolling interest:	5,017	6,575
Total equity	5,006	78,360
Total liabilities, redeemable preferred stock and equity	\$ 844,845	\$ 841,921

(a) The consolidated balance sheets include the following amounts related to our consolidated Variable Interest Entity (VIE): \$1.8 million and \$5.0 million of Cash and cash equivalents; \$2.0 million and \$1.5 million of Restricted cash; \$0.4 million and \$0.3 million of Accounts receivable, net; \$28.8 million and \$27.8 million of Property and equipment, net; \$2.8 million and \$4.7 million of Intangible assets, net; \$1.0 million and \$5.4 million of Accounts payable; \$0.7 million and \$0.9 million of Accrued expenses; \$0.3 million and \$0.2 million of Deferred income; \$21.5 million and \$21.3 million of Debt, net of deferred loan costs; and \$0.1 million and \$0.2 million of Other long-term liabilities, in each case, as of December 31, 2025 and 2024, respectively.

See accompanying notes to consolidated financial statements.

SONIDA SENIOR LIVING, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31,	
	2025	2024
(In thousands, except per share data)		
Revenues:		
Resident revenue	\$ 331,957	\$ 267,849
Management fees	4,431	3,381
Managed community reimbursement revenue	44,753	33,096
Total revenues	381,141	304,326
Expenses:		
Operating expense	253,221	202,015
General and administrative expense	39,851	34,123
Transaction, transition and restructuring costs	16,231	5,874
Depreciation and amortization expense	56,768	44,051
Long-lived asset impairment	12,525	—
Managed community reimbursement expense	44,753	33,096
Total expenses	423,349	319,159
Other income (expense):		
Interest income	2,103	1,681
Interest expense	(38,635)	(36,990)
Gain on extinguishment of debt	—	48,536
Loss from equity method investment	(1,370)	(895)
Other income (expense), net	7,948	(540)
Loss before provision for income taxes	(72,162)	(3,041)
Provision for income taxes	(330)	(239)
Net loss	(72,492)	(3,280)
Less: Net loss attributable to noncontrolling interests	1,713	1,221
Net loss attributable to Sonida shareholders	(70,779)	(2,059)
Dividends on Series A convertible preferred stock	(5,637)	(2,818)
Undeclared dividends on Series A convertible preferred stock	—	(2,707)
Net loss attributable to common stockholders	\$ (76,416)	\$ (7,584)
Per share data:		
Basic net loss per share	\$ (4.22)	\$ (0.54)
Diluted net loss per share	\$ (4.22)	\$ (0.54)
Weighted average common shares outstanding — basic	18,087	14,109
Weighted average common shares outstanding — diluted	18,087	14,109

See accompanying notes to consolidated financial statements.

SONIDA SENIOR LIVING, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Years Ended December 31,	
	2025	2024
	(In thousands)	
Net loss	\$ (72,492)	\$ (3,280)
Comprehensive Loss	(72,492)	(3,280)
Less: Comprehensive loss attributable to noncontrolling interests	1,713	1,221
Comprehensive Loss attributable to common stockholders	<u>\$ (70,779)</u>	<u>\$ (2,059)</u>

See accompanying notes to consolidated financial statements.

SONIDA SENIOR LIVING, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)

	Sonida's Shareholders					Noncontrolling Interests	Total
	Common Stock		Additional Paid-In Capital	Retained Deficit			
	Shares	Amount					
	(In thousands)						
Balance as of December 31, 2023	8,178	\$ 82	\$ 302,992	\$ (418,165)	\$ —	\$ (115,091)	
Issuance of equity interest in consolidated entity	—	—	—	—	7,796	7,796	
Issuance of common stock, net	10,524	105	190,431	—	—	190,536	
Series A convertible preferred stock dividends	—	—	(2,818)	—	—	(2,818)	
Undeclared dividends on Series A convertible preferred stock	—	—	(2,707)	—	—	(2,707)	
Stock-based plan activity	290	3	(448)	—	—	(445)	
Non-cash stock-based compensation	—	—	4,369	—	—	4,369	
Net loss	—	—	—	(2,059)	(1,221)	(3,280)	
Balance as of December 31, 2024	18,992	\$ 190	\$ 491,819	\$ (420,224)	\$ 6,575	\$ 78,360	
Capital distributions to noncontrolling interest	—	—	—	—	(132)	(132)	
Capital contributions from noncontrolling interest	—	—	—	—	287	287	
Series A convertible preferred stock dividends	—	—	(5,637)	—	—	(5,637)	
Stock-based plan activity	(222)	(2)	(427)	—	—	(429)	
Non-cash stock-based compensation	—	—	5,049	—	—	5,049	
Net loss	—	—	—	(70,779)	(1,713)	(72,492)	
Balance as of December 31, 2025	18,770	\$ 188	\$ 490,804	\$ (491,003)	\$ 5,017	\$ 5,006	

See accompanying notes to consolidated financial statements.

SONIDA SENIOR LIVING, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Years Ended December 31,	
	2025	2024
Operating Activities		
Net loss	\$ (72,492)	\$ (3,280)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	56,768	44,051
Amortization of deferred loan costs	1,562	1,619
Loss on derivative instruments, net	1,069	3,950
Gain on sale of assets, net	—	(192)
Long-lived asset impairment	12,525	—
Gain on extinguishment of debt	—	(48,536)
Loss from equity method investment	1,370	895
Provision for credit losses	3,329	2,596
Non-cash stock-based compensation expense	5,049	4,369
Other non-cash items	364	(35)
Changes in operating assets and liabilities:		
Accounts receivable	(2,975)	(13,543)
Prepaid expenses and other assets	4,485	(156)
Other assets, net	470	—
Accounts payable and accrued expenses	11,093	5,151
Federal and state income taxes payable	49	28
Deferred income	1,969	1,320
Customer deposits	(271)	(19)
Net cash provided by (used in) operating activities	24,364	(1,782)
Investing Activities		
Investments in unconsolidated entity	—	(22,409)
Return of investment in unconsolidated entity	785	10,571
Acquisition of new communities	(38,188)	(172,546)
Capital expenditures	(33,284)	(25,170)
Proceeds from sale of assets	—	631
Net cash used in investing activities	(70,687)	(208,923)
Financing Activities		
Proceeds from issuance of common stock, net of issuance costs	—	190,537
Proceeds from notes payable	18,082	56,040
Repayments of notes payable	(8,372)	(72,026)
Proceeds from revolving credit facility	49,550	68,705
Repayment of revolving credit facility	(14,500)	(8,705)
Capital contributions from noncontrolling investors in joint ventures	287	7,796
Distributions to noncontrolling investors in joint ventures	(132)	—
Dividends paid on Series A convertible preferred stock	(5,637)	(2,818)
Deferred loan costs paid	(1,212)	(3,726)
Purchase of derivative assets	(129)	(3,312)
Other financing costs	(429)	(449)
Net cash provided by financing activities	37,508	232,042
Increase (decrease) in cash and cash equivalents	(8,815)	21,337
Cash and cash equivalents and restricted cash at beginning of year	39,087	17,750
Cash and cash equivalents and restricted cash at end of year	\$ 30,272	\$ 39,087
Supplemental Disclosures		
Cash paid during the year for:		
Interest	\$ 37,290	\$ 33,359
Income taxes paid, net - Texas	\$ 277	\$ 220
Non-cash investing and financing activities:		
Notes payable acquired through acquisitions	\$ —	\$ 21,690
Undeclared dividends on Series A convertible preferred stock	\$ —	\$ 2,707
Insurance financed through insurance notes payable	\$ 6,224	\$ 1,707
Non-cash additions of property and equipment	\$ 729	\$ 2,219
Non-cash right-of-use assets	\$ 643	\$ —

See accompanying notes to consolidated financial statements.

SONIDA SENIOR LIVING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Business

Sonida Senior Living, Inc., a Delaware corporation (together with its subsidiaries, the “Company,” “we,” “our,” “us,” or “Sonida”), is a leading owner, operator and investor in independent living, assisted living and memory care communities and services for senior adults in the United States in terms of resident capacity. The Company owns, operates, manages and invests in senior housing communities throughout the United States. As of December 31, 2025, the Company owned, managed or invested in 96 senior housing communities in 20 states with an aggregate capacity of approximately 10,150 residents¹, including 84 owned senior housing communities (inclusive of four owned through joint venture investments in consolidated entities and four owned through a joint venture investment in an unconsolidated entity) and 12 communities that the Company managed on behalf of a third-party.

Principles of Consolidation

The accompanying consolidated financial statements include the financial statements of Sonida Senior Living, Inc., its wholly-owned subsidiaries, and other entities in which the Company has a controlling financial interest. All material intercompany balances and transactions have been eliminated in consolidation and net income (loss) is reduced by the portion of net income (loss) attributable to noncontrolling interests. The Company reports investments in unconsolidated entities over whose operating and financial policies it has the ability to exercise significant influence under the equity method of accounting.

The Company evaluates its potential variable interest entity (“VIE”) relationships under certain criteria as provided for in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 810, *Consolidation* (“ASC 810”). ASC 810 broadly defines a VIE as an entity with one or more of the following characteristics: (a) the total equity investment at risk is insufficient to finance the entity’s activities without additional subordinated financial support; (b) as a group, the holders of the equity investment at risk lack (i) the ability to make decisions about the entity’s activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; or (c) the equity investors have voting rights that are not proportional to their economic interests, and substantially all of the entity’s activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights. The Company performs this evaluation on an ongoing basis and consolidates any VIEs for which the Company is determined to be the primary beneficiary, as determined by the Company’s power to direct the VIEs activities and the obligation to absorb its losses or the right to receive its benefits, which are potentially significant to the VIE. As of December 31, 2025 and 2024, the Company has a joint venture, Stone JV LLC (“Stone JV”) which is treated as an unconsolidated entity. See “[Note 4 – Investments, Acquisitions and Assets Held for Sale.](#)”

As of December 31, 2025, the Company is a 51% owner in two joint ventures (collectively, the “Palatine JVs”) with affiliates of Palatine Capital Partners. The Company has evaluated its investment in the Palatine JVs under ASC 810. The Company has determined that it has the power to direct the activities of the VIE that most significantly impact its economic performance and is the primary beneficiary of the VIE in accordance with ASC 810. Accordingly, the Company has consolidated the activity of the Palatine JVs into its consolidated financial statements for the periods ended December 31, 2025 and 2024. See “[Note 4 – Investments, Acquisitions and Assets Held for Sale.](#)”

2. CHP Merger

Strategic Merger with CNL Healthcare Properties, Inc.

On March 11, 2026, pursuant to a definitive agreement and plan of merger dated November 4, 2025 (the “Merger Agreement”), by and among the Company, SSL Sparti LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company (“Holdco”), SSL Sparti Property Holdings Inc., a Maryland corporation and a wholly owned subsidiary of Holdco (f/k/a Sparti Merger Sub, Inc., “SNDA Merger Sub”), CNL Healthcare Properties, Inc., a Maryland corporation (“CHP”), and CHP Merger Corp., a Maryland corporation and a wholly owned subsidiary of CHP (“CHP Merger Sub”), the Company completed the acquisition of CHP through a series of steps ending with a forward merger of CHP with and into SNDA Merger Sub, with SNDA Merger Sub surviving the merger (the “CHP Merger”). As a result of the CHP Merger, the

¹ Capacity disclosures in these footnotes to the consolidated financial statements are outside the scope of our independent registered accounting firm’s audit.

Company acquired 100% of the outstanding shares of CHP. The transactions contemplated by the Merger Agreement are collectively referred to herein as the “Merger Transactions”.

Pursuant to the Merger Agreement, each share of common stock of CHP, par value \$0.01, was cancelled and converted into the right to receive (i) \$2.32 in cash and 0.1318 shares of common stock of the Company, par value \$0.01 (“Sonida Common Stock”), which was determined by dividing (a) \$4.58 by (b) the volume weighted average trading price (“VWAP”), of Sonida Common Stock during a measurement period prior to the closing date, subject to a collar of 15% below the transaction reference price for the Sonida Common Stock of \$26.74 (the “Transaction Reference Price”) and 30% above the Transaction Reference Price. Since the VWAP during the measurement period was \$35.93, the 0.1318 exchange ratio was calculated by dividing \$4.58 by \$34.76, being the high end of the collar.

In connection with the issuance of Sonida Common Stock to the former CHP shareholders and certain equity financing transactions, on February 26, 2026, the Company amended its Amended and Restated Certificate of Incorporation, pursuant to that certain Eighth Certificate of Amendment to the Amended and Restated Certificate of Incorporation, to increase the authorized number of shares of Sonida Common Stock to 100.0 million.

On November 5, 2025, the Company provided an irrevocable standby letter of credit in the amount of \$15.0 million to CHP in partial support of a potential termination fee if needed. As of December 31, 2025, the \$15.0 million letter of credit was outstanding with an interest rate of 2.5%. On March 11, 2026, the standby letter of credit was cancelled in conjunction with the closing of the Merger Transactions.

Financing of the Merger Transactions

On December 29, 2025, the Company amended and restated its revolving credit facility (as further amended on March 5, 2026, the “A&R Credit Agreement”) to, among other things, provide for permanent debt financing (“Permanent Financing”) to fund a portion of the cash consideration necessary for the CHP Merger, which amendments were subject to and conditioned upon the consummation of the CHP Merger. The A&R Credit Agreement increased the available commitments under the revolving credit facility to \$405 million, extended the maturity thereof to March 10, 2030, reduced the leverage-based pricing matrix to between Secured Overnight Financing Rate (“SOFR”) plus 1.35% margin and SOFR plus 2.00% margin, expanded the lenders, and effected certain other changes (the “New Revolving Credit Facility”). In addition, under the A&R Credit Agreement, the Company incurred \$525 million in new term loans in two equal tranches (the “Term Loan Facility”). The Term Loan Facility is comprised of a three-year tranche that matures March 10, 2029 and a five-year tranche that matures March 10, 2031. The Term Loan Facility is subject to a leverage-based pricing matrix between SOFR plus 1.30% margin and SOFR plus 1.95% margin. The A&R Credit Agreement has a \$320 million accordion feature to provide for future liquidity needs of the Company. The Company entered into a SOFR-based interest rate cap (“IRC”) to reduce exposure to the variable interest rate fluctuations associated with the Term Loan Facility. The IRC has a total cost of \$0.6 million, an aggregate notional amount of \$262.5 million, a 36-month term and an interest rate of 4.50%.

On March 10, 2026, in order to fund the remaining portion of the cash consideration required for the CHP Merger, the Company incurred \$270.0 million in loans under a 364-day senior secured bridge loan (the “Bridge Facility”). The Bridge Facility matures on March 9, 2027 and is subject to a leverage-based pricing matrix between SOFR plus 1.35% margin and SOFR plus 2.00% margin. The Permanent Financing and the Bridge Facility are subject to customary guarantees and security provisions, events of default, corporate covenants and borrowing base availability requirements. The Company entered into a SOFR-based IRC to reduce exposure to the variable interest rate fluctuations associated with the Bridge Facility. The IRC has a total cost of \$35 thousand, an aggregate notional amount of \$270 million, a 12-month term and an interest rate of 4.25%. See “[Note 9—Debt](#)” in the Notes to Consolidated Financial Statements.

In connection with the Merger Transactions, the Company has incurred and accrued deferred costs of \$13.2 million which are included in Deferred costs on the consolidated balance sheets as of December 31, 2025.

Equity Financing

On November 4, 2025, Sonida entered into (i) an investment agreement (the “Conversant Investment Agreement”) with certain affiliates of Conversant (the “Conversant Investors”), pursuant to which the Conversant Investors agreed to fund an aggregate amount of \$100.0 million in exchange for the issuance of 3,739,716 shares of Sonida Common Stock in a private placement pursuant to Section 4(a)(2) of the Securities Act at \$26.74 per share, immediately prior to the CHP Merger, and (ii) an investment agreement (the “Silk Investment Agreement”) and, together with the Conversant Investment Agreement, collectively, the “Investment Agreements”) with Silk (the Conversant Investors and Silk, together, the “Equity Investors”) pursuant to which Silk agreed to fund an aggregate amount of \$10.0 million in exchange for the issuance of 373,972 shares of Sonida Common Stock in a private placement at \$26.74 per share on substantially the same terms as in the Conversant Investment Agreement (collectively, the “Equity Financing”). On March 11, 2026, the Company issued 4,113,688 shares of

Sonida Common Stock to the Equity Investors. Sonida used the proceeds from the Equity Financing pursuant to the Investment Agreements to fund a portion of the cash consideration required for the consummation of the transactions under the Merger Agreement. Under the Investment Agreements, Sonida provided to the Equity Investors representations and warranties substantially similar to those under the Merger Agreement, and the Equity Investors provided to Sonida customary representations and warranties for a private financing of this type. The Equity Investors and Sonida are subject to compliance with customary covenants under the Investment Agreements, subject to the Equity Investors' consent (not to be unreasonably withheld, conditioned or delayed). The parties have provided mutual indemnities for breach of certain representation and warranties and post-closing covenants capped at the applicable purchase price paid by each of the Equity Investors. Under the Investment Agreements, Sonida was responsible for the Equity Investors' reasonable and documented legal and other out-of-pocket expenses in connection with the Equity Financing (not to exceed, \$2.0 million with respect to the Conversant Investors and \$0.2 million with respect to Silk).

In connection with the closing of the Equity Financing, (i) Conversant and certain other entities affiliated with Conversant that are current Company shareholders, Silk and the Company entered into an amended and restated investor rights agreement, and (ii) the Conversant Parties, Silk, PF Investors, LLC and the Company entered into an amended and restated registration rights agreement.

3. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the accompanying financial statements and related footnotes. These estimates include such items related to the accounting for: income taxes, including assessments of probabilities of realization of income tax benefits; other contingencies; allowances for credit losses; impairment of long-lived assets, including applicable cash flow projections, holding periods and fair value evaluations; stock-based compensation; fair values of assets and liabilities acquired in asset acquisitions, fair values of our equity method investments; and depreciation and amortization, including determination of estimated useful lives. Management bases its estimates and assumptions on historical experience, observance of industry trends and various other sources of information and factors, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

Cash and Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments with original maturities of three months or less at the date of acquisition to be cash equivalents. The Company has deposits in banks that exceed Federal Deposit Insurance Corporation insurance limits. Management believes that credit risk related to these deposits is minimal. Restricted cash consists of reserve accounts for property insurance, real estate taxes, capital expenditures, derivative, and debt service required by certain loan agreements. In addition, restricted cash includes deposits required by certain counterparties as collateral pursuant to letters of credit which must remain so long as the letters of credit are outstanding, which are subject to renewal annually.

The following table sets forth our cash and cash equivalents and restricted cash (in thousands):

	Years Ended December 31,	
	2025	2024
Cash and cash equivalents	\$ 11,008	\$ 16,992
Restricted cash:		
Property tax and insurance reserves	6,606	6,156
Lender reserves	3,780	6,013
Capital expenditures reserves	5,354	6,210
Deposits pursuant to outstanding letters of credit	3,524	3,524
Other reserves	—	192
Total restricted cash	19,264	22,095
Total cash, cash equivalents, and restricted cash	\$ 30,272	\$ 39,087

Long-Lived Assets and Impairment

Property and equipment are stated at cost and depreciated on a straight-line basis over the estimated useful lives of the assets. The Company continuously reviews the carrying value of its property and equipment to determine if facts and circumstances suggest that they may be impaired or that the depreciation period may need to be changed. The Company considers internal factors, such as net operating losses, along with external factors relating to each asset, including contract changes, local market developments, and other publicly available information to determine whether impairment indicators exist.

If an indicator of impairment is identified, recoverability of an asset group is assessed by comparing its carrying amount to the estimated future undiscounted net cash flows expected to be generated by the asset group through operation or disposition, calculated utilizing the lowest level of identifiable cash flows. If this comparison indicates that the carrying amount of an asset group is not recoverable, the Company estimates fair value of the asset group and records an impairment loss when the carrying amount exceeds fair value. The Company recognized non-cash impairment charges of \$12.5 million to its "Property and equipment, net" during the year ended December 31, 2025, related to four owned communities. See "[Note 5—Impairment of Long-Lived Assets](#)." There were no impairments on long-lived assets during the year ended December 31, 2024.

In evaluating our long-lived assets for impairment, we undergo continuous evaluations of property level performance and real estate trends, and management makes several estimates and assumptions, including, but not limited to, the projected date of disposition, estimated sales price and future cash flows of each property during our estimated holding period. If our analysis or assumptions regarding the projected cash flows expected to result from the use and eventual disposition of our properties change, we incur additional costs and expenses during the holding period, or our expected hold periods change, we may incur future impairment losses.

Assets and Liabilities Held for Sale

Long-lived assets or disposal groups are classified as held for sale when management commits to a plan to sell the asset, the asset is available for immediate sale in its present condition, and a sale is probable within one year after the end of the applicable reporting period. Upon classification, the related assets and liabilities are presented separately in the consolidated balance sheets. Once the Company has classified assets as held for sale, it no longer recognizes depreciation on the assets.

Disposal groups are measured at the lower of their carrying amount or estimated fair value less costs to sell. The Company reassesses assets classified as held for sale each reporting period to ensure they continue to meet the held-for-sale criteria and are recorded at the lower of carrying amount or estimated fair value less estimated disposal costs. Fair values are typically estimated using market analysis, industry trends, and recent comparable sales. See "[Note 4—Investments, Acquisitions and Assets Held for Sale](#)."

Deferred Issuance Costs

Deferred issuance costs are deferred debt and equity issuance costs, which primarily consist of advisor, legal, and other third-party fees directly related to issuing debt and equity instruments, are capitalized as assets in our consolidated balance sheets as incurred. We incurred such costs in connection with the debt financings affiliated with the Merger Transactions and the Equity Financing during the year ended December 31, 2025. Upon closing of the related transactions, these deferred issuance costs are generally offset against the specific issuance proceeds. Debt issuance costs are subsequently amortized over the term of the financing agreement as interest expense on the consolidated statements of operations.

Leases

We determine if a contract contains a lease at its inception based on whether or not the Company has the right to control the asset during the contract period and other facts and circumstances. We are the lessee in a lease contract when we obtain the right to control the asset. Operating lease right-of-use ("ROU") assets represent our right to use an underlying asset for the lease term and are included in other assets, net in our consolidated balance sheets. Operating lease liabilities represent our obligation to make lease payments arising from the lease and are included in other current liabilities and other long-term liabilities in our consolidated balance sheet. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. When determining the lease term, we include renewal or termination options that we are reasonably certain to exercise. Leases with a lease term of 12 months or less at inception are not recorded in our consolidated balance sheets. Operating lease expense is recognized on a straight-line basis over the lease term in our consolidated statements of operations. As the rates implicit in our leases are not readily determinable, we use our local incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments. When our contracts contain lease and non-lease components, we account for both components as a single lease component.

Acquisitions

We make certain judgments to determine whether a transaction should be accounted for as a business combination or an asset acquisition. These judgments include the assessment of the inputs, processes, and outputs associated with an acquired set of activities and whether the fair value of total assets acquired is concentrated to a single identifiable asset or group of similar assets. We account for a transaction as a business combination when the assets acquired include inputs and one or more substantive processes that, together, significantly contribute to the ability to create outputs and the total fair value of the assets acquired are not concentrated to a single identifiable asset or group of similar assets. Otherwise, we account for the transaction as an asset acquisition.

Upon the acquisition of new communities accounted for as an acquisition of assets, we recognize the assets acquired and the liabilities assumed as of the acquisition date, measured at their relative fair values using Level 3 inputs at the date of acquisition including replacement costs and market data, as well as Level 3 inputs including estimates of appropriate discount rates and capitalization rate once we have determined the fair value of each of these assets and liabilities. Relative fair values may be based on appraisals, internal analyses of recently acquired and existing comparable properties in the Company's portfolio, other market data, and internal marketing and leasing activities. The acquisition date is the date on which we obtain control of the real estate property. The assets acquired and liabilities assumed consist of land, inclusive of associated rights, buildings, assumed debt, and identified intangible assets and liabilities. Above-market and below-market in-place lease values are recorded based on the net present value of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) Sonida's estimate of the fair market lease rates for the corresponding in-place lease measured over a period equal to the remaining non-cancelable terms of the leases (including the below-market fixed-rate renewal period, if applicable). Favorable above-market in-place leases represent the value of the contractual monthly rental payments that are more than the current market rent at communities as acquired in recent acquisitions. Unfavorable below-market in-place leases represent the value of the contractual monthly rental payments that are less than the current market rent at communities as acquired in recent acquisitions. Above-market and below-market in-place leases are amortized to resident revenue on a straight-line basis over their estimated remaining lease terms, and are included in other long-term liabilities on the accompanying consolidated balance sheets. Additionally, acquired in-place lease intangibles representing market estimates to lease up the property based on leases in place at the time of acquisitions. These in-place lease intangibles are amortized to depreciation and amortization expense on a straight-line basis over their estimated remaining lease terms and are included in intangible assets, net on the accompanying consolidated balance sheets.

Investment in Unconsolidated Entities

The Company reports investments in unconsolidated entities that it has the ability to exercise significant influence under the equity method of accounting. The initial carrying amount of investments in unconsolidated entities is based on the amount paid to purchase the investment. The Company's reported share of earnings from an unconsolidated entity is adjusted for the impact, if any, of basis differences between its carrying amount of the equity investment and its share of the investment's underlying assets. The portion of the basis difference that is attributable to our equity-method goodwill is not amortized. Distributions received from an investee are recognized as a reduction in the carrying amount of the investment. The Company presents the net income/loss from unconsolidated entities in "Loss from equity method investment" in its Consolidated Statements of Operations.

The Company evaluates the realization of its investments in ventures accounted for using the equity method if circumstances indicate that the Company's investments are other than temporarily impaired. A current fair value of an investment that is less than its carrying amount may indicate a loss in value of the investment. If the Company determines that an equity method investment is other than temporarily impaired, it is recorded at its fair value with an impairment charge recognized in asset impairment expense for the difference between its carrying amount and fair value.

Fair Value Measurement

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 Inputs – Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

Level 2 Inputs – Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Inputs – Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The Company's other financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, derivative financial instruments, long-term debt, and liabilities held for sale. The carrying value of the Company's accounts receivable, accounts payable, and accrued expenses approximates fair value due to their highly liquid nature, short-term maturity, or competitive rates assigned to these financial instruments. See "[Note 15–Fair Value](#)."

The Company adjusts the carrying amount of certain non-financial assets to fair value on a non-recurring basis when they are impaired.

Derivatives and Hedging

The Company uses derivatives as part of our overall strategy to manage our exposure to market risks associated with the fluctuations in interest rates. We are also required to enter into interest rate derivative instruments in compliance with certain debt agreements. We regularly monitor the financial stability and credit standing of the counterparties to our derivative instruments. We do not enter into derivative financial instruments for trading or speculative purposes. We record all derivatives at fair value. As of December 31, 2025 and 2024, our derivative instruments consisted of interest rate caps that were not designated as hedge instruments. Changes in fair value of undesignated hedge instruments are recorded in current period earnings as interest expense. See "[Note 16–Derivatives and Hedging](#)."

Stock-Based Compensation Plans

The Company applies the provisions of ASC 718, *Compensation - Stock Compensation*, in its accounting and reporting for stock-based compensation. ASC 718 requires all stock-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. All unvested options outstanding under the Company's option plans have grant prices equal to the market price of the Company's stock on the dates of grant. Compensation cost for restricted stock and restricted stock units is determined based on the fair market value of the Company's stock at the date of grant. Stock-based compensation expense is generally recognized over the required service period, or over a shorter period when employee retirement eligibility is a factor. The Company recognizes forfeitures as they occur. See "[Note 11–Stock-Based Compensation](#)."

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense was approximately \$1.1 million and \$0.9 million for the years ended December 31, 2025 and 2024, respectively.

Income Taxes

Income taxes are computed using the asset and liability method and current income taxes are recorded based on amounts refundable or payable in the current year. The effective tax rates for fiscal year 2025 and 2024 differ from the statutory tax rates due to state income taxes, permanent tax differences, and changes in the deferred tax asset valuation allowance.

Deferred income taxes are recorded based on the estimated future tax effects of loss carryforwards and temporary differences between financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates that are expected to apply to taxable income in the years in which the Company expects those carryforwards and temporary differences to be recovered or settled. Management regularly evaluates the future realization of deferred tax assets and provides a valuation allowance, if considered necessary, based on such evaluation. As part of the evaluation, management has evaluated taxable income in carryback years, future reversals of taxable temporary differences, feasible tax planning strategies, and future expectations of income.

The Company evaluates uncertain tax positions through consideration of accounting and reporting guidance on criteria, measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition that is intended to provide better financial statement comparability among different companies. The Company is required to recognize a tax benefit in its financial statements for an uncertain tax position only if management's assessment is that its

position is “more likely than not” (i.e., a greater than 50 percent likelihood) to be upheld on audit based only on the technical merits of the tax position. The Company’s policy is to recognize interest related to unrecognized tax benefits as interest expense and penalties as income tax expense.

On July 4, 2025, H.R. 1, the One Big Beautiful Bill Act (“OBBA”) was signed into law in the United States, introducing broad tax reform changes including restoring 100% bonus depreciation, revisions to business interest expense limitation under Section 163(j), and changing the computation of taxes related to international operations. The OBBA did not have a material impact on our consolidated financial statements.

Revenue Recognition

Resident revenue consists of fees for basic housing and certain support services and fees associated with additional housing and expanded support requirements such as assisted living care, memory care, and ancillary services. Basic housing and certain support services revenue is recorded when services are rendered, and amounts billed are due from residents in the period in which the rental and other services are provided. Residency agreements are generally short term in nature with durations of one year or less and are typically terminable by either party, under certain circumstances, upon providing 30 days’ notice, unless state law provides otherwise, with resident fees billed monthly in advance. Revenue for certain ancillary services is recognized as services are provided, and includes fees for services such as medication management, daily living activities, beautician/barber, laundry, television, guest meals, pets, and parking which are generally billed monthly in arrears. The Company has elected the lessor practical expedient within ASC 842, Leases, not to separate the lease and nonlease components within our resident agreements as the timing and pattern of transfer to the resident are the same. The Company has determined that the nonlease component is the predominant component within the contract and recognizes revenue under ASC 606, *Revenue Recognition from Contracts with Customers*.

The Company’s senior housing communities have residency agreements that generally require the resident to pay a community fee and other amounts prior to moving into the community, which are initially recorded by the Company as deferred revenue. Community fees are recognized evenly over the term of the residency agreements which is generally 12 months. The Company had contract liabilities for deferred fees paid by our residents prior to the month housing and support services were to be provided totaling approximately \$7.3 million and \$5.4 million, respectively, which is reported as deferred income within current liabilities of the Company’s Consolidated Balance Sheets as of December 31, 2025 and 2024. As of December 31, 2025, \$5.4 million of deferred revenue has been recognized from the year ended December 31, 2024. As of December 31, 2024, \$4.1 million of deferred revenue was recognized from the year ended December 31, 2023.

Revenues from the Medicaid program accounted for approximately 7.7% and 10.1% of the Company’s revenue in fiscal years 2025 and 2024, respectively. Accordingly, these communities were entitled to reimbursement under the Medicaid program at established rates that were lower than private pay rates. Resident revenues for Medicaid residents were recorded at the reimbursement rates as the rates were set prospectively by the applicable state upon the filing of an annual cost report.

Laws and regulations governing the Medicaid program are complex and subject to interpretation. The Company believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that would have a material effect on its Consolidated Financial Statements. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicaid program.

The Company has management agreements whereby it manages certain communities on behalf of third-party owners and certain community investments under contracts that provide for periodic management fee payments to the Company. The Company has determined that all community management activities are a single performance obligation, which is satisfied over time as the services are rendered. Such revenue is included in “management fees” on the Company’s Consolidated Statements of Operations. The Company is also reimbursed by the owners of the communities for costs incurred. Such revenue is included in “managed community reimbursement revenue” on the Company’s Consolidated Statements of Operations. The related costs are included in “managed community reimbursement expense” on the Company’s Consolidated Statements of Operations.

Revenue for the years ended December 31, 2025 and 2024 is comprised of the following components (in thousands):

	Years Ended December 31,	
	2025	2024
Housing and support services	\$ 328,197	\$ 264,694
Community fees	2,391	1,945
Ancillary services	1,369	1,210
Resident revenue	331,957	267,849
Management fees	4,431	3,381
Managed community reimbursement revenue	44,753	33,096
Total revenues	\$ 381,141	\$ 304,326

Community fees, ancillary services, management fees, and community reimbursement revenue represent revenue from contracts with customers in accordance with GAAP.

Credit Risk and Allowance for Credit Losses

The Company's resident receivables are generally due within 30 days after the date billed. Accounts receivable are reported net of an allowance for credit losses of \$2.6 million and \$7.9 million as of December 31, 2025 and 2024, respectively, and represent the Company's estimate of the amount that ultimately will be collected. The adequacy of the Company's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analyses of receivable portfolios by payor source and aging of receivables, as well as a review of specific accounts, and adjustments are made to the allowance, as necessary. Credit losses on resident receivables have historically been within management's estimates, and management believes that the allowance for credit losses adequately provides for expected losses.

Concentration of Credit Risk and Business Risk

Substantially all of our revenues are derived from senior living communities we own and senior living communities that we manage. Senior living operations are particularly sensitive to adverse economic, social and competitive conditions and trends, including the effects of pandemics, which have previously adversely affected our business, financial condition, and results of operations. We have a concentration of owned properties operating in Texas (20), Indiana (12), Ohio (12) and Florida (8), which represented approximately 22%, 13%, 18%, and 10%, respectively, of our resident revenues for the year ended December 31, 2025 and approximately 23%, 17%, 19%, and 5%, respectively, of our resident revenues for the year ended December 31, 2024.

Employee Retention Credits

The Company filed for employee retention credits ("ERC") with the Internal Revenue Service in November 2023. The ERC is a tax credit for businesses that had certain employee costs and were affected by the coronavirus pandemic under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). During the year ended December 31, 2025, the Department of Treasury notified the Company of ERCs awarded under the CARES Act. The Company recognized gross ERC received of \$10.7 million as other income on the accompanying consolidated statements of operations for the year ended December 31, 2025. The Company did not receive any funds from the ERC for the year ended December 31, 2024.

Self-Insurance Liability Accruals

The Company offers full-time employees an option to participate in its health and dental plans. The Company is self-insured up to certain limits and is insured if claims in excess of these limits are incurred. The cost of employee health and dental benefits, net of employee contributions, is shared between the corporate office and the senior housing communities based on the respective number of plan participants. Contributions collected are used to pay the actual program costs, including estimated annual claims, third-party administrative fees, network provider fees, communication costs, and other related administrative costs incurred by the plans. Claims are paid as they are submitted to the Company's third-party administrator. The Company records a liability for outstanding claims and claims that have been incurred but not yet reported. This liability is based on the historical claim reporting lag and payment trends of health insurance claims. Additionally, the Company may be liable for an Employee Shared Responsibility Payment ("ESRP") pursuant to the Patient Protection and Affordable Care Act. The ESRP is applicable to employers that (i) had 50 or more full-time equivalent employees, (ii) did not offer minimum essential coverage

(“MEC”) to at least 70% of full-time employees and their dependents, or (iii) did offer MEC to at least 70% of full-time employees and their dependents that did not meet the affordable or minimum value criteria and had one or more full-time employees certified as being allowed the premium tax credit. The Internal Revenue Service (“IRS”) determines the amount of the proposed ESRP from information returns completed by employers and from income tax returns completed by such employers' employees. Management believes that the recorded liabilities and reserves established for outstanding losses and expenses are adequate to cover the ultimate cost of losses and expenses incurred as of December 31, 2025. It is possible that actual claims and expenses may differ from established reserves. Any subsequent changes in estimates are recorded in the period in which they are determined.

The Company uses a combination of insurance and self-insurance for workers’ compensation. Determining the reserve for workers’ compensation losses and costs that the Company has incurred as of the end of a reporting period involves significant judgments based on projected future events, including among other factors, potential settlements for pending claims, known incidents which may result in claims, estimates of incurred but not yet reported claims, changes in insurance premiums and estimated litigation costs. The Company regularly adjusts these estimates to reflect changes in the foregoing factors. However, since this reserve is based on estimates, it is possible the actual expenses incurred may differ from the amounts reserved. Any subsequent changes in estimates are recorded in the period in which they are determined.

Net Income (Loss) Per Common Share

The Company uses the two-class method to compute net income (loss) per common share because the Company as of December 31, 2025 and 2024 had issued securities (Series A Preferred Stock) that entitled the holder to participate in dividends and earnings of the Company. Under this method, net income is reduced by the amount of any dividends earned during the period. The remaining earnings (undistributed earnings) are allocated based on the weighted-average shares outstanding of common stock and Series A Preferred Stock (on an if-converted basis) to the extent that each preferred security may share in earnings as if all of the earnings for the period had been distributed. The total earnings allocated to common stock is then divided by the weighted average number of shares of common stock outstanding to which the earnings are allocated to determine the earnings per share. The two-class method is not applicable during periods with a net loss, as the holders of the participating securities, including Series A Preferred Stock, have no obligation to fund losses.

Diluted net income (loss) per common share is computed under the two-class method by using the weighted-average number of shares of common stock outstanding, plus, for periods with net income attributable to common stockholders, the potential dilutive effects of stock options, stock based compensation awards and warrants. In addition, the Company analyzes the potential dilutive effect of the outstanding Series A Preferred Stock under the “if-converted” method when calculating diluted earnings per share, in which it is assumed that the outstanding Series A Preferred Stock converts into common stock at the beginning of the period or when issued, if later. The Company reports the more dilutive of the approaches (two class or “if-converted”) as its diluted net income per share during the period.

The following table sets forth the computation of basic and diluted net loss per common share (in thousands, except for per share amounts):

	Years Ended December 31,	
	2025	2024
Basic net loss per common share calculation:		
Net loss attributable to Sonida shareholders	\$ (70,779)	\$ (2,059)
Less: Dividends on Series A Convertible Preferred Stock	(5,637)	(2,818)
Less: Undeclared dividends on Series A Preferred Stock	—	(2,707)
Net loss attributable to common stockholders	\$ (76,416)	\$ (7,584)
Weighted average shares outstanding — basic	18,087	14,109
Basic net loss per share	\$ (4.22)	\$ (0.54)
Diluted net loss per common share calculation:		
Net loss attributable to common stockholders	\$ (76,416)	\$ (7,584)
Weighted average shares outstanding — diluted	18,087	14,109
Diluted net loss per share	\$ (4.22)	\$ (0.54)

The following weighted-average shares of securities were not included in the computation of diluted net loss per common share as their effect would have been antidilutive:

<i>(shares in thousands)</i>	Years Ended December 31,	
	2025	2024
Series A Preferred Stock (if converted)	1,281	1,256
Warrants	1,031	1,031
Restricted stock awards	765	941
Restricted stock units	145	4
Stock options	10	10
Total	3,232	3,242

Redeemable Preferred Stock

The Company's Series A Preferred Stock is convertible outside of our control and is classified as mezzanine equity. The Series A Preferred Stock was initially recorded at fair value upon issuance, net of issuance costs and discounts. The holders of our Series A Preferred Stock are Conversant and related affiliates, ("Conversant Preferred Investors"), and are entitled to vote with the holders of common stock on all matters submitted to a vote of stockholders of the Company. As such, the Conversant Preferred Investors, in combination with their common stock ownership as of December 31, 2025 and 2024, have voting rights in excess of 50% of the Company's total voting stock. It is deemed probable that the Series A Preferred Stock could be redeemed for cash by the Conversant Preferred Investors, and as such the Series A Preferred Stock is required to be remeasured and adjusted to its maximum redemption value at the end of each reporting period. However, to the extent that the maximum redemption value of the Series A Preferred Stock does not exceed the fair value of the shares at the date of issuance, the shares are not adjusted below the fair value at the date of issuance. As of December 31, 2025 and December 31, 2024, the Series A Preferred Stock is carried at the maximum redemption value. The Series A Preferred Stock does not have a maturity date and, therefore, is considered perpetual.

Dividends on redeemable Series A Preferred Stock are recorded to retained earnings or additional paid-in capital if retained earnings is an accumulated deficit. Dividends are cumulative, and any declaration of dividends is at the discretion of the Board. If the Board does not declare a dividend in respect of any dividend payment date, the amount of such accrued and unpaid dividend is added to the liquidation preference and compounds quarterly thereafter. During the year ended December 31, 2025, the Board declared dividends for all four fiscal quarters, and accordingly, no amount was added to the liquidation preference. During the year ended December 31, 2024, the Board declared dividends on the last two fiscal quarters, but did not declare any dividends for the first two fiscal quarters, and accordingly, an aggregate of \$2.7 million was added to the liquidation preference of the Series A Preferred Stock during such period, effectively increasing the carrying value of the redeemable preferred stock. See "[Note 10—Securities Financing](#)."

See "[Note 20—Subsequent Events](#)."

Segment Information

The Company evaluates the performance of its senior living communities and allocates resources based on current operations and market assessments on a property-by-property basis. The Company does not have a concentration of operations geographically or by product or service as its management functions are integrated at the property level. The Company has determined that its owned communities meet the criteria in ASC Topic 280, *Segment Reporting*, to be aggregated into one reporting segment. As such, the Company has one reportable segment.

Reclassifications

Certain amounts previously reflected in the prior year consolidated financial statements have been reclassified to conform to our December 31, 2025 presentation. The consolidated statements of operations as of December 31, 2024 reflects reclassifying transactions, transition and restructuring costs from "General and administrative expense" to "Transaction, transition and restructuring costs."

Off-Balance Sheet Arrangements

On November 5, 2025, the Company provided an irrevocable standby letter of credit in the amount of \$15.0 million to CHP in partial support of any termination fee payable by the Company under the Merger Agreement if needed. As of

December 31, 2025, the \$15.0 million letter of credit was outstanding. On March 11, 2026, the standby letter of credit was cancelled in conjunction with the closing of the Merger Transactions. The Company had no material off-balance sheet arrangements as of December 31, 2024.

Recently Adopted Accounting Pronouncements

Income Tax Disclosures

In 2025, we adopted ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* on a prospective basis. The amendments require disclosure of specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold and further disaggregation of income taxes paid for individually significant jurisdictions. See “[Note 12–Income Taxes](#)”.

Recently Issued Accounting Pronouncements Not Yet Adopted

Measurement of Credit Losses for Accounts Receivable and Contract Assets

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The ASU introduces a practical expedient to calculating current expected credit loss by assuming that the current conditions as of the balance sheet date will not change for the remaining life of the asset. This expedient can only be applied to current accounts receivable and current contract assets. This update is effective for annual reporting periods beginning after December 15, 2025 and interim periods within those annual periods, and this update is applied prospectively. Early adoption is permitted in both interim and annual periods in which financials have not been issued. The Company is evaluating the impact the adoption of this guidance will have on its consolidated financial statements and related disclosures.

Improvements to Income Statement Expenses

In November 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses (Topic 220)*. The ASU requires the disaggregated disclosure of specific expense categories, including purchases of inventory, employee compensation, depreciation, and amortization, within relevant income statement captions. The ASU is effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Adoption of this ASU can either be applied prospectively to consolidated financial statements issued for reporting periods after the effective date of this ASU or retrospectively to any or all prior periods presented in the consolidated financial statements. Early adoption is also permitted. This ASU will likely result in the required additional disclosures where applicable being included in our consolidated financial statements once adopted. We are currently evaluating the provisions of this ASU.

4. Investments, Acquisitions and Assets Held for Sale

The Jasper Acquisition

In September 2025, the Company acquired one senior living community located in Mansfield, Texas for a purchase price of \$15.6 million plus transaction costs of \$0.1 million. The asset acquisition was recorded at relative fair value. The Company recorded \$14.2 million in “Property and equipment, net” for tangible assets purchased and \$1.5 million in “Intangible assets, net” for in-place leases in the Company’s consolidated balance sheets as of December 31, 2025.

Alpharetta Acquisition

In June 2025, the Company acquired one senior living community located in Alpharetta, Georgia for a purchase price of \$11.0 million plus transaction costs of \$0.2 million. The asset acquisition was recorded at relative fair value. The Company recorded \$9.2 million in “Property and equipment, net” for tangible assets purchased; \$2.1 million in “Intangible assets, net” for in-place leases; and \$0.1 million in “Other long-term liabilities” for below market leases in the Company’s consolidated balance sheets as of December 31, 2025.

East Lake Acquisition

In May 2025, the Company acquired one senior living community located in Tarpon Springs, Florida for a purchase price of \$11.0 million plus transaction costs of \$0.3 million. The asset acquisition was recorded at relative fair value. The Company recorded \$9.9 million in “Property and equipment, net” for tangible assets purchased; \$1.6 million in “Intangible assets, net” for in-place leases; and \$0.2 million in “Other long-term liabilities” for below market leases in the Company’s consolidated balance sheets as of December 31, 2025. The Company mortgaged the property with a \$9.0 million loan. See “[Note 9–Debt](#).”

Cincinnati Acquisition

On December 31, 2024, the Company closed on the acquisition of an unoccupied single senior living community located in Cincinnati, Ohio for a purchase price of \$16.3 million plus transaction costs of \$0.1 million. Sonida funded the transaction with \$18.3 million of senior mortgage debt, including \$2.0 million for capital expenditure investment into the facility. The non-recourse mortgage has an 84-month term and 24-month interest waiver, with a 3% fixed interest-only rate thereafter.

The asset acquisition was recorded at relative fair value. The Company recorded \$16.4 million in “Property and equipment, net” for tangible assets purchased in the Company’s consolidated balance sheets. As of December 31, 2025, the community was occupied.

Atlanta Acquisition

In November 2024, the Company acquired two senior living communities in the Atlanta, Georgia market for \$29.0 million plus transaction costs of \$0.5 million. The asset acquisition was recorded at relative fair value. The Company recorded \$24.7 million in “Property and equipment, net” for tangible assets purchased; \$4.8 million in “Intangible assets, net” for in-place leases; and \$0.1 million in “Other long-term liabilities” for below market leases in the Company’s consolidated balance sheets.

Palm Acquisition

In October 2024, the Company acquired eight senior living communities (collectively, the “Palm Communities”) for an aggregate cash purchase price of \$102.9 million plus transaction costs of \$1.4 million (such acquisition, the “Palm Acquisition”). Five of the Palm Communities are located in Florida and the other three Palm Communities are located in South Carolina. The asset acquisition was recorded at relative fair value. The Company recorded \$89.2 million in “Property and equipment, net” for tangible assets purchased; \$15.6 million in “Intangible assets, net” for in-place leases; and \$0.5 million in “Other long-term liabilities” for below market leases in the Company’s consolidated balance sheets.

Macedonia Acquisition

In May 2024, the Company acquired a community located in Macedonia, Ohio for a purchase price of \$10.7 million plus transaction costs of \$0.4 million. The Company entered into a mortgage loan totaling \$9.4 million to fund the acquisition. The Company purchased a Secured Overnight Financing Rate (“SOFR”) based interest rate cap to reduce exposure to the variable interest rate fluctuations associated with the new mortgage. The total cost of the IRC was \$0.2 million and has an aggregate notional amount of \$9.4 million. The IRC has a 24-month term and caps SOFR at 6.00%. See “[Note 9—Debt](#)” and “[Note 15—Fair Value](#).”

The asset acquisition was recorded at relative fair value. We recorded \$10.0 million in “Property and equipment, net” for tangible assets purchased; \$1.2 million in “Intangible assets, net” for in-place leases; and \$0.1 million in “Other long-term liabilities” for below market leases for this acquisition in our consolidated balance sheets.

Investment in Consolidated VIE

In July 2024, the Company entered into two joint ventures with affiliates of Palatine Capital Partners (the “Palatine JVs”), which acquired four senior living communities located in Texas (3) and Georgia (1). The Palatine JVs acquired these communities for a purchase price of \$32.8 million plus transaction costs of \$0.1 million for net cash of \$11.2 million and financing of \$21.7 million of senior mortgage debt. The Company is a 51% owner in the joint ventures.

The VIE was determined to not be a business, thus the transaction was recorded at fair value under ASC 805. The Company recorded \$27.5 million in “Property and equipment, net” for tangible assets purchased; \$5.6 million in “Intangible assets, net” for in-place leases; and \$0.2 million in “Other long-term liabilities” for below market leases in the Company’s consolidated balance sheets. The noncontrolling interest of the Palatine JV is reported on the noncontrolling interest line items in the Company’s consolidated financial statements.

Investment in Stone Unconsolidated Entity

In May 2024, the Company and an investor formed a joint venture, Stone JV LLC (the “Stone JV”), which purchased four senior housing communities located in the Midwest for a purchase price of \$64.0 million through cash contributions. KZ Stone Investor LLC is the controlling managing member of the Stone JV and owns 67.29% of the entity as of December 31, 2025 and 2024. Sonida owns a 32.71% noncontrolling interest in the Stone JV as of December 31, 2025 and 2024.

The Company has evaluated its investment in the Stone JV under ASC 810. The Company has determined that it does not have the power to direct the activities of the VIE that most significantly impact its economic performance and is not the primary beneficiary of the VIE in accordance with ASC 810. The Company’s interests in the VIE are, therefore, accounted for

under the equity method of accounting. The carrying amount of the Company's investment in the unconsolidated venture and maximum exposure to loss as a result of the Company's ownership interest in the Stone JV were \$8.8 million and \$10.9 million, respectively, as of December 31, 2025 and 2024, which is included in equity method investment on the accompanying consolidated balance sheets. The Company estimated an initial basis difference of approximately \$0.4 million which is accounted for as equity method goodwill which is not subject to amortization. The Company received a return on investment of \$0.8 million and \$10.6 million, respectively, as of December 31, 2025 and 2024 in our unconsolidated entity.

The Company evaluates the realization of its investment in unconsolidated entities accounted for using the equity method if circumstances indicate the Company's investment is other than temporarily impaired. During the year ended December 31, 2025 and 2024, there were no impairments.

Assets and Liabilities Held for Sale

As of December 31, 2025, the Company classified one of its communities as held for sale in its consolidated balance sheets in accordance with ASC 360, following management's decision to divest the property and actively market it for sale.

The reclassification of the property's assets and liabilities held-for-sale status represents a presentation change within the balance sheet, rather than a new investing or financing transaction. The community did not meet the criteria for classification as a discontinued operation under ASC 205-20, as the sale does not represent a strategic shift that has or will have a major effect on the Company's operations and financial results. The Company continues to actively market the community for sale, and no sale-related cash flows with respect to such community have been recognized as of December 31, 2025.

The below summarizes the carrying amounts of the major classes of assets and liabilities classified as held for sale in the consolidated balance sheets (in thousands) as of December 31, 2025. There were no assets or liabilities held for sale as of December 31, 2024.

	<u>December 31,</u> <u>2025</u>
Assets held for sale	
Land	\$ 550
Land improvements	108
Buildings and building improvements	15,191
Furniture and equipment	748
Automobiles	11
Other	175
Accumulated depreciation and amortization	(7,330)
Total assets held for sale	<u>\$ 9,453</u>
Liabilities held for sale	
Fixed rate mortgage note payable	\$ 13,021
Accrued expenses	453
Deferred income	55
Total liabilities held for sale	<u>\$ 13,529</u>

5. Impairment of Long-Lived Assets

The Company recognized non-cash impairment charges of \$12.5 million to its "Property and equipment, net" during the year ended December 31, 2025, which related to four owned communities. Due to recurring net operating losses, the Company concluded the assets related to three of the communities had indicators of impairment and the carrying value was not recoverable. The fair value of the property and equipment, net of these three communities was determined using an income approach considering stabilized facility operating income and market capitalization rate of 8.0%. The Company classified the other community as held for sale in its consolidated balance sheets in accordance with ASC 360, following management's decision to divest the property and actively market it for sale. An impairment charge of \$4.7 million was recognized for the community held for sale. The impairment charge was recorded to reduce the carrying value of the property to its estimated fair value less estimated disposal costs and is presented within long-lived asset impairment in the Company's consolidated statements of operations. There were no impairments on long-lived assets during the year ended December 31, 2024.

6. Property and Equipment

As of December 31, 2025 and 2024, property and equipment, net consists of the following (in thousands):

	Asset Lives	December 31,	
		2025	2024
Land	NA	\$ 75,952	\$ 73,405
Land improvements	5 to 20 years	36,313	31,764
Buildings and building improvements	10 to 40 years	1,007,562	989,054
Furniture and equipment	5 to 10 years	76,098	66,600
Automobiles	5 to 7 years	3,486	2,923
Other	—	2,794	5,607
Construction in progress	NA	1,463	1,039
Total property and equipment		\$ 1,203,668	\$ 1,170,392
Less accumulated depreciation and amortization		(467,480)	(430,508)
Property and equipment, net		\$ 736,188	\$ 739,884

As of December 31, 2025 and 2024, depreciation expense was \$46.7 million and \$40.8 million, respectively. As of December 31, 2025 and 2024, property and equipment, net included \$0.7 million and \$2.2 million, respectively, of capital expenditures which had been incurred but not yet paid.

During the year ended December 31, 2025, the Company recognized non-cash impairment charges to “Property and equipment, net” of \$12.5 million. See “[Note 5—Impairment of Long-Lived Assets.](#)”

7. Intangible Assets

Intangibles, net consist of the following (in thousands):

	December 31,		Weighted Average Life Remaining (in years)
	2025	2024	
In-place leases, gross	\$ 34,199	\$ 28,960	
Accumulated amortization	(14,456)	(4,434)	
Intangibles, net	\$ 19,743	\$ 24,526	1.9

Intangibles, net represents in-place leases, purchased with acquired communities. A portion of purchase price for acquisitions have been allocated to in-place leases. The intangible assets are estimated to be amortized over the straight-line method over their estimated useful lives as of the date of acquisition. See “[Note 4—Investments, Acquisitions and Assets Held for Sale](#)” for in-place leases acquired during the years ended December 31, 2025 and 2024.

Amortization expense for intangible assets was \$10.0 million and \$3.3 million during the year ended December 31, 2025 and 2024, respectively. Expected future amortization expense of intangible assets as of December 31, 2025 is as follows (in thousands):

Year ended December 31,	
2026	10,826
2027	8,064
2028	853
Total amortization	\$ 19,743

8. Accrued Expenses

Accrued expenses consist of the following (in thousands):

	December 31,	
	2025	2024
Accrued payroll and employee benefits	\$ 17,877	\$ 20,894
Accrued interest ⁽¹⁾	7,096	8,499
Accrued property taxes	9,068	8,050
Accrued professional fees ⁽²⁾	31,561	3,315
Accrued other expenses	6,061	4,266
Total accrued expenses	\$ 71,663	\$ 45,024

⁽¹⁾ Includes \$3.9 million and \$5.5 million of deferred interest as of December 31, 2025 and 2024, respectively, in connection with the Fannie Mae Loan Modification.

⁽²⁾ Includes loss contingencies of \$6.5 million and \$1.8 million as of December 31, 2025 and 2024, respectively, and accrued professional fees in connection with the CHP Merger of \$23.4 million as of December 31, 2025.

9. Debt

Long-term debt balances, including associated interest rates and maturities consist of the following (in thousands):

	Maturity Date	Weighted average interest rate		December 31,	
		2025	2024	2025	2024
Senior secured revolving credit facility	2027	6.6%	7.3%	\$ 95,050	\$ 60,000
Fixed rate mortgage notes payable	2026 to 2045	4.6%	4.6%	384,764	400,229
Variable rate mortgage notes payable ⁽¹⁾	2026 to 2029	6.3%	6.5%	189,611	171,530
Notes payable – consolidated VIE	2026 to 2027	6.6%	7.2%	21,690	21,690
Notes payable – insurance	2026	5.6%	6.9%	2,004	1,707
Total debt				\$ 693,119	\$ 655,156
Deferred loan costs, net				3,378	3,766
Total debt, net of deferred loan costs				\$ 689,741	\$ 651,390
Current portion of debt, net				7,291	15,486
Long-term debt, net				\$ 682,450	\$ 635,904

(1) See “[Note 15–Fair Value](#)” for interest rate cap agreements on variable rate mortgage notes payable.

The following schedule summarizes our debt payable as of December 31, 2025 (in thousands):

Principal payments due in:	
2026	\$ 8,606
2027	121,180
2028	134,395
2029	408,562
2030	95
Thereafter	20,281
Total debt, excluding deferred loan costs	\$ 693,119

As of December 31, 2025, our fixed rate mortgage notes bore interest rates ranging from 3.0% to 6.3%. Our variable rate mortgage notes and revolving credit facility are based on the Secured Overnight Financing Rate (“SOFR”) plus an applicable margin. As of December 31, 2025, the one-month SOFR was 3.9%, and the applicable margins range from 0.0% to 2.7%.

As of December 31, 2025, we had property and equipment with a net carrying value of \$560.7 million that was secured by outstanding notes payable. In addition, as of December 31, 2025, we had property and equipment with a net carrying value of \$156.8 million secured by the outstanding Revolving Credit Facility (as defined below).

As of December 31, 2025, we had a fixed rate mortgage note with a carrying value of \$13.0 million associated with a property held for sale. This mortgage note matures in June 2026.

2025 Ally Term Loan

On August 7, 2025, the Company entered into a senior secured term loan of \$137.0 million (“2025 Ally Term Loan”) with Ally Bank (“Ally”) with a closing fee of 0.75%, or \$1.0 million. The 2025 Ally Term Loan amended and restated the Company’s then-existing term loan with Ally, dated as of March 10, 2022, as amended. The amendment resulted in the removal of one lender from the loan commitment. Following this amendment, only one member remains under the facility. The 2025 Ally Term Loan allowed for an initial term loan advance on the closing date of \$122.0 million secured by 19 communities, which included 18 communities under the then-existing Ally term loan agreement, as well as the Alpharetta community acquired in June 2025. Two additional draws of \$7.5 million each will become available subject to achieving certain debt yields and debt service coverages ratios. The 2025 Ally Term Loan has a 36-month maturity date and a variable interest rate of one-month SOFR plus a 2.65% margin (subject to a performance-based step-down to a 2.45% margin). As of December 31, 2025, the Company has \$122.0 million outstanding under the 2025 Ally Term Loan, which has a maturity date of August 2028. The Company has the ability to request an increase in the term loan up to \$40.0 million to finance additional properties subject to lender due diligence and review.

Senior Secured Revolving Credit Facility

In July 2024, the Company entered into a credit agreement for a senior secured revolving credit facility (the “Revolving Credit Facility”). The Revolving Credit Facility had an initial borrowing capacity of \$75.0 million, a term of three years, a leverage-based pricing matrix between SOFR plus 2.10% margin and SOFR plus 2.60% margin and is fully recourse to Sonida Senior Living, Inc. and its applicable subsidiaries. The borrowing base by which borrowing availability under the Revolving Credit Facility is determined is generally based upon the value of the senior living communities that secure the Company’s obligations under the Revolving Credit Facility. In October 2024, the Company closed on an additional \$75.0 million commitment under the Revolving Credit Facility. The incremental \$75.0 million availability results in a total aggregate commitment under the Revolving Credit Facility of up to \$150.0 million with total commitment fees paid of \$0.1 million for the year ended December 31, 2024. During the year ended December 31, 2025, the Company borrowed \$49.6 million under the Revolving Credit Facility, at a weighted average interest rate of 6.6%, which was secured by 14 of the Company’s senior living communities. The Company repaid \$14.5 million of the borrowings during the year ended December 31, 2025 and \$95.1 million borrowings were outstanding as of December 31, 2025, which was secured by 14 of the Company’s senior living communities. The Company had a \$15.0 million letter of credit outstanding as of December 31, 2025 under the Revolving Credit Facility. On March 11, 2026, the standby letter of credit was cancelled in conjunction with the closing of the Merger Transactions. The Company had an additional borrowing capacity of up to \$39.9 million under our Revolving Credit Facility as of December 31, 2025.

Debt Financing of the CHP Merger

In order to fund a portion of the cash consideration required for the CHP Merger, the Company obtained permanent debt financing of \$930 million, with a \$320 million accordion feature that allows Sonida to increase the facilities up to \$1.25 billion. On December 29, 2025, the Company amended and restated its revolving credit facility and on March 5, 2026 increased the borrowing amount (collectively, the “A&R Credit Agreement”), which amendments were subject to and conditioned upon the consummation of the CHP Merger. The A&R Credit Agreement increased the available commitments under the revolving credit facility to \$405.0 million, extended the maturity thereof to March 10, 2030, reduced the leverage-based pricing matrix to between SOFR plus 1.35% margin and SOFR plus 2.00% margin, expanded the participating lenders, and effected certain other change (the “New Revolving Credit Facility”). In addition, the Company incurred \$525.0 million in permanent term loans under the A&R Credit Agreement in two equal tranches (the “Term Loan Facility”) to fund a portion of the cash consideration necessary for the CHP Merger. The Term Loan Facility is comprised of a three-year tranche that matures March 10, 2029 and a five-year tranche that matures March 10, 2031. The Term Loan Facility is subject to a leverage-based pricing matrix between SOFR plus 1.30% margin and SOFR plus 1.95% margin, and is otherwise subject to the same

guarantees and security provisions, events of default, corporate covenants and borrowing base availability requirements of the New Revolving Credit Facility. The Company entered into a SOFR-based interest rate cap (“IRC”) to reduce exposure to the variable interest rate fluctuations associated with the Term Loan Facility. The IRC has a total cost of \$0.6 million, an aggregate notional amount of \$262.5 million, a 36-month term and an interest rate of 4.50%. Upon consummation of the CHP Merger, the \$150.0 million Revolving Credit Facility was replaced with the new \$405.0 million revolving credit facility under the A&R Credit Agreement.

On March 10, 2026, in order to fund the remaining portion of the cash consideration required for the CHP Merger, the Company incurred \$270.0 million in loans under a 364-day senior secured bridge loan (the “Bridge Facility”). The Bridge Facility matures on March 9, 2027 and is subject to a leverage-based pricing matrix between SOFR plus 1.35% margin and SOFR plus 2.00% margin. The Bridge Facility is subject to the same guarantees and security provisions, events of default, corporate covenants and borrowing base availability requirements as the A&R Credit Agreement. The Company entered into a SOFR-based IRC to reduce exposure to the variable interest rate fluctuations associated with the Bridge Facility. The IRC has a total cost of \$35 thousand, an aggregate notional amount of \$270.0 million, a 12-month term and an interest rate of 4.25%.

2024 Fannie Mae Loan Modification

In December 2024, the Company and certain of its subsidiaries entered into an Omnibus Amendment to Multifamily Loan and Security Agreements (the “Omnibus Amendment”) with Federal National Mortgage Association (“Fannie Mae”). The Omnibus Amendment amended the terms of each of the loan agreements (each, a “2024 Loan Agreement” and collectively, the “2024 Loan Agreements”) relating to 18 of the Company’s senior living communities encumbered by mortgage agreements with Fannie Mae to, among other things, extended the maturity dates of each 2024 Loan Agreement from December 1, 2026 to January 1, 2029 in exchange for \$10 million of scheduled principal paydowns on the 2024 Loan Agreements. The Company has made \$4 million in principal payments as of December 31, 2025 and is scheduled to pay \$3 million on each of November 2026 and November 2027 to Fannie Mae.

Texas Loan Modification

In August 2024, the Company entered into loan modification agreements (“Texas Loan Modification”) with one of its lenders on two owned communities in Texas. The original loan terms included maturities of April 2025 and October 2031, as well as cross-default provisions with each other. The Texas Loan Modification included revised loan maturities of December 2025 on both communities, with the Company’s option to make a discounted payoff (“Texas DPO”) of the outstanding loan principal on or prior to November 1, 2024. As part of the consideration, the Company was required to pay a total restructuring fee of \$0.3 million. On November 1, 2024, the Company paid \$18.3 million for the Texas DPO, which was financed with funds received from our Revolving Credit Facility. The Texas DPO represents a discount of 36% on the total principal outstanding for which the Company recognized a gain on debt extinguishment of \$10.4 million for the year ended December 31, 2024.

2024 Loan Purchase Agreement and Ally Term Loan Expansion

During 2024, we entered into an agreement with one of our previous lenders whereby the Company agreed to purchase the outstanding indebtedness it owed to such lender for a purchase price of \$40.2 million (plus the reimbursement of certain amounts advanced to the Company by such lender). In February 2024, the Company completed the purchase of the total outstanding principal balance of \$74.4 million from the lender that was secured by seven of the Company’s senior living communities (such transaction, the “2024 Loan Purchase”). The 2024 Loan Purchase was funded by expanding the Company’s then-existing loan facility with Ally Bank (“Ally”) by \$24.8 million and the remainder was funded by proceeds from the 2024 Private Placement, see “[Note 10—Securities Financing](#).” The 2024 Loan Purchase and Ally financing closed in February 2024, reduced notes payable by \$49.6 million, and resulted in a gain on debt extinguishment totaling \$38.1 million. The Company incurred deferred loan costs of \$0.5 million as part of the Ally financing that are amortized over the loan term. As part of the agreement with Ally, the Company expanded its current interest rate cap to include the additional borrowing at a cost of \$0.6 million. The expanded Ally debt facility is secured by six of the Company’s senior living communities involved in the transaction.

2025 & 2024 Community Mortgage Loans

In May 2025, the Company acquired one senior living community located in Tarpon Springs, Florida. The Company mortgaged the property with a \$9.0 million interest-only loan due in 36 months, plus two 12-month extensions at the Company's option subject to meeting certain financial conditions. The interest rate is based on SOFR plus applicable margins ranging from 0.0% to 3.0%.

In December 2024, the Company entered into a non-recourse mortgage loan of \$18.3 million for a term of 84-month term and 24-month interest waiver with a 3% fixed interest-only rate thereafter. In May 2024, the Company entered into a \$9.4 million mortgage loan with a 60-month term and a variable interest rate equal to 1-month term SOFR plus 2.00% margin. The Company is not required to make scheduled principal payments for the first 36 months. The Company also entered into a SOFR-based IRC to reduce exposure to the variable interest rate fluctuations associated with the new mortgage. The total cost of the IRC was \$0.2 million and has an aggregate notional amount of \$9.4 million. The IRC has a 24-month term and caps SOFR at 6.00% from May 9, 2024 through May 1, 2026 with respect to such variable rate indebtedness.

Notes Payable - Consolidated VIE

As of December 31, 2025 and 2024, the Company had \$21.7 million of mortgage debt outstanding related to the Palatine JV's. The Company has guaranteed \$3.1 million of the Palatine JV mortgages. In addition, one of the affiliates in the Palatine JVs entered into a SOFR-based IRC to reduce exposure to the variable interest rate fluctuations associated with one of the mortgages at a cost of \$0.1 million.

Notes Payable - Insurance

During the year ended December 31, 2025, the Company renewed certain insurance policies and entered into several finance agreements totaling approximately \$6.2 million. During the year ended December 31, 2024, the Company renewed certain insurance policies and entered into several finance agreements totaling approximately \$3.5 million. As of December 31, 2025, the Company had finance agreements outstanding totaling \$2.0 million, with a fixed interest rate of 5.60%, and principal being repaid over five-months.

Deferred Loan Costs

As of December 31, 2025 and 2024, the Company had gross deferred loan costs of approximately \$12.5 million and \$11.4 million, respectively related to notes payable. Accumulated amortization was approximately \$9.1 million and \$7.6 million as of December 31, 2025 and 2024, respectively.

Financial Covenants

Certain of the Company's debt agreements contain restrictions and financial covenants, which require the Company to maintain prescribed minimum liquidity, net worth, shareholders' equity levels and debt service ratios, and require the Company not to exceed prescribed leverage ratios, in each case on a consolidated, portfolio-wide, multi-community, single-community, and/or entity basis. In addition, the Company's debt agreements generally contain non-financial covenants, such as those requiring the Company to comply with Medicaid provider requirements and maintain insurance coverage.

The Company's failure to comply with applicable covenants could constitute an event of default under the applicable debt agreements. Many of the Company's debt agreements contain cross-default provisions so that a default under one of these instruments could cause a default under other debt agreements (including with other lenders). Furthermore, the Company's mortgage debt is secured by its communities and, in certain cases, a guaranty by the Company and/or one or more of its subsidiaries.

As of December 31, 2025, the Company was in compliance with the financial covenants of its debt agreements.

10. Securities Financing

Financing of the Merger Transactions

See “[Note 2—CHP Merger](#)” for a discussion on the financing of our Merger Transactions which was completed on March 11, 2026.

Increase in Authorized Shares of Common Stock

On March 21, 2024, following receipt of stockholder approval at the special meeting of the Company’s stockholders held on March 21, 2024, the Company filed an amendment to the Company’s Amended and Restated Certificate of Incorporation, as amended, with the Delaware Secretary of State to increase the number of authorized shares of the Company’s common stock from 15,000,000 shares to 30,000,000 shares. The charter amendment became effective upon filing.

On February 26, 2026, following receipt of stockholder approval at the special meeting of the Company’s stockholders held on February 26, 2026, the Company filed an amendment to the Company’s Amended and Restated Certificate of Incorporation, as amended, with the Delaware Secretary of State to increase the number of authorized shares of the Company’s common stock from 30,000,000 shares to 100,000,000 shares. The charter amendment became effective upon filing.

2024 Public Offering

In August 2024, the Company entered into an underwriting agreement providing for the offer and sale (the “2024 Offering”) by the Company, and the purchase by the underwriters, of 4,300,000 shares of the Company’s common stock, at a price to the public of \$27.00 per share (\$25.785 per share net of underwriting discounts and commissions). The Company also granted a 30-day option to the underwriters to purchase up to an additional 645,000 shares of common stock on the same terms as above.

During August 2024, the Company raised \$124.1 million in net proceeds from the 2024 Offering. The Company initially raised \$110.4 million of proceeds on the sale of 4,300,000 shares, net of underwriting discounts and offering costs. The Company raised an additional \$13.7 million on 530,317 shares, net of underwriting discounts and offering costs, pursuant to the partial exercise of the underwriters’ 30-day option described above.

At-the-Market Equity Offerings

On April 1, 2024, the Company entered into an At-the-Market Issuance Sales Agreement (the “ATM Sales Agreement”) with Mizuho Securities USA LLC, who is acting as the sole sales agent (the “Agent”). Pursuant to the ATM Sales Agreement in which the Company may sell, at its option, shares of its common stock up to an aggregate offering price of \$75.0 million (the “Shares”) through its Agent.

The ATM Sales Agreement provides that the Agent will be entitled to receive a commission of up to 3% of the gross proceeds from the sale of the shares in a transaction. The offering of common stock pursuant to the ATM Sales Agreement will terminate upon the earlier of, among other things, (i) the sale of all of the Shares subject to the ATM Sales Agreement and (ii) the termination of the ATM Sales Agreement by the Company or by the Agent, following delivery of sufficient written notice by the Company or the Agent to the other party.

During 2024, the Company sold an aggregate of 667,502 shares pursuant to the ATM Sales Agreement at a weighted average price per share of \$29.08 for net proceeds of \$18.7 million, after applicable commissions and offering costs.

2024 Private Placement Transaction

In February 2024, the Company entered into a securities purchase agreement (the “Securities Purchase Agreement”) with several shareholders (together, the “Investors”), pursuant to which the Investors agreed to purchase from the Company, and the Company agreed to sell to the Investors, in a private placement transaction (the “2024 Private Placement”), an aggregate of 5,026,318 shares of the Company’s common stock at a price of \$9.50 per share.

The 2024 Private Placement occurred in two tranches. The first tranche occurred on February 1, 2024, at which time 3,350,878 shares of common stock were issued and sold to the Investors for \$31.8 million. The second tranche occurred on March 22, 2024, at which time 1,675,440 shares of common stock were issued and sold to the Investors for \$15.9 million. The Company used a portion of the proceeds from the first closing of the 2024 Private Placement to fund a portion of the cash purchase price for the 2024 Loan Purchase. As of December 31, 2025, the majority of our common stock is held by Conversant and their related affiliates (together, “Conversant” or the “Conversant Investors”).

Series A Preferred Stock

As of December 31, 2025 and 2024, the Company has 41,250 shares outstanding of Series A Preferred Stock of the Company, par value \$0.01 per share, at \$1,000 per share (“Series A Preferred Stock”).

With respect to the distribution of assets upon liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the Series A Preferred Stock will rank: (i) on a parity basis with each other class or series of capital stock of the Company now existing or hereafter authorized, classified or reclassified, the terms of which expressly provide that such class or series ranks on a parity basis with the Series A Preferred Stock as to dividends or rights; and (ii) junior to each other class or series of capital stock of the Company hereafter authorized, classified or reclassified, the terms of which expressly provide that class or series. In the event of a change of control, the Series A Preferred Stockholders hold a liquidation preference that is equal to \$1,000 per share plus the sum of preferred dividends and other dividends paid as additional stock plus any accrued and unpaid dividends (the “Liquidation Preference”).

The Series A Preferred Stock has an 11% annual dividend calculated on the original investment of \$41.25 million accrued quarterly in arrears and compounded. Dividends are guaranteed and may be paid in cash or in additional Series A Preferred Stock shares at the discretion of the Company’s Board of Directors. Generally, the Series A Preferred Stockholders do not have special voting rights and have voting rights consistent with common stockholders as if they were one class. Series A Preferred Stockholders are entitled to a number of votes in respect of the shares of Series A Preferred Stock owned by them equal to the number of shares of common stock into which such shares of Series A Preferred Stock would be converted.

Dividends are cumulative, and any declaration of dividends is at the discretion of the Company’s Board of Directors. If the Board does not declare a dividend in respect of any dividend payment date, the amount of such accrued and unpaid dividend is added to the liquidation preference and compounds quarterly thereafter. During the year ended December 31, 2025, the Board declared and paid \$5.6 million cash dividends on the Series A Preferred Stock. During the year ended December 31, 2024, the Company declared and paid \$2.8 million cash dividends on the Series A Preferred Stock. During the quarters ended March 31, 2024 and June 30, 2024, the Board did not declare dividends, and accordingly, \$2.7 million was added to the liquidation preference of the Series A Preferred Stock.

The Series A Preferred Stockholders (“Holder”) have the right at any time to convert (an “Optional Conversion”) each share of Series A Preferred Stock into common stock. The right of Optional Conversion may be exercised as to all or any portion of such Holder’s Series A Preferred Stock from time to time, except that, in each case, no right of Optional Conversion may be exercised by a Holder in respect of fewer than 1,000 shares of Series A Preferred Stock (unless such conversion relates to all shares of Series A Preferred Stock held by such Holder). If an Optional Conversion date occurs on or after the record date for a dividend and on or before the immediately following dividend payment date and dividends have been declared for such dividend payment date, then (x) on such dividend payment date, such dividend will be paid to the Holder of each share of Series A Preferred Stock as of the close of business on the applicable record date for such dividend, notwithstanding the Holder’s exercise of an Optional Conversion, and (y) the amount of such dividend, if a preferred dividend, will not be included in the Liquidation Preference referred to in clause (a) above.

At any time the Company may elect, upon the approval of a majority of the independent and disinterested directors of the Board of Directors, to convert all, but not less than all, of the outstanding shares of Series A Preferred Stock into shares of common stock by delivery to the Series A Preferred Stock holders of a notice of mandatory conversion, provided, that the Company shall not be entitled to deliver an irrevocable notice of mandatory conversion unless the VWAP per share of common stock exceeds 150% of the conversion price for the 30 consecutive trading days immediately preceding the notice. The Company has the option to exercise its right to require the Conversant Investors to convert their Series A Preferred Stock, once VWAP has met the above requirements for this contingent call.

In the case of a mandatory conversion, each share of Series A Preferred Stock then outstanding will be converted into (i) a number of shares of common stock equal to the quotient of (a) the Liquidation Preference of such share of Series A Preferred Stock as of the applicable mandatory conversion date, divided by (b) the conversion price as of the applicable mandatory conversion date and (ii) cash in lieu of fractional shares. If the mandatory conversion date occurs on or after the record date for a dividend and on or before the immediately following dividend payment date and dividends have been declared for such date, then such dividend will be paid to the Series A Preferred Stock holder of each share of Series A Preferred Stock as of the close of business on the applicable record date, notwithstanding the Company’s exercise of a mandatory conversion, and the amount of such dividend, if a Series A Preferred Stock dividend, will not be included in the Liquidation Preference.

The Company may, at its option, irrevocably elect to redeem the Series A Preferred Stock, in whole or in part, at any time (i) before November 3, 2028 at a cash redemption price per share of Series A Preferred Stock equal to the greater of (A) 100% of the Liquidation Preference as of such redemption date and (B) an amount equal to (a) the number of shares of common stock issuable upon conversion of such share of Series A Preferred Stock as of the redemption date, multiplied by (b) the VWAP of common stock for the 30 trading days immediately preceding the notice date and (c) on or after the seventh anniversary of November 3, 2021, at a redemption price per share of Series A Preferred Stock equal to 100% of the Liquidation

Preference as of the redemption date. The Conversant Investors, in combination with their common stock ownership as of December 31, 2025, have voting rights in excess of 50% of the Company's total voting stock. It is therefore deemed probable that the Series A Preferred Stock could be redeemed for cash by the Conversant Investors, and as such the Series A Preferred Stock is required to be adjusted to its maximum redemption value at the end of each reporting period. However, to the extent that the maximum redemption value of the Series A Preferred Stock does not exceed the fair value of the shares at the date of issuance, the shares are not adjusted below the fair value at the date of issuance. As of December 31, 2025 and 2024, the Series A Preferred Stock was carried at the maximum redemption value. The redemption amount at each balance sheet date should include amounts representing dividends not currently declared or paid but which will be payable under the redemption features.

The Series A Preferred Stock does not have a maturity date and therefore is considered perpetual. The Series A Preferred Stock is redeemable outside of the Company's control and is therefore classified as mezzanine equity in the consolidated balance sheets of the Company as of December 31, 2025 and 2024. The Series A Preferred Stock is convertible into common stock at \$40 per share, as of December 31, 2025, and as of such date, the Series A Preferred Stock is convertible into 1,281,205 shares of common stock. There is no limit for the maximum shares of common stock the Company would be required to issue upon the conversion of Series A Preferred Stock.

Changes in the Series A Preferred Stock are as follows:

	Series A Preferred Stock	
	Shares	Amount
<i>(In thousands)</i>		
Balance as of December 31, 2023	41	\$ 48,542
Undeclared dividends on Series A Preferred Stock	—	2,707
Balance as of December 31, 2024	41	51,249
Balance as of December 31, 2025	41	\$ 51,249

See "[Note 20—Subsequent Events](#)."

Warrants

On November 3, 2021, the Company issued 1,031,250 warrants to the Conversant Investors, each evidencing the right to purchase one share of common stock at a price per share of \$40 and with an exercise expiration date of November 3, 2026. The Company had 1,031,250 outstanding warrants as of December 31, 2025 and 2024.

See "[Note 20—Subsequent Events](#)."

11. Stock-Based Compensation

The Company's uses equity awards as a long-term retention program that is intended to attract, retain and provide incentives for employees, officers, and directors and to more closely align stockholder and employee interests. The Company recognizes compensation expense for all our share-based stock awards based on their fair values.

Stock Options

The Company's stock options generally vest over one to five years and the related expense is amortized on a straight-line basis over the vesting period. There were no stock options granted during the years ended December 31, 2025 and 2024. The Company recorded no stock-based compensation expense related to stock options in the years ended December 31, 2025 and 2024 and there was no unrecognized compensation expense related to unvested stock option awards.

There were 9,816 options outstanding as of December 31, 2025 and 2024. The options outstanding as of December 31, 2025 and 2024 had no intrinsic value, a weighted-average remaining contractual life of 3 years, and a weighted-average exercise price of \$111.90.

Restricted Stock Units

Restricted stock units ("RSUs") may be granted to employees and members of the Company's Board of Directors ("Directors") as part of their compensation. Awards have a vesting period of one to three years; however, the Directors may defer the release of the RSU until their departure from the board. Compensation expense is recognized over the vesting period

on a straight-line basis. The fair value of RSUs is the market close price of the Company's common stock on the date of the grant. A summary of restricted stock units' activity is presented in the table below:

Time-Based Restricted Stock Units

	Number of Shares	Weighted Average Grant-Date Fair Value
Non-vested shares as of January 1, 2024	3,000	\$ 8.80
Granted	5,420	27.68
Vested ¹	(3,000)	8.80
Non-vested shares as of December 31, 2024	5,420	\$ 27.68
Granted	131,443	26.00
Forfeited/Cancelled	(7,802)	26.16
Vested ²	(6,122)	27.51
Non-vested shares as of December 31, 2025	<u>122,939</u>	\$ 25.98

¹ Weighted average price per share was \$26.65 on the vesting date with a total fair value of \$80 thousand.

² Weighted average price per share was \$24.84 on the vesting date with a total fair value of \$152 thousand.

Performance-Based Restricted Stock Units

Vesting of performance-based stock units ("PSUs") is dependent upon attainment of various levels of performance that equal or exceed targeted levels and generally vest in their entirety one to three years from the date of the grant. Compensation expense for performance-based restricted stock units is recognized over the performance period and is based on the probability of achievement of the performance condition. Expense is recognized net of actual forfeitures. A summary of performance-based restricted stock units' activity is presented in the table below:

	Number of Shares	Weighted Average Grant-Date Fair Value
Non-vested shares as of December 31, 2024	—	\$ —
Granted	110,548	26.16
Forfeited/Cancelled	(8,504)	26.16
Non-vested shares as of December 31, 2025	<u>102,044</u>	\$ 26.16

Restricted Stock Awards

Restricted stock awards ("RSAs") entitle the holder to receive shares of the Company's common stock as the awards vest. RSAs are considered outstanding at the time of grant since the holders thereof are entitled to dividends, upon vesting, and voting rights. Grants of restricted stock awards are classified as time-based, performance-based, or market-based, depending on the vesting criteria of the award.

Time-Based Restricted Stock Awards

Time-based RSAs generally vest over three to five years unless the award is subject to certain accelerated vesting requirements. The fair value of time-based RSAs is based on the closing price of the Company's common stock on the date of

grant. Compensation expense for time-based RSAs is recognized over the vesting period on a straight-line basis, net of actual forfeitures. A summary of time-based restricted stock awards' activity is presented in the table below:

	Number of Shares	Weighted Average Grant-Date Fair Value
Non-vested shares as of January 1, 2024	108,571	\$ 19.26
Granted	173,950	28.72
Forfeited/Cancelled	(9,791)	25.96
Vested ¹	(75,959)	23.13
Non-vested shares as of December 31, 2024	196,771	\$ 25.79
Forfeited/Cancelled	(17,676)	26.24
Vested ²	(86,384)	25.05
Non-vested shares as of December 31, 2025	92,711	\$ 26.39

¹ Weighted average price per share was \$27.94 on the vesting date with a total fair value of \$2.1 million.

² Weighted average price per share was \$22.89 on the vesting date with a total fair value of \$2.0 million.

Performance-Based Restricted Stock Awards

Vesting of performance-based stock awards ("PSAs") is dependent upon attainment of various levels of performance based on Adjusted Return on Equity that equal or exceed targeted levels and generally vest in their entirety one to three years from the date of the grant. Compensation expense for performance-based restricted stock awards is recognized over the performance period and is based on the probability of achievement of the performance condition. Expense is recognized net of actual forfeitures. A summary of performance-based restricted stock awards' activity is presented in the table below:

	Number of Shares	Weighted Average Grant-Date Fair Value
Non-vested shares as of January 1, 2024	149,219	\$ 13.86
Granted	160,395	28.80
Forfeited/Cancelled	(22,082)	\$ 19.56
Non-vested shares as of December 31, 2024	287,532	\$ 26.37
Forfeited/Cancelled	(86,616)	25.00
Non-vested shares as of December 31, 2025	200,916	\$ 25.86

Market-Based Restricted Stock Awards

Market-based restricted stock awards become eligible for vesting upon the achievement of specific market-based conditions based on the per share price of the Company's common stock.

The Company grants certain employees market-based restricted stock awards generally with either three or four tranches that vest if the Company's stock price closes at or above an established threshold for each tranche for a specified number of consecutive trading days within five years of the date of the grant. Compensation expense related to market-based restricted stock awards is recognized over the requisite service period on a straight-line basis. The requisite service period is a measure of the expected time to reach the respective vesting threshold and was estimated by utilizing a Monte Carlo simulation, considering only those stock price-paths in which the threshold was exceeded. During 2024, the Company granted 55,000 market-based restricted stock awards which vest in four tranches based on the 90-day volume weighted average price of SNDA common stock based on a grant date market condition. The grant date fair value of such awards was \$14.27, the risk-free interest rate was 4.5%, the expected volatility was 50.3%, the expected dividends was \$0, and the weighted average derived service period was 1.56 years.

A summary of market-based restricted stock awards' activity is presented in the table below:

	Number of Shares	Weighted Average Grant-Date Fair Value
Non-vested shares as of January 1, 2024	464,950	\$ 15.07
Granted	55,000	14.27
Forfeited/Cancelled	(45,000)	19.80
Non-vested shares as of December 31, 2024	474,950	\$ 14.75
Forfeited/Cancelled	(90,700)	16.38
Non-vested shares as of December 31, 2025	384,250	\$ 14.09

Stock-Based Compensation Expense

The Company recognized stock-based compensation expense related to the PSUs, RSUs, PSAs and RSAs described above of \$5.0 million and \$4.4 million during fiscal years 2025 and 2024, respectively, that is primarily associated with employees whose corresponding salaries and wages are included in general and administrative expenses within the Company's Consolidated Statements of Operations. Unrecognized stock-based compensation expense is \$7.7 million as of December 31, 2025. If all awards granted are earned, the Company expects this expense to be recognized over one to three-year periods for RSUs, a five-year period for market-based RSAs, and a three-year period for time-based and performance-based RSAs.

12. Income Taxes

The provision for income taxes consists of the following (in thousands):

	Years Ended December 31,	
	2025	2024
Current:		
Federal	\$ —	\$ —
State	330	239
Deferred:		
Federal	—	—
Provision for income taxes	\$ 330	\$ 239

Applying the updated requirements in ASU 2023-09 on a prospective basis, the principal reconciling items from the U.S. statutory income tax rate to the effective tax rate (provision for income taxes as a percentage of income before income taxes) are as follows (dollars in thousands):

	Year Ended December 31,	
	2025	
	\$	%
Tax (benefit) provision at federal statutory rates	\$ (15,155)	21.0 %
State income tax (benefit) provision, net of federal effects ⁽¹⁾	261	(0.4)%
Nontaxable or nondeductible items:		
Income attributable to noncontrolling interests	51	(0.1)%
Stock based compensation expense	458	(0.6)%
Permanent impact of employee retention credit claims	(1,185)	1.6 %
Other non-deductible items	(92)	0.1 %
Change in deferred tax asset valuation allowance	16,390	(22.7)%
Other adjustments	\$ (398)	0.6 %
Provision for income taxes	\$ 330	(0.5)%

(1) Texas makes up over 50% of the state income tax in this category.

For the year ended December 31, 2024, prior to the adoption of ASU 2023-09, the principal reconciling items from the U.S. statutory income tax rate to the effective tax rate are as follows (in thousands):

	Year Ended December 31, 2024	
Tax (benefit) provision at federal statutory rates	\$	(639)
Income attributable to noncontrolling interests		257
State income tax (benefit) provision, net of federal effects		475
Change in deferred tax asset valuation allowance		155
Stock based compensation expense		496
Permanent impact of employee retention credit claims		(585)
Other non-deductible items		80
Provision for income taxes	\$	239

The effective tax rate for fiscal year 2025 differs from the statutory tax rate primarily due to state income taxes, changes in the deferred tax asset valuation allowance and other permanent tax differences. The Company is impacted by the Texas Margin Tax (“TMT”), which effectively imposes tax on modified gross revenues for communities within the State of Texas and accounts for the majority of the Company’s current state tax expense. The fiscal year 2025 other permanent tax differences include \$0.5 million of Section 162(m) of the Internal Revenue Code of 1986, as amended compensation limitation. The valuation allowance recorded as of fiscal year 2025 was \$119.1 million, reflecting an increase of \$18.1 million from the previous year due to current year activity. Of the current year increase, \$1.7 million pertains to state tax assets.

The effective tax rate for fiscal year 2024 differs from the statutory tax rate primarily due to state income taxes, changes in the deferred tax asset valuation allowance and other permanent tax differences. The Company is impacted by the TMT, which effectively imposes tax on modified gross revenues for communities within the State of Texas and accounts for the majority of the Company’s current state tax expense. The fiscal year 2024 other permanent tax differences include \$0.4 million Section 162(m) of the Internal Revenue Code of 1986, as amended compensation limitation. The valuation allowance recorded as of December 31, 2024 was \$101.0 million, which had increased from the prior year by \$0.2 million due to current year activity.

A summary of the Company’s deferred tax assets and liabilities, are as follows (in thousands):

	December 31,	
	2025	2024
Deferred tax assets:		
Net operating loss carryforward	\$ 101,078	\$ 89,623
Compensation costs	3,368	4,148
Depreciation and amortization	12,031	3,271
Other	2,711	3,963
Total deferred tax assets	119,188	101,005
Deferred tax asset valuation allowance	(119,076)	(100,994)
Total deferred tax assets, net	112	11
Deferred tax liabilities:		
Operating lease right-of-use assets	(112)	(11)
Total deferred tax liabilities	(112)	(11)
Deferred taxes, net	\$ —	\$ —

A valuation allowance has been recorded to reduce the Company’s net deferred tax assets to the amount that is more likely than not to be realized. A significant component of objective evidence evaluated was the cumulative losses before income taxes incurred by the Company over the past several fiscal years. Such objective evidence severely limits the ability to consider other subjective evidence such as the Company’s ability to generate sufficient taxable income in future periods to fully recover

the deferred tax assets. However, in the event that the Company were to determine that it would be more likely than not that the Company would realize the benefit of deferred tax assets in the future in excess of their net recorded amounts, adjustments to deferred tax assets would increase net income in the period of such a determination.

As of December 31, 2025, the Company has gross federal and state net operating loss (“NOL”) carryforwards of \$434.0 million and \$313.8 million and related net deferred tax assets of \$91.1 million and \$13.9 million, respectively.

The Company filed for an employee retention credit (“ERC”) with the Internal Revenue Service (“IRS”) during the fourth quarter of 2023. See “[Note 3–Summary of Significant Accounting Policies](#)” for a discussion of employee retention credits. Of the \$10.7 million ERC received during 2025, \$5.6 million reduced the federal NOL recorded. The remaining \$5.1 million was recognized in taxable income during 2025 consistent with the IRS guidance released March 20, 2025. The previously recorded reduction to the federal NOL was \$8.5 million as of 2024 and a 2025 true up of approximately \$2.8 million increased the federal NOL to net to the \$5.6 million federal NOL reduction noted above.

The federal and state NOL carryforwards in the income tax returns filed included unrecognized tax benefits. The deferred tax assets recognized for those NOLs are presented net of the unrecognized benefits. If not used, the federal NOL generated prior to fiscal year 2018 will expire during fiscal years 2033 to 2037 and non-conforming state NOLs will expire during fiscal years 2026 to 2045. Federal NOLs generated subsequent to fiscal 2017 currently have no expiration due to changes to tax laws enacted with the Tax Cuts and Jobs Act of 2017 (“TCJA”). Some state jurisdictions conform to the unlimited net operating loss carryforward provisions as modified by the TCJA. However, some jurisdictions do not conform to the above-mentioned provisions.

In general, utilization of the net operating loss carryforwards are subject to a substantial annual limitation due to ownership changes that occur or that could occur in the future, as required by Section 382 of the Code. These ownership changes limit the amount of NOL carryforwards that can be utilized annually to offset taxable income and tax, respectively. In general, an “ownership change” as defined by Section 382 of the Code results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than 50 percentage points of the outstanding stock of a company by certain stockholders or public groups. There is no current or projected utilization of the NOL carryforwards in the near future. The Company maintains a valuation allowance in all jurisdictions where the NOL carryovers are present. The Company has estimated that \$60.3 million of gross U.S. federal NOL carryforwards from 2015 to 2017 would expire unused due to the Section 382 limitation.

A summary of the Company’s unrecognized tax benefits activity and related information for the years ended December 31, 2025 and 2024 is presented below (in thousands):

	Years Ended December 31,	
	2025	2024
Beginning balance, January 1	\$ 3,602	\$ 3,193
Gross increases – tax positions in prior period	415	409
Ending balance, December 31	\$ 4,017	\$ 3,602

As of December 31, 2025, the Company has unrecognized tax benefits of \$4.0 million for an uncertain tax position associated with a change in accounting method. The unrecognized tax benefits as of December 31, 2025 are timing-related uncertainties that if recognized would not impact the effective tax rate of the Company. The Company files income tax returns in the U.S. federal jurisdiction and U.S. state jurisdictions. As of December 31, 2025, the Company is generally no longer subject to U.S. federal tax examinations for tax years prior to 2022 and state tax examinations for tax years prior to 2021 with limited exceptions for net operating losses from 2013 forward.

13. Commitments and Contingencies

As of December 31, 2025, we had contractual commitments of \$6.9 million related to future renovations and technology enhancements to our communities.

The Company has claims incurred in the normal course of its business. Most of these claims are believed by management to be covered by insurance, subject to deductibles, normal reservations of rights by the insurance companies and possibly subject to certain exclusions in the applicable insurance policies. Where appropriate, these matters have been submitted to the Company's insurance carrier. The Company determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. It is not possible to quantify the ultimate liability, if any, in these matters. Loss contingencies are reviewed quarterly, and estimates are adjusted to reflect the impact of all known information. As more information becomes available, including from potential claimants as litigation or resolution efforts progress, management estimates and assumptions regarding the potential financial impacts may change.

As of December 31, 2025, the Company was the prospective defendant in a pre-suit claim of negligence and wrongful death relating to a former resident at one of the Company's senior living communities. While, to the Company's knowledge, no complaint has been filed with respect to such claim as of the date of these consolidated financial statements, the Company has deemed it to be probable that such claim will result in a loss. The Company maintains insurance coverage for this claim, subject to meeting certain deductibles, applicable policy limits, customary reservations of rights by the insurance company, and the other terms and conditions thereof. Estimating an amount or range of possible losses from claims of this nature is inherently difficult, particularly where litigation has not commenced, and the final timing and outcome of such claim is dependent on many factors that are difficult to predict. Accordingly the Company's ultimate cost related to this matter may be materially different than the amount of the Company's current estimate and accruals.

The Company has accrued a total of \$6.5 million as of December 31, 2025 for all loss contingencies that are probable to result in a loss and reasonably estimated which is included in accrued expenses on the consolidated balance sheets. In addition, insurance receivables for these claims have been recorded totaling \$5.2 million as of December 31, 2025, which is included in accounts receivable on the consolidated balance sheets.

14. Related Party Transactions

Conversant

As of December 31, 2025, Conversant and its affiliates have a controlling interest in the Company.

During the year ended December 31, 2025, the Company entered into certain agreements with Conversant Investors in connection with the CHP Merger. See "[Note 2-CHP Merger](#)."

During the year ended December 31, 2024, the Conversant Investors purchased an additional 5,007,895 shares of common stock of the Company for \$80.0 million. See "[Note 10-Securities Financing](#)."

See "[Note 20-Subsequent Events](#)."

Stone Joint Venture

As of December 31, 2025, the Company manages the four communities owned by the Stone JV under a management agreement and also provides reporting services for the joint venture. Sonida operates the four communities for a management fee based on gross revenues of the applicable communities, as well as an incentive management fee based on earnings before interest, taxes, depreciation, amortization, rent, and management fees, and other customary terms and conditions. The management fees and reporting fees were \$1.5 million and \$0.8 million, respectively, for the years ended December 31, 2025 and 2024.

In September 2024, the Stone JV entered into a \$35.0 million mortgage loan with a 36-month term and a fixed interest rate equal to 7.3% backed by the four communities owned by the Stone JV. As of December 31, 2025, the outstanding balance of the Stone JV loan was \$35.0 million and the Company guarantees the loan.

During the years ended December 31, 2025 and December 31, 2024, the Company received a distribution of \$0.8 million and \$10.6 million, respectively as a return of the Company's investment in the Stone JV due to financing of the communities. See "[Note 4-Investments, Acquisitions and Assets Held for Sale](#)."

Palatine Joint Ventures

As of December 31, 2025, the Company manages the four communities owned by subsidiaries of the Palatine JVs under a management agreement and also provides reporting services for the two joint ventures. The Company manages the four Palatine JV communities in exchange for a management fee calculated as a percentage of gross revenue and an additional incentive management fee based on earnings before interest, taxes, depreciation, amortization, rent, and management fees, and other customary terms and conditions. The management fees and reporting fees were \$0.9 million and \$0.4 million, respectively, for the years ended December 31, 2025 and 2024, which have been eliminated in consolidation. See “[Note 4—Investments, Acquisitions and Assets Held for Sale](#).” See “[Note 20—Subsequent Events](#).”

15. Fair Value**Assets and Liabilities Measured at Fair Value on a Recurring Basis**

The Company uses interest rate cap arrangements with financial institutions to manage exposure to interest rate changes for loans that utilize floating interest rates. As of December 31, 2025 and 2024, we had interest rate cap agreements with an aggregate notional value of \$194.2 million and \$185.1 million, respectively. The fair value of these derivative assets as of December 31, 2025 and 2024 was \$0.1 million and \$1.5 million, respectively, which was determined using significant observable inputs (Level 2), including quantitative models that utilize multiple market inputs to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services. See “[Note 16—Derivatives and Hedging](#).”

Financial Instruments Not Reported at Fair Value

For those financial instruments not carried at fair value, the carrying amount and estimated fair values of our financial assets and liabilities were as follows as of December 31, 2025 and 2024 (in thousands):

	December 31,			
	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Debt, excluding deferred loan costs	693,119	661,756	655,156	621,597
Liabilities held for sale ¹	13,021	12,643	—	—

¹ Notes Payable on one community that is currently held for sale.

We believe the carrying amount of cash and cash equivalents, restricted cash, accounts receivable, and accounts payable and accrued liabilities approximate fair value due to their short-term nature.

The fair value of debt, excluding deferred loan costs, is estimated using discounted cash flow analysis, based on current incremental borrowing rates for similar types of borrowing arrangements, which represent Level 2 inputs as defined in *ASC 820, Fair Value Measurement*.

As of December 31, 2025, we had a fixed rate mortgage note with a carrying value of \$13.0 million associated with a property held for sale. The fair value of the mortgage, which is classified as liabilities held for sale, is estimated using discounted cash flow analysis, based on current incremental borrowing rates for similar types of borrowing arrangements, which represent Level 2 inputs.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

The Company may adjust the carrying amount of certain non-financial assets to fair value on a non-recurring basis when they are impaired. As of December 31, 2025, the Company’s assets measured at fair value on a non-recurring basis were as follows (in thousands). There were no such amounts as of December 31, 2024.

	December 31, 2025	
	Carrying Amount	Fair Value
Assets		
Assets held for sale	\$ 9,453	\$ 9,453

During the year ended December 31, 2025, the Company recorded non-cash impairment charges of \$12.5 million to "Property and equipment, net." The Fair Value of the impaired assets were \$19.1 million as of December 31, 2025. See "[Note 5-Impairment of Long-Lived Assets](#)." There were no impairments on long-lived assets during the year ended December 31, 2024.

The following methods and assumptions were used in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents and Restricted cash: The carrying amounts reported in the Company's Consolidated Balance Sheets for cash and cash equivalents and restricted cash approximate fair value, which represent Level 1 inputs as defined in the accounting standards codification.

Debt, excluding deferred loan costs: The fair value of debt, excluding deferred loan costs, is estimated using discounted cash flow analysis, based on current incremental borrowing rates for similar types of borrowing arrangements, which represent Level 2 inputs as defined in the accounting standards codification.

Property and Equipment, Net: During the year ended December 31, 2025, the Company evaluated property and equipment, net for impairment. The Company recorded non-cash impairment charges of \$12.5 million to "Property and equipment, net" which related to four owned communities. The fair value of the property and equipment, net was primarily determined based on market analysis, industry trends, and recent comparable sales transactions. See "[Note 5-Impairment of Long-Lived Assets](#)."

Upon the acquisition of new communities accounted for as an acquisition of assets, we recognize the assets acquired and the liabilities assumed as of the acquisition date, measured at their relative fair values using Level 3 inputs at the date of acquisition once we have determined the fair value of each of these assets and liabilities.

The estimated fair value of these assets and liabilities could be affected by market changes and this effect could be material.

16. Derivatives and Hedging

The Company uses derivatives as part of our overall strategy to manage our exposure to market risks associated with the fluctuations in interest rates. We are also required to enter into interest rate derivative instruments in compliance with certain debt agreements. We do not enter into derivative financial instruments for trading or speculative purposes. The interest rate derivative instruments are not designated as hedges under ASC 815-20, *Derivatives - Hedging*. All changes in the fair value of the instruments are included as a component of interest expense in the consolidated statements of operations and "loss on derivative instruments, net" on the consolidated statements of cash flows.

In connection with a loan related to the Company's acquisition of a community located in Macedonia, Ohio in May 2024, the Company entered into a SOFR-based interest rate cap to reduce exposure to the variable interest rate fluctuations associated with the mortgage. The total cost of the IRC was \$0.2 million and has an aggregate notional amount of \$9.4 million. The IRC has a 24-month term and caps SOFR at 6.00%.

On March 1, 2022, the Company entered into an interest rate cap agreement for an aggregate notional amount of \$50.3 million to reduce exposure to interest rate fluctuations associated with a portion of our variable mortgage notes payable. The interest rate cap agreement had a 24-month term and capped the interest rate at 4.00% from March 1, 2022 through March 1, 2024 with respect to the portion of our floating rate indebtedness. During April 2024, the Company entered into an interest rate cap transaction for an aggregate notional amount of \$49.2 million for \$1.1 million to reduce exposure to interest rate fluctuations associated with a portion of our variable mortgage notes payable to Fannie Mae. The interest rate cap has 24-month term and effectively caps SOFR at 4.00%. The April 2024, interest rate cap replaced the interest rate cap that expired in March 2024.

On February 2, 2024, as part of the Ally Term Loan expansion, the Company entered into a SOFR-based interest rate cap transaction for an aggregate notional amount of \$24.8 million at a cost of \$0.6 million for a 2.25% interest rate cap expiring on December 1, 2024. On December 1, 2024, the Company entered into a SOFR-based interest rate cap transaction for an aggregate notional amount of \$113 million at a cost of \$1.4 million to replace the previous IRC that expired on December 1,

2024. The interest rate cap agreement had a 12-month term and effectively capped the interest rate at 3.00% with respect to the portion of our floating rate indebtedness. On August 27, 2025, as part of the 2025 Ally Term Loan, the Company terminated its existing IRC with Ally and entered into a new SOFR-based IRC transaction for an aggregate notional amount of \$122 million at a cost of \$0.1 million. The interest rate cap agreement has a 36-month term and effectively caps the interest rate at 5.50% with respect to the portion of our floating rate indebtedness.

In July 2024, one of the affiliates in the Palatine JV's entered into a SOFR-based IRC at 4.75% to reduce exposure to the variable interest rate fluctuations associated with two of its mortgages at a cost of \$0.1 million. The IRC expires in July 2026 and was for an aggregate notional amount of \$13.6 million.

The following table presents the fair values of derivative assets and liabilities in the consolidated balance sheets (in thousands):

	December 31, 2025			
	Derivative Asset		Derivative Liability	
	Notional Amount	Fair Value ¹	Notional Amount	Fair Value
Interest rate cap (SOFR-based)	194,190	72	—	\$ —
Total derivatives	<u>\$ 194,190</u>	<u>\$ 72</u>	<u>\$ —</u>	<u>\$ —</u>

¹ Of this amount, \$8 thousand is presented on the balance sheet as Current assets - derivative assets and \$64 thousand is Other assets, net.

	December 31, 2024			
	Derivative Asset		Derivative Liability	
	Notional Amount	Fair Value ¹	Notional Amount	Fair Value
Interest rate cap (SOFR-based)	185,145	1,465	—	\$ —
Total derivatives	<u>\$ 185,145</u>	<u>\$ 1,465</u>	<u>\$ —</u>	<u>\$ —</u>

¹ Of this amount, \$1.4 million is presented on the balance sheet as Current assets - derivative assets and \$0.1 million is Other assets, net.

The following table presents the effect of the derivative instrument on the consolidated statements of operations (in thousands):

	Years ended December 31,	
	2025	2024
Derivatives not designated as hedges		
Interest rate caps		
Loss on derivatives not designated as hedges included in interest expense	(1,069)	(3,950)

17. Allowance for Credit Losses

The components of the allowance for credit losses are as follows (in thousands):

	December 31,	
	2025	2024
Balance at beginning of year	\$ 7,852	\$ 5,256
Provision for credit losses, net of recoveries	3,329	2,596
Write-offs	(8,598)	—
Balance at end of year	<u>\$ 2,583</u>	<u>\$ 7,852</u>

Accounts receivable are reported net of an allowance for credit losses to represent the Company's estimate of inherent losses at the balance sheet date.

18. Employee Benefit Plans

Defined Contribution Plans

The Company maintains a 401(k) retirement savings plan for all employees that meet minimum employment criteria. Such plan provides that the participants may defer eligible compensation subject to certain Internal Revenue Code maximum amounts. The Company makes discretionary matching contributions. For the 2024 and 2025 Plan Years the Company made a contribution in amounts equal to 100.0% of the employee's contribution to such plan, for contributions up to a maximum of 1.0% of eligible compensation deferred into the Plan. For the years ended December 31, 2025 and 2024, the Company's expense for such plan was \$0.2 million and \$0.4 million, respectively.

19. Segment Information

Each of our owned communities are identified as individual operating segments and we combine them into a single reportable segment for reporting purposes under ASC 280. We measure the segment based on resident revenue less community operating expense, (adjusted for various non-recurring non-operating community expenses), which we define as community net operating income ("NOI"), as well as some key performance indicators such as weighted average occupancy and a measurement of average rent per available unit. All other operating segments represent the managed communities, which consist of management fees and the related managed community reimbursement revenues and expenses.

Our Chief Executive Officer, is our chief operating decision maker ("CODM"), who organizes our company, manages resource allocations and measures performance among our one reportable segment. The CODM uses community NOI by property to allocate operating and capital resources and assesses performance of the segment by comparing actual NOI results to historical results and previously forecasted financial information. Our CODM manages our business by reviewing annual forecasts and segment results on a monthly basis. The measure of segment assets is reported on the consolidated balance sheets as total consolidated assets. The total investment in equity method investments and capital expenditures are presented on the consolidated financial statements.

The following table presents resident revenue, community operating expense and community net operating income by reportable segment (in thousands):

	Years ended December 31,	
	2025	2024
Resident revenue	331,957	267,849
Community operating expense:		
Labor	160,925	126,730
Food	15,477	13,807
Utilities	15,558	12,701
Other community operating expense ⁽¹⁾	56,512	45,943
Total community operating expense	248,472	199,181
Community net operating income	\$ 83,485	\$ 68,668

(1) Includes community maintenance, software expense, supplies, insurance, real estate taxes, marketing expense, and other overhead expense.

A reconciliation of segment revenues to consolidated total revenues for 2025 and 2024 is as follows (in thousands):

	Years ended December 31,	
	2025	2024
Segment resident revenue	331,957	267,849
All other revenue:		
Management fees	4,431	3,381
Managed community reimbursement revenue	44,753	33,096
Total revenues	\$ 381,141	\$ 304,326

A reconciliation of segment net operating income to the Company's consolidated statements of operations for 2025 and 2024 is as follows (in thousands):

	Years ended December 31,	
	2025	2024
Segment net operating income	\$ 83,485	\$ 68,668
Management fees	4,431	3,381
Other operating expenses	(4,749)	(2,834)
General and administrative expense	(39,851)	(34,123)
Transaction, transition and restructuring costs	(16,231)	(5,874)
Depreciation and amortization expense	(56,768)	(44,051)
Long-lived asset impairment	(12,525)	—
Interest income	2,103	1,681
Interest expense	(38,635)	(36,990)
Gain on extinguishment of debt, net	—	48,536
Loss from equity method investment	(1,370)	(895)
Other expense, net	7,948	(540)
Provision for income taxes	(330)	(239)
Net Loss	\$ (72,492)	\$ (3,280)

20. Subsequent Events

CHP Merger

On March 11, 2026, the Company completed the CHP Merger. See note "[Note 2—CHP Merger](#)".

Mortgage Loan Amendments

On January 2, 2026 the Company entered into the second amendment on a mortgage loan for one of its communities. The amendment extended the loan maturity date to June 30, 2026 and adjusted the payment terms of the loan until maturity. As December 31, 2025, the mortgage loan for this community was \$13.0 million. The loan is associated with the liabilities held for sale on the Company's Consolidated Balance Sheets. See note "[Note 4—Investments, Acquisitions and Assets Held for Sale](#)".

On February 23, 2026, the Company amended two Palatine JV mortgages with a total principal balance of \$13.5 million which extended the maturity dates to April 1, 2027.

Membership Interest Purchase Agreement

On March 4, 2026 the Company entered into a membership interest purchase agreement with its minority partner PAL SL Decatur RS JV, LLC, to purchase their 49% membership interest for \$2.1 million. The community has a \$1.8 million outstanding mortgage that will be paid off at closing. The community will be a wholly-owned subsidiary of the Company after closing.

Conversion of Series A Preferred Stock and Warrant Extension

On March 11, 2026, the Company entered into an agreement with the Conversant Preferred Investors in order to induce the immediate full conversion of the Series A Preferred Stock. Pursuant to the agreement, the conversion price of the Series A Preferred Stock was decreased from \$40.00 per share of common stock to \$32.00 per share of common stock, the expiration date of all of the outstanding warrants issued on November 3, 2021 was extended from November 3, 2026 to November 3, 2027, and the Company made a onetime payment to the Conversant Preferred Investors totaling \$4.7 million in the aggregate. In addition, the Company paid the Conversant Preferred Investors \$1.1 million, in the aggregate, for accrued but unpaid dividends through March 11, 2026. On March 11, 2026, all of the outstanding shares of Series A Preferred Stock were converted into 1,601,505 shares of common stock.

DESCRIPTION OF CAPITAL STOCK

Unless the context otherwise requires, references to “we,” “us,” “our” and the “Company” refer to Sonida Senior Living, Inc.

As of the date of the Annual Report on Form 10-K, of which this Exhibit 4.9 is a part, the Company’s authorized capital stock consists of 100,000,000 shares of common stock of the Company, par value \$0.01 per share (“Common Stock”), and 15,000,000 shares of preferred stock of the Company, par value \$0.01 per share (“Preferred Stock”, and together with Common Stock, the “Company Stock”).

Common Stock is the only class of securities of the Company registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

The following description of the Company’s capital stock is a summary and does not purport to be complete. It is subject to and qualified in its entirety by the Second Restated Certificate of Incorporation of the Company (the “Charter”) and the Second Amended and Restated Bylaws of the Company (as amended as of the date of the Annual Report on Form 10-K, of which this Exhibit 4.9 is a part, the “Bylaws”), each of which is filed with or incorporated by reference as an exhibit to the Annual Report on Form 10-K, of which this Exhibit 4.9 is a part.

We encourage you to read the Charter, the Bylaws and the applicable provisions of the Delaware General Corporation Law (the “DCGL”), as well as the Investor Rights Agreement (as defined below), for additional information.

Common Stock*Voting Rights*

The holders of Common Stock are entitled to one (1) vote per share on all matters to be voted on by stockholders generally, including the election of directors. There are no cumulative voting rights, meaning that the holders of a majority of the shares voting for the election of directors can elect all of the directors standing for election.

Dividend Rights

The holders of Common Stock are entitled to receive dividends (payable in cash, stock or otherwise), subject to any rights and preferences of any outstanding shares of Preferred Stock, but only when and as declared by the Company’s board of directors (the “Board”) out of the assets legally available for dividend payments.

Liquidation Rights

In the event of any liquidation, dissolution or winding up of the Company, after there is paid to or set aside for the holders of any class of stock having preference over Common Stock the full amount to which such holders are entitled, then the holders of Common Stock, are entitled, after payment or provision for payment of all debts and liabilities of the Company, to receive the remaining assets of the Company available for distribution, ratably in proportion to the number of shares of Common Stock held by them ratably in proportion to the number of shares of Common Stock held by them.

Other Matters

Common Stock carries no preemptive or other subscription rights to purchase shares of Company Stock and is not convertible, redeemable or assessable or entitled to the benefits of any sinking fund.

Common Stock is listed on the New York Stock Exchange and trades under the ticker symbol “SNDA”. The Company’s transfer agent and registrar is Computershare Trust Company, N.A. The telephone number for Computershare Trust Company, N.A. is (866) 267-2831.

The rights, powers, preferences and privileges of holders of Common Stock are subject to, and may be adversely affected by, the rights of the holders of any series of Preferred Stock.

Preferred Stock

Subject to the provisions of the Charter and limitations prescribed by applicable law or the rules of any stock exchange or automated quotation system on which the Company's securities may be listed or traded, the Company may issue Preferred Stock in one or more series from time to time upon such terms and for such consideration as may be determined by the Board. Generally, the issuance of Preferred Stock, up to the aggregate amounts authorized by the Charter and any limitations prescribed by law or the rules of any stock exchange or automated quotation system on which the Company's securities may be listed or traded, does not require approval of the Company's stockholders. The Board has the authority to determine the number of shares of, and the rights, preferences and limitations of, each series of Preferred Stock, including, without limitation, the dividend rights, voting powers, preemptive rights, conversion or exchange rights, redemption rights, and liquidation preferences of any series of Preferred Stock.

Warrants

In connection with certain financing transactions completed in November 2021, the Company issued to the Initial Conversant Investors an aggregate of 1,031,250 warrants, each evidencing the right to purchase one share of Common Stock at a price per share of \$40.00, subject to certain adjustments. The warrants may be exercised until 5:00 p.m. New York City time on November 3, 2027.

Investor Rights Agreement

The Company is a party to the Amended and Restated Investor Rights Agreement, dated March 10, 2026 (the "Investor Rights Agreement"), with Conversant Fund A, Conversant Dallas Parkway (B) LP, Conversant Dallas Parkway (D) LP, Conversant Dallas Parkway (F) LP, Conversant PIF Aggregator A LP, CPIF Sparti SAF, L.P. and CPIF K Co-Invest SPT A, L.P. (collectively, the "Conversant Parties"), and Silk Partners, LP ("Silk" and, together with the Conversant Parties, the "Investors").

Board Designation and Other Governance Rights

Under the Investor Rights Agreement, Conversant Fund A has certain board designation and other governance rights, including, among other things: (a) the right to designate up to three directors for inclusion in the Company's slate of individuals nominated for election to the Board (each, an "Investor Board Representative") based on the proportionate beneficial ownership of the Conversant Parties, together with their affiliates (collectively, the "Conversant Entities"), of outstanding shares of Common Stock on an as-converted basis; (b) the right to designate the Board chairperson for so long as the Conversant Entities beneficially own at least 5% of the outstanding shares of Common Stock on an as-converted basis; (c) the right to designate one member of the Board's Nominating and Corporate Governance Committee, for so long as the Conversant Entities beneficially own at least 10% of the outstanding shares of Common Stock on an as-converted basis (provided that such member will be required to be "independent" in accordance with the applicable rules and regulations of the U.S. Securities and Exchange Commission and the New York Stock Exchange); and (d) the right to consent to any increase in the size of the Board in excess of nine members prior to the Beneficial Ownership Threshold Date (as defined below).

Pursuant to the Investor Rights Agreement, the Company must obtain the prior approval (not to be unreasonably withheld, conditioned or delayed) of Conversant Fund A before taking certain specified actions, including a material change in the principal business of the Company, entry into an agreement with respect to, or consummation of, any acquisition of another business involving the payment, contribution or assignment by or to the Company of money or assets in an amount exceeding \$10,000,000, issuances of equity representing 20% or more of outstanding shares of Common Stock on an as-converted basis as of November 3, 2021 (the date of the original investor rights agreement between the Company and affiliates of Conversant), changes of control, liquidation, dissolution or bankruptcy filings and certain dividends or redemptions on junior equity.

Prior to the Beneficial Ownership Threshold Date, Silk also has the right to designate one Investor Board Representative.

The “Beneficial Ownership Threshold Date” is defined as (i) on or prior to the date of the Company’s 2029 annual meeting of stockholders, the date on which the Conversant Entities or Silk, together with its affiliates (the “Silk Entities”), as applicable, beneficially own less than the lesser of (a) 4% of the outstanding shares of Common Stock on an as-converted basis or (b) the number of shares of Common Stock held by the Silk Entities on March 11, 2026 (proportionately adjusted for any subdivision or combination of Common Stock by stock split, reverse stock split, dividend, reorganization, recapitalization or otherwise) and (ii) following the date of the Company’s 2029 annual meeting of stockholders, the date on which the Conversant Entities or the Silk Entities, as applicable, beneficially own less than 5% of the outstanding shares of Common Stock on an as-converted basis.

For so long as Conversant Fund A or Silk have the right to designate an Investor Board Representative to be nominated to the Board, members of the Board other than the Investor Board Representative(s) have the exclusive right to designate persons on behalf of the Board for election at annual stockholders meetings for, or to fill vacancies in, all director positions, other than the Investor Board Representative(s).

Preemptive Rights

Each of the Conversant Parties has preemptive rights, for so long as the Conversant Entities beneficially own at least 14.9% of the outstanding shares of Common Stock on an as-converted basis, subject to certain exceptions.

Standstill; No Transfer Restrictions

For a period of 18 months following the date of the Investor Rights Agreement, the Investors are subject to standstill provisions pursuant to which, among other things and subject to certain exceptions, they are prohibited from taking any action to nominate directors, remove directors or change the composition of the Board (in each case, other than Investor Board Representatives appointed by Conversant Fund A or Silk, as applicable), engaging in any proxy solicitation with respect to Common Stock or calling a special meeting of the Company’s stockholders. Common Stock issued to the Conversant Investors and Silk pursuant to those certain Investment Agreements, dated November 4, 2025, with the Company is not subject to contractual transfer restrictions.

The foregoing description of the Investor Rights Agreement is a summary and does not purport to be complete. It is subject to and is qualified in its entirety by the Investor Rights Agreement, which is incorporated by reference as an exhibit to the Annual Report on Form 10-K, of which this Exhibit 4.9 forms a part.

Anti-Takeover Provisions of the Charter and Bylaws and Delaware General Corporation Law

The Charter, the Bylaws and the DGCL contain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of the Company. These provisions, which are summarized below, are designed to, among other things, discourage coercive takeover practices and inadequate takeover bids and encourage persons seeking to acquire control of the Company to first negotiate with the Board in hopes of improving the terms of any such takeover bids.

Authorized but Unissued Capital Stock

As of the date of the Annual Report on Form 10-K, of which this Exhibit 4.9 is a part, the Company has 100,000,000 authorized shares of Common Stock and 15,000,000 authorized shares of Preferred Stock. Due to the Company’s authorized but unissued Common Stock and Preferred Stock, the Board may be able to discourage or make any attempt to obtain control of the Company more difficult.

Stockholder Action by Written Consent; Special Meeting of Stockholders

The Charter and the Bylaws provide that any action required or permitted to be taken by the Company's stockholders must be taken at an annual or special meeting of stockholders, and may not be taken by the written consent of its stockholders, unless such consent is unanimous.

In addition, the Charter and the Bylaws provide that special meetings of stockholders may, subject to the rights of holders of any series of Preferred Stock and unless otherwise prescribed by statute, be called only by the Board, the chairperson of the Board or stockholders possessing at least 25% of the voting power of the Company's issued and outstanding voting stock. Only business within the purposes described in the notice of special meeting delivered in connection with any such special meeting may be conducted at such special meeting.

Amendment of Charter; Bylaws

The Charter provides that, in addition to any affirmative vote required by applicable law, and subject to the rights granted to or held by any holders of any series of Preferred Stock, an amendment thereof must be approved by the affirmative vote of the holders of not less than two-thirds of the voting power of the Company's issued and outstanding voting stock, with certain exceptions.

The Charter and the Bylaws grant the Board the power to adopt, amend and repeal the Bylaws upon the affirmative vote of at least a majority of the whole Board. The Company's stockholders may also adopt, amend or repeal the Bylaws by the affirmative vote of the holders of at least two-thirds of the voting power of the Company's issued and outstanding voting stock.

Classified Board; Election and Removal of Directors

The Company's directors are divided into three (3) classes serving staggered three-year terms, with only one (1) class being elected each year by the Company's stockholders. At each annual meeting of stockholders, directors are elected to succeed the class of directors whose terms have expired. Directors may be removed only for cause and by the affirmative vote of a majority of the Company's shares of capital stock then entitled to vote at an election of directors.

Subject to the terms of the Investor Rights Agreement, a vacancy on the Board may be filled by the affirmative vote of a majority of the directors in office. Any director appointed to fill a vacancy serves for the remainder of the term of the class of directors in which the vacancy occurred.

The number of directors on the Board generally will be fixed exclusively by, and may be increased or decreased exclusively by, the Board, subject to the terms of the Investor Right Agreement, but in no event will be less than three (3) nor more than fifteen (15).

Advance Notice Procedures for Director Nominations and Stockholder Proposals

The Bylaws provide the manner in which stockholders may give notice of business to be brought before an annual meeting of stockholders, including proposed nominations of persons for election to the Board. In order for any matter to be "properly brought" before a meeting, a stockholder will have to comply with advance notice requirements and provide the Company with certain information.

Delaware Anti-Takeover Law

The Company is a Delaware corporation subject to Section 203 of the DGCL, which regulates corporate acquisitions. Section 203 prevents an "interested stockholder," which is defined generally as a person who, together with such person's affiliates and associates, owns 15% or more of a corporation's outstanding voting stock, from engaging in a broad range of "business combinations" with the corporation for three (3) years after becoming an interested stockholder unless:

- the board of directors of the corporation had previously approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, that person owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding shares owned by persons who are directors and also officers and shares owned in employee stock plans in which participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- the business combination is approved by the board of directors of the corporation and holders of at least two-thirds of the outstanding voting stock, which is not owned by the interested stockholder.

The above description of Section 203 of the DGCL is intended as a summary only and is qualified in its entirety by reference to Section 203 of the DGCL.

Exclusive Forum

The Bylaws provide that, unless the Company consents in writing to the selection of an alternative forum, the federal district court for the District of Delaware (or, if the federal district court for the District of Delaware does not have jurisdiction, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Company, (b) any action asserting a claim of breach of a fiduciary duty owed by any director or officer or other employee or agent of the Company to the Company or the Company's stockholders, (c) any action asserting a claim against the Company or its directors, officers, employees or agents arising pursuant to any provision of the DGCL or the Charter or Bylaws or (d) any action asserting a claim against the Company or its directors, officers, employees or agents governed by the internal affairs doctrine.

INCREASE AND JOINDER TO CREDIT AGREEMENT

This INCREASE AND JOINDER TO CREDIT AGREEMENT (this “*Agreement*”) is made as of March 5, 2026, by and among SONIDA SENIOR LIVING, INC., a Delaware corporation (the “*Borrower*”), the direct and indirect Subsidiaries of the Borrower party hereto, as guarantor (the “*Guarantors*”), BMO BANK N.A., as administrative agent (together with any successor administrative agent, the “*Administrative Agent*”) for the Lenders (as defined below) and as Swingline Lender, the banks, financial institutions and other institutional lenders listed on the signature pages hereof as the lenders (individually and collectively, the “*Lender*” or “*Lenders*”), the L/C Issuers party hereto and GOLDMAN SACHS BANK USA (“*New Lender*”). Unless otherwise defined herein, terms defined in the Credit Agreement set forth below shall have the same meaning herein.

WITNESSETH:

WHEREAS, the Borrower, the Guarantors, the Administrative Agent and certain banks and financial institutions party thereto from time to time (the “*Lenders*”) have entered into a certain Credit Agreement dated as of December 29, 2025 (as amended, restated, supplemented, or otherwise modified from time to time, the “*Credit Agreement*”);

WHEREAS, the Borrower has requested that the amount of the aggregate Commitments evidenced by the Credit Agreement be increased by the aggregate amount of THIRTY MILLION AND 00/100 DOLLARS (\$30,000,000.00) pursuant to an exercise of its accordion rights as provided in *Section 2.15* of the Credit Agreement, consisting of an increase in the Revolving Credit Commitment in the aggregate amount of THIRTY MILLION AND 00/100 DOLLARS (\$30,000,000.00);

WHEREAS, the undersigned New Lender desires to provide a Revolving Credit Commitment and join into the Credit Agreement as a “Lender” as provided herein;

NOW, THEREFORE, in consideration of the mutual promises and agreements herein contained, the parties hereto hereby agree as follows:

1. Increase of Total Commitment.

(a) Pursuant to *Section 2.15* of the Credit Agreement, the parties hereto agree and acknowledge that, effective as of the Increase Effective Date (as defined below), (i) the aggregate total amount of the Commitments of the Lenders is NINE HUNDRED THIRTY MILLION AND 00/100 DOLLARS (\$930,000,000.00), (ii) the aggregate amount of the Revolving Credit Commitment is FOUR HUNDRED FIVE MILLION AND 00/100 DOLLARS (\$405,000,000.00), (iii) the aggregate amount of the Tranche 1 Term Loan Commitment remains unchanged at TWO HUNDRED SIXTY-TWO MILLION FIVE HUNDRED THOUSAND AND 00/100 DOLLARS (\$262,500,000.00), and (iv) the aggregate amount of the Tranche 2 Term Loan Commitment remains unchanged at TWO HUNDRED SIXTY-TWO MILLION FIVE HUNDRED THOUSAND AND 00/100 DOLLARS (\$262,500,000.00); and

(b) *Schedule 2.2(A)* of the Credit Agreement is hereby amended and restated in its entirety as set forth on Annex A to this Agreement.

2. Joinder of New Lender.

(a) By its signature below, New Lender joins in the execution of, and becomes a party to, the Credit Agreement and the other Loan Documents as a Lender with the Commitments set forth in Schedules 2.2(A) of the Credit Agreement (as amended hereby) and irrevocably assumes all rights and obligations in its capacity as a Lender under the Credit Agreement and the other Loan Documents to the extent of such Commitments.

(b) New Lender (1) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Agreement and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements to be a Lender under *Section 13.2(b)(iii)*, (v) and (vi) of the Credit Agreement (subject to such consents, if any, as may be required under *Section 13.2(b)(iii)* of the Credit Agreement), (iii) from and after the Increase Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of its Commitments, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by its Commitments and either it, or the Person exercising discretion in making its decision to acquire such Commitments, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement with all amendments thereto, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to *Section 8.5* thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Agreement and to provide its Commitments, (vi) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and to acquire its Commitments, and (vii) it has delivered any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by New Lender; and (2) agrees that (i) it will, independently and without reliance upon the Administrative Agent, any Arranger, or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

(c) By its signature below, each of the Borrower, the Swingline Lender, the L/C Issuers and the Administrative Agent consents to the addition of New Lender as a Lender under the Credit Agreement.

3. Conditions to Effectiveness. This Agreement shall not be effective until the date (the “*Increase Effective Date*”) on which each of the following conditions precedent has been

fulfilled to the reasonable satisfaction of the Administrative Agent on or prior to the date of this Agreement:

(a) This Agreement shall have been duly executed and delivered by the Borrower, the Guarantors, Administrative Agent, the Swingline Lender, the L/C Issuers and New Lender;

(b) All action on the part of the Borrower and the Guarantors necessary for the valid execution, delivery and performance by the Borrower and the Guarantors of this Agreement shall have been duly and effectively taken; and

(c) After giving effect to this Agreement, no Default shall have occurred and be continuing.

4. The Borrower hereby certifies that (i) the Loan Parties have duly and effectively taken all action necessary for the valid execution, delivery and performance by the Borrower and the Guarantors of this Agreement, (ii) the organizational documents and resolutions delivered to the Administrative Agent on the Effective Date pursuant to Sections 7.2(c), 7.2(d) and 7.2(e) of the Credit Agreement have not been amended, modified, or revoked and remain in full force and effect as of the date hereof, and (iii) no Default has occurred and is continuing on the date hereof.

5. Except as otherwise modified by this Agreement, the parties hereto hereby ratify, confirm, and reaffirm all of the terms and conditions of the Credit Agreement. The parties hereto further acknowledge and agree that all of the terms and conditions of the Credit Agreement and the other Loan Documents shall remain in full force and effect, except as expressly provided in this Agreement. This Agreement constitutes a Loan Document for all purposes.

6. This Agreement, which may be executed in multiple counterparts, constitutes the entire agreement of the parties regarding the matters contained herein and shall not be modified by any prior oral or written discussions. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic imaging transmission (e.g. PDF by email) shall be effective as delivery of a manually executed counterpart of this Agreement.

7. Any determination that any provision of this Agreement or any application hereof is invalid, illegal or unenforceable in any respect and in any instance shall not affect the validity, legality or enforceability of such provision in any other instance, or the validity, legality or enforceability of any other provisions of this Agreement.

8. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, including Section 5-1401 of the General Obligations Law of the State of New York.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, each of the undersigned have caused this Increase and Joinder to Credit Agreement to be executed by its duly authorized representative as of the date first set forth above.

“BORROWER”:

SONIDA SENIOR LIVING, INC.

By: /s/ Brandon M. Ribar
Name: Brandon M. Ribar
Title: Chief Executive Officer and President

[Signature Page to Increase and Joinder to Credit Agreement]

“GUARANTORS”

CAPITAL SENIOR LIVING PROPERTIES 4, INC.

By: /s/ Brandon M. Ribar
Name: Brandon M. Ribar
Title: Chief Executive Officer and President

CSL CREEKSIDE FL, LLC
CSL HARRISON, LLC
CSL KINGWOOD, LLC
SONIDA BLUFFTON, LLC
SONIDA CHARLESTON, LLC
SONIDA FLORENCE, LLC
SONIDA JACKSONVILLE, LLC
SONIDA OVIEDO, LLC
SONIDA PORT ORANGE, LLC
SONIDA ST. AUGUSTINE, LLC
SONIDA ST. CLOUD, LLC
SONIDA PEACHTREE CORNERS, LLC
SONIDA LAWRENCEVILLE, LLC
SONIDA MANSFIELD TX, LLC

By: /s/ Brandon M. Ribar
Name: Brandon M. Ribar
Title: Chief Executive Officer and President

[Signatures Continue on Next Page]

BMO BANK, N.A., as Administrative Agent, L/C Issuer, and Swingline Lender

By: /s/ Darin Mainquist

Name: Darin Mainquist

Title: Managing Director

[Signature Page to Increase and Joinder to Credit Agreement]

“NEW LENDER”

GOLDMAN SACHS BANK USA,
as a Lender

By: /s/ Jonathan Dworkin
Name: Jonathan Dworkin
Title: Authorized Signatory

[Signature Page to Increase and Joinder to Credit Agreement]

ROYAL BANK OF CANADA, as L/C Issuer

By: /s/ William Behuniak

Name: William Behuniak

Title: Authorized Signatory

[Signature Page to Increase and Joinder to Credit Agreement]

ANNEX A

SCHEDULE 2.2(A)

REVOLVING CREDIT COMMITMENTS

[Omitted pursuant to Item 601(a)(5) of Regulation S-K.]

Annex A

MASTER CREDIT FACILITY AGREEMENT

by and among

BERKADIA COMMERCIAL MORTGAGE LLC,

as original lender and

19 CAPITAL SENIOR LIVING CORPORATION SUBSIDIARIES,

as borrowers

DATED DECEMBER 18, 2018

CLOSING DATE: December 18, 2018

[Unless otherwise noted, all documents below are dated as of December 18, 2018]

Financing: 19 Capital Senior Living Corporation subsidiaries (collectively, "Borrowers"), borrowed a consolidated loan amount of \$201,042,000 (the "Loan") from Berkadia Commercial Mortgage LLC ("Lender") pursuant to a Master Credit Facility Agreement ("Loan Agreement") dated December 18, 2018 ("Closing Date"). The Loan consists of a \$150,781,500 fixed rate loan at a rate of 5.13% per annum and a \$50,260,500 variable rate loan at a rate of LIBOR plus 2.14% per annum. The Loan (both Fixed and Variable) is payable interest only until January 1, 2022 and matures January 1, 2029. Lender sold the Loan to Fannie Mae.

[Volume 1 of 21]

1. Master Credit Facility Agreement between Borrower and Lender

Schedules:

Schedule 1	Definitions Schedule
Schedule 2	Summary of Master Terms
Schedule 3.1	Schedule of Advance Terms (\$150,781,500; Fixed Advance)
Schedule 3.2	Schedule of Advance Terms (\$50,260,500; Variable Advance)
Schedule 4.1	Prepayment Premium Schedule
Schedule 4.2	Prepayment Premium Schedule
Schedule 5	Required Replacement Schedule
Schedule 6	Required Repair Schedule
Schedule 7	General Conditions Schedule
Schedule 8	Property-Related Documents Schedule
Schedule 9	Conversion Schedule
Schedule 10	Mortgaged Property Release Schedule
Schedule 11	Mortgaged Property Addition Schedule
Schedule 12	INTENTIONALLY OMITTED
Schedule 13	Ownership Interests Schedule
Schedule 14	Future Advance Schedule
Schedule 15	Letter of Credit Schedule
Schedule 16	Exceptions to Representations and Warranties Schedule

- Schedule 17 SPE Requirements Schedule
- Schedule 18 Waiver of Imposition Deposits
- Schedule 19 New York Gap Note
- Schedule 19-A Addendum to Schedule 2 - Summary of Loan Terms
(New York Gap Note Modifications (Fixed Rate))
- Schedule 20 Tax Abatement

Exhibits:

- Exhibit A Initial Mortgaged Properties and Initial Valuations
- Exhibit B Conversion Request
- Exhibit C Release Request
- Exhibit D Addition Request
- Exhibit E Future Advance Request
- Exhibit F Termination Request
- Exhibit G Annual Certification (Borrower)
- Exhibit H Annual Certification (Guarantor)
- Exhibit I Confirmation of Guaranty
- Exhibit J Confirmation of Environmental Indemnity Agreement
- Exhibit K-1 Organizational Certificate (Borrower)
- Exhibit K-2 Organizational Certificate (Guarantor)
- Exhibit L Confirmation of Obligations

2. Assignment of Master Credit Facility Agreement and Other Loan Documents by Lender to Fannie Mae

- Schedule 1 Borrowers
 - Exhibit A Assigned Documents
-

MASTER CREDIT FACILITY AGREEMENT (SENIORS HOUSING)

BY AND BETWEEN BORROWERS SIGNATORY HERETO

AND

BERKADIA COMMERCIAL MORTGAGE LLC DATED AS OF

DECEMBER 18, 2018



Fannie Mae

Capital Senior Living/Berkadia

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MASTER CREDIT FACILITY AGREEMENT (SENIORS HOUSING)

This MASTER CREDIT FACILITY AGREEMENT (as amended, restated, replaced, supplemented, or otherwise modified from time to time, and further defined in the Definitions Schedule, the “**Master Agreement**”) is made as of December 18, 2018, by and among (i) the entities identified as Borrower on the Summary of Master Terms, each a Delaware limited liability company, as Borrower and (ii) Berkadia Commercial Mortgage LLC, a Delaware limited liability company, as Lender.

RECITALS

- A. Borrower owns one (1) or more Multifamily Residential Properties as more particularly described in Exhibit A to this Master Agreement.
- B. Borrower has requested that Lender make a loan in favor of Borrower, comprised of a \$150,781,500 Fixed Advance and a \$50,260,500 Variable Advance. Future Advances may be made by Lender to Borrower in accordance with the terms of this Master Agreement.
- C. To secure the obligations of Borrower under this Master Agreement and the other Loan Documents, Borrower shall create a Collateral Pool in favor of Lender. The Collateral Pool shall be comprised of (i) the Multifamily Residential Properties listed on Exhibit A and (ii) any other collateral pledged to Lender from time to time by Borrower pursuant to this Master Agreement or any other Loan Documents.
- D. Each Note and Security Document shall be cross-defaulted (i.e., a default under any Note, Security Document or this Master Agreement shall constitute a default under each other Note and Security Document and under this Master Agreement) and cross-collateralized (i.e., each Security Instrument shall secure all of Borrower’s obligations under each Note, this Master Agreement, and the other Loan Documents). It is the intent of the parties to this Master Agreement that, after an Event of Default, Lender may accelerate any Note without the obligation but with the right to accelerate any other Note and that in the exercise of its rights and remedies under the Loan Documents, Lender may exercise and perfect any and all of its rights and remedies in and under the Loan Documents with regard to any Mortgaged Property without the obligation but with the right to exercise and perfect its rights and remedies with respect to any other Mortgaged Property. Any such exercise shall be without regard to the Allocable Facility Amount assigned to such Mortgaged Property. Lender may recover an amount equal to the full amount Outstanding in respect of any of the Notes in connection with such exercise and any such amount shall be applied to the Indebtedness as determined by Lender pursuant to the terms of this Master Agreement, the Notes, and the other Loan Documents.
- E. It is the intent of the parties that, notwithstanding anything to the contrary herein or the existence of any cash management system maintained by Borrower, and/or Guarantor or

Borrower Affiliates or the provision by Guarantor of the Guaranty, Lender is making Advances to Borrower (not to Guarantor or Borrower Affiliates). Lender has underwritten the making of the Advances based on its analysis of the value of the Collateral. In making the Advances, Lender is relying on each Borrower being and maintaining itself as a Single Purpose entity whose sole asset is its Mortgaged Property and ancillary property related thereto. Lender acknowledges that it views its credit risk as the performance and value of the Mortgaged Properties and it views the Guaranty as independent supplemental support in the event that one of the exceptions to the non-recourse events occurs.

F. Subject to the terms, conditions, and limitations of this Master Agreement, Lender has agreed to make the Advances.

G. It is anticipated that Lender shall assign each Advance made hereunder to Fannie Mae; however Fannie Mae shall not assume (i) any of the obligations of Lender, if any, under this Master Agreement to make Future Advances, or (ii) any of the obligations of Lender which are servicing obligations delegated to Lender as servicer of the Advances.

NOW, THEREFORE, in consideration of Borrower and Lender entering into this Master Agreement and other good and valuable consideration, the receipt and adequacy of which are hereby conclusively acknowledged, the parties hereby covenant, agree, represent, and warrant as follows:

AGREEMENTS

Article 1 DEFINITIONS; SUMMARY OF TERMS

Section 1.01 Defined Terms.

Capitalized terms not otherwise defined in either the recitals or the body of this Master Agreement shall have the meanings set forth in the Definitions Schedule attached to this Master Agreement.

Section 1.02 Schedules, Exhibits, and Attachments Incorporated.

The schedules, exhibits, and any other addenda or attachments are incorporated fully into this Master Agreement by this reference and each constitutes a substantive part of this Master Agreement.

Article 2
ADVANCES; COLLATERAL EVENTS

Section 2.01 Variable Advance and Fixed Advance.

Subject to the terms, conditions, and limitations of this Master Agreement:

(a) Variable Advance.

Lender agrees to make Variable Advances to Borrower in accordance with the terms and provisions of this Master Agreement. Future Advances may be made pursuant to Section 2.02(c)(2) (Future Advances). Pursuant to the terms of Section 2.10(a) (Conversion from Variable Note to Fixed Note), Borrower may convert a Variable Note to a Fixed Note.

(b) Fixed Advance.

Lender agrees to make Fixed Advances to Borrower in accordance with the terms and provisions of this Master Agreement. Future Advances may be made pursuant to Section 2.02(c)(2) (Future Advances).

Section 2.02 Advances.

(a) Request.

Assuming Advances are available to Borrower under this Master Agreement and this Section 2.02 (Advances), Borrower shall request a Future Advance by giving Lender a Future Advance Request. The Future Advance Request shall indicate whether the Request is for a Fixed Advance or Variable Advance or more than one type of Advance.

(b) Limitations on Executions.

Notwithstanding anything in this Master Agreement or any other Loan Document to the contrary, any Future Advance (whether a Variable Advance or a Fixed Advance) and any Conversion of an Advance shall be subject to the precondition that Lender must confirm with Fannie Mae that Fannie Mae is generally offering to purchase in the marketplace advances of the execution type requested by Borrower at the time of the Request and at the time the rate for such Advance is locked. In the event Fannie Mae is not purchasing advances of the type requested by Borrower, Lender agrees to offer, to the extent available from Fannie Mae, alternative advance executions based on the types of executions Fannie Mae is generally offering to purchase in the marketplace at that time. Any alternative execution offered would be subject to mutually agreeable documentation necessary to implement the terms and conditions of such alternative execution.

(c) Making Advances.

- (1) Initial Advances.

Assuming conditions of Lender have been met prior to or as of the date of this Master Agreement, Lender shall make the Initial Advance(s) to Borrower.

(2) Future Advances.

(A) Subject to Section 2.02(b) (Limitations on Executions) and satisfaction of the terms in the Future Advance Schedule, Borrower may request a Future Advance. Lender is not committing in this Master Agreement to make a Future Advance and any Future Advance will be at the option of Lender except for a Borrow Up provided in the proviso of Section 2.02(c)(2)(B) (Future Advances) below, subject to the requirements of such proviso and this Master Agreement. Once made, any Future Advance shall be subject to this Master Agreement in all respects and shall be secured by the Security Instruments encumbering the Mortgaged Properties.

(B) Any Future Advance shall be made in connection with the Addition of Additional Mortgaged Properties; provided, however, Borrower may request that one or more Future Advances made pursuant to Section 2.02(c)(2)(A) (Future Advances) above be made without the Addition of Additional Mortgaged Property (each a "**Borrow Up**") based on compliance with the terms of the Future Advance Schedule and the Underwriting and Servicing Requirements subject to the terms of this Section 2.02(c)(2) (Future Advances) and Section 2.02(b) (Limitations on Executions). Such Borrow Up shall be made during the period beginning on the First Anniversary and ending on the Fifth Anniversary, but not more than one (1) time per Facility Year and in no event more than three (3) times total during the Term of this Master Agreement.

(C) All Future Advances must satisfy the terms of the Future Advance Schedule and any addition of Additional Mortgaged Property shall satisfy the terms of the Mortgaged Property Addition Schedule.

(D) [Intentionally Deleted.]

(E) [Intentionally Deleted.]

(F) Notwithstanding anything to the contrary in this Master Agreement, no Future Advance or Conversion shall be permitted unless immediately after such Future Advance or Conversion the Advances then Outstanding will not exceed one hundred percent (100%) of the aggregate fair market value of all real property securing such Advances (where fair market value is determined for these purposes based upon a current Appraisal or some other commercially reasonable valuation method).

(3) Closing of Future Advance.

If the conditions set forth in this Section 2.02 (Advances) and the Future Advance Schedule are satisfied (and, if applicable, all conditions set forth on the Mortgaged Property Addition Schedule are satisfied), Lender shall make the requested Future Advance on an Effective Date selected by Lender (or on such other date as Borrower and Lender may agree).

Section 2.03 Advance Terms and Payments on Advances.

(a) Debt Service Payments.

- (1) Short Month Interest.

If the date the proceeds of an Advance are disbursed is any day other than the first day of the month, interest for the period beginning on the disbursement date and ending on and including the last day of the month in which the disbursement occurs shall be payable by Borrower on the date the Advance proceeds are disbursed. In the event that the disbursement date is not the same as the Effective Date, then:

(A) the disbursement date and the Effective Date must be in the same month, and

(B) the Effective Date shall not be the first day of the month.

- (2) Interest Accrual and Computation; Amortization; Interest Rate Cap.

(A) Except as provided in Section 2.03(a)(1) (Short Month Interest), interest shall be paid in arrears. Except as otherwise provided in this Master Agreement, for Fixed Advances, interest shall accrue at the Interest Rate until fully paid; and for Variable Structured ARM Advances, interest shall accrue at the Adjustable Rate until fully paid. If the Interest Accrual Method is "Actual/360," Borrower acknowledges and agrees that the amount allocated to interest for each month will vary depending on the actual number of calendar days during such month.

(B) With respect to any Variable Structured ARM Advances, the following provisions shall apply:

(i) The Initial Adjustable Rate shall be effective until the first Rate Change Date. Thereafter, the Adjustable Rate shall change on each Rate Change Date based on fluctuations in the Current Index.

(ii) Each amortizing Monthly Debt Service Payment shall include a principal payment equal to the Fixed Monthly Principal Component.

(iii) Before each Payment Change Date, Lender shall notify Borrower of any change in the Adjustable Rate and the amount of the next Monthly Debt Service Payment.

(iv) If Lender determines at any time that it has miscalculated the amount of a Monthly Debt Service Payment (whether because of a miscalculation of the Adjustable Rate or otherwise), then Lender shall give notice to Borrower of the corrected amount of the Monthly Debt Service Payment (and the corrected Adjustable Rate, if applicable) and (1) if the corrected amount of the Monthly Debt Service Payment represents an increase, then Borrower shall, within thirty (30) calendar days thereafter, pay to Lender any sums that Borrower would have otherwise been obligated to pay to Lender had the amount of the Monthly Debt Service Payment not been miscalculated, or (2) if the corrected amount of the Monthly Debt Service Payment represents a decrease and Borrower is not otherwise in default under any of the Loan Documents, then Borrower shall thereafter be paid the sums that Borrower would not have otherwise been obligated to pay to Lender had the amount of the Monthly Debt Service Payment not been miscalculated.

(v) [Intentionally Deleted.]

(vi) If required by Lender, to protect against fluctuations in interest rates during the Term of this Master Agreement, Borrower shall enter into the Cap Security Agreement. Pursuant to the terms of the Cap Security Agreement, Borrower shall make arrangements for a LIBOR-based interest rate cap in form and substance satisfactory to Lender with a counterparty satisfactory to Lender (“**Interest Rate Cap**”) to be in place and maintained at all times with respect to any Variable Advance which has been funded and remains Outstanding. The seller of the Interest Rate Cap (seller and its transferees and assigns, the “**Counterparty**”) shall be a financial institution meeting the minimum requirements for hedge counterparties acceptable to Lender. The Interest Rate Cap shall have a minimum initial term of three (3) years. Borrower shall be required to make Monthly Deposits (as defined in the Cap Security Agreement) to be held in an Interest Rate Cap Reserve Escrow Account (as defined in the Cap Security Agreement). As set forth in the Cap Security Agreement, Borrower agrees to pledge its right, title, and interest in the Interest Rate Cap to Lender as additional collateral for the Indebtedness.

(C) The amortization and payment of interest (and principal, if applicable) for each Advance shall be determined at the Effective Date of each Advance.

(3) Monthly Debt Service Payments.

Consecutive monthly debt service installments (comprised of either interest only or principal and interest, depending on the Amortization Type), each in the amount of the applicable Monthly Debt Service Payment for an Advance, shall be due and payable on the First Payment Date, and on each Payment Date thereafter until the Maturity Date of such Advance, at which time all Indebtedness relating to such Advance shall be due. Any regularly scheduled Monthly Debt Service Payment that is received by Lender before the applicable Payment Date shall be deemed to have been received on such Payment Date solely for the purpose of calculating interest due. All payments made by Borrower under this Master Agreement shall be made without set-off, counterclaim, or other defense.

(4) Payment at Maturity.

(A) The unpaid principal balance of an Advance, any Accrued Interest thereon, and all other Indebtedness relating to such Advance shall be due and payable on the applicable Maturity Date for such Advance.

(B) Except in connection with a complete repayment of all Advance(s), if Borrower pays any Advances at maturity of such Advance and requests a Release of any Mortgaged Property, such Release shall be subject to the Release Price and release tests in the Mortgaged Property Release Schedule.

(5) Maturity Dates.

(A) The Maturity Date of each Variable Advance shall be specified by Borrower for such Variable Advance, provided that such Maturity Date shall be no earlier than the date that is the first day of the month following the date five (5) years after the Effective Date of such Variable Advance and no later than the date that is the first day of the month following the date ten (10) years after the Effective Date of such Variable Advance provided no Maturity Date shall exceed the date that is the first day of the month following the date fifteen (15) years after the Initial Effective Date.

(B) The Maturity Date of each Fixed Advance shall be specified by Borrower for such Fixed Advance, provided that such Maturity Date shall be no earlier than the date that is the first day of the month following the date five (5) years after the Effective Date for such Fixed Advance and no later than the date that is the first day of the month following the date fifteen (15) years after the Effective Date of such Fixed Advance provided no Maturity Date shall exceed the date that is the first day of the month following the date fifteen (15) years after the Initial Effective Date.

(6) Interest Rate Type; Notes.

(A) The obligation of Borrower to repay each Variable Advance shall be evidenced by one or more separate Variable Notes. Each Variable Note shall be

payable to the order of Lender and shall be made in the original principal amount of such Variable Advance.

(B) The obligation of Borrower to repay each Fixed Advance shall be evidenced by one or more separate Fixed Notes. The Fixed Note shall be payable to the order of Lender and shall be made in the original principal amount of such Fixed Advance.

(b) Capitalization of Accrued but Unpaid Interest.

Any accrued and unpaid interest on an Advance remaining past due for thirty (30) days or more may, at Lender's election, be added to and become part of the unpaid principal balance of such Advance.

(c) Late Charges.

(1) If any Monthly Debt Service Payment due hereunder is not received by Lender within ten (10) days after the applicable Payment Date, or any amount payable under this Master Agreement (other than the payment due on the applicable Maturity Date for repayment of an Advance in full) or any other Loan Document is not received by Lender within ten (10) days after the date such amount is due, inclusive of the date on which such amount is due, Borrower shall pay to Lender, immediately without demand by Lender, the Late Charge.

(2) The Late Charge is payable in addition to, and not in lieu of, any interest payable at the Default Rate pursuant to Section 2.03(d) (Default Rate).

(3) Borrower acknowledges and agrees that:

(A) its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Advances;

(B) it is extremely difficult and impractical to determine those additional expenses;

(C) Lender is entitled to be compensated for such additional expenses;

and

(D) the Late Charge represents a fair and reasonable estimate, taking into account all circumstances existing on the date hereof, of the additional expenses Lender will incur by reason of any such late payment.

(d) Default Rate.

(1) Default interest shall be paid as follows:

(A) If any amount due in respect of an Advance (other than amounts due on the Maturity Date) remains past due for thirty (30) days or more, interest on such unpaid amount(s) shall accrue from the date payment is due at the Default Rate and shall be payable upon demand by Lender.

(B) If any Indebtedness due is not paid in full on the applicable Maturity Date, then interest shall accrue at the Default Rate on all such unpaid amounts from such Maturity Date until fully paid and shall be payable upon demand by Lender.

Absent a demand by Lender, any such amounts shall be payable by Borrower in the same manner as provided for the payment of Monthly Debt Service Payments. To the extent permitted by Applicable Law, interest shall also accrue at the Default Rate on any judgment obtained by Lender against Borrower in connection with the Advances. To the extent Borrower or any other Person is vested with a right of redemption, interest shall continue to accrue at the Default Rate during any redemption period until such time as the Mortgaged Property has been redeemed.

(2) Borrower acknowledges and agrees that:

(A) its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Advances; and

(B) in connection with any failure to timely pay all amounts due in respect of an Advance on the applicable Maturity Date, or during the time that any amount due in respect of an Advance is delinquent for more than thirty (30) days:

(i) Lender's risk of nonpayment of the Advance will be materially increased;

(ii) Lender's ability to meet its other obligations and to take advantage of other investment opportunities will be adversely impacted;

(iii) Lender will incur additional costs and expenses arising from its loss of the use of the amounts due;

(iv) it is extremely difficult and impractical to determine such additional costs and expenses;

(v) Lender is entitled to be compensated for such additional risks, costs, and expenses; and

(vi) the increase from the Interest Rate to the Default Rate represents a fair and reasonable estimate of the additional risks, costs, and expenses Lender will incur by reason of Borrower's delinquent payment and the additional compensation Lender is entitled to receive for the

increased risks of nonpayment associated with a delinquency on the Advance (taking into account all circumstances existing on the applicable Effective Date).

(e) Address for Payments.

All payments due pursuant to the Loan Documents shall be payable at Lender's Payment Address, or such other place and in such manner as may be designated from time to time by written notice to Borrower by Lender.

(f) Application of Payments.

Subject to the terms of Section (d) (Application of Release Price) of the Mortgaged Property Release Schedule, if at any time Lender receives, from Borrower or otherwise, any payment in respect of the Indebtedness that is less than all amounts due and payable at such time, then Lender may apply such payment to amounts then due and payable in any manner and in any order determined by Lender or hold in suspense and not apply such payment at Lender's election. Neither Lender's acceptance of a payment that is less than all amounts then due and payable, nor Lender's application of, or suspension of the application of, such payment, shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction. Notwithstanding the application of any such payment to the Indebtedness, Borrower's obligations under this Master Agreement and the other Loan Documents shall remain unchanged.

Section 2.04 Prepayment; Prepayment Lockout; Prepayment Premium.

(a) Subject to the terms and conditions of the applicable Prepayment Premium Schedule and the requirements relating to application of the Release Price set forth in the Mortgaged Property Release Schedule, Notes are prepayable in whole or in part, provided that Borrower shall not make a voluntary full or partial prepayment of a Note during any Prepayment Lockout Period, if any. Except as expressly provided in this Master Agreement (including as provided in the Prepayment Premium Schedule applicable to such Note), a Prepayment Premium calculated in accordance with the Prepayment Premium Schedule applicable to such Note shall be payable in connection with any prepayment of such Note.

(b) If a Prepayment Lockout Period applies to the applicable Note, and during such Prepayment Lockout Period Lender accelerates the unpaid principal balance of the Note or otherwise applies collateral held by Lender to the repayment of any portion of the unpaid principal balance of the Note, the Prepayment Premium shall be due and payable and equal to the amount obtained by multiplying the percentage indicated (if at all) in the Prepayment Premium Schedule for such Note by the amount of principal being prepaid at the time of such acceleration or application.

(c) In connection with any such voluntary prepayment, Borrower acknowledges and agrees that interest shall always be calculated and paid through the last day of the month in which the prepayment occurs (even if the Permitted Prepayment Date for such month is not the last day of such month, or if Lender approves prepayment on an Intended Prepayment Date that

is not a Permitted Prepayment Date). Borrower further acknowledges that Lender is not required to accept a voluntary prepayment of a Note on any day other than a Permitted Prepayment Date. However, if Lender does approve an Intended Prepayment Date that is not a Permitted Prepayment Date and accepts a prepayment on such Intended Prepayment Date, such prepayment shall be deemed to be received on the immediately following Permitted Prepayment Date. If Borrower fails to prepay the applicable Note (or such portion of the Note as is intended to be prepaid) on the Intended Prepayment Date for any reason (including on any Intended Prepayment Date that is approved by Lender) and such failure either continues for five (5) Business Days, or into the following month, Lender shall have the right to recalculate the payoff amount. If Borrower prepays a Note either in the following month or more than five (5) Business Days after the Intended Prepayment Date that was approved by Lender, Lender shall also have the right to recalculate the payoff amount based upon the amount of such payment and the date such payment was received by Lender. Borrower shall immediately pay to Lender any additional amounts required by any such recalculation.

(d) After receipt of a partial prepayment, Lender shall re-calculate the Monthly Debt Service Payment based upon the remaining unpaid principal balance of the applicable Note for each subsequent monthly debt service installment due under such Note. For amortizing Advances, the subsequent Monthly Debt Service Payments shall be calculated by amortizing the remaining unpaid principal balance of the applicable Note over the Remaining Amortization Period utilizing the Fixed Rate and the Interest Accrual Method set forth in the applicable Schedule of Advance Terms. Lender shall notify Borrower of the new required Monthly Debt Service Payment following receipt of a partial prepayment and Borrower shall execute any amendment requested by Lender to evidence such new required monthly installment(s).

Section 2.05 Acceleration of Advances.

Upon acceleration of any Advance, Borrower shall pay to Lender:

- (a) the entire unpaid principal balance of the Advances;
- (b) all Accrued Interest (calculated through the last day of the month in which the acceleration occurs);
- (c) the Prepayment Premium; and
- (d) all other Indebtedness.

Section 2.06 Application of Collateral.

Any application by Lender of any collateral or other security to the repayment of all or any portion of the unpaid principal balance of the Advances prior to the Maturity Date in accordance with the Loan Documents shall be deemed to be a prepayment by Borrower. Any such prepayment shall require the payment to Lender by Borrower of the Prepayment Premium calculated on the amount being prepaid in accordance with this Master Agreement and applied in accordance with Section (d) (Application of Release Price) of the Mortgaged Property Release Schedule.

Section 2.07 Casualty and Condemnation.

Notwithstanding any provision of this Master Agreement to the contrary, no Prepayment Premium shall be payable with respect to any prepayment occurring as a result of the application of any insurance proceeds or amounts received in connection with a Condemnation Action in accordance with this Master Agreement.

Section 2.08 No Effect on Payment Obligations.

Unless otherwise expressly provided in this Master Agreement, any prepayment required by any Loan Document of less than the entire unpaid principal balance of the Advance(s) shall not extend or postpone the due date of any subsequent Monthly Debt Service Payments, Monthly Replacement Reserve Deposit, or other payment.

Section 2.09 Loss Resulting from Prepayment.

In any circumstance in which a Prepayment Premium is due under this Master Agreement, Borrower acknowledges that:

(a) any prepayment of the unpaid principal balance of any Advance, whether voluntary or involuntary, or following the occurrence of an Event of Default by Borrower, will result in Lender's incurring loss, including reinvestment loss, additional risk, expense, and frustration or impairment of Lender's ability to meet its commitments to third parties;

(b) it is extremely difficult and impractical to ascertain the extent of such losses, risks and damages;

(c) the formula for calculating the Prepayment Premium represents a reasonable estimate of the losses, risks, and damages Lender will incur as a result of a prepayment; and

(d) the provisions regarding the Prepayment Premium contained in this Master Agreement are a material part of the consideration for this Master Agreement, and that the terms of this Master Agreement are in other respects more favorable to Borrower as a result of Borrower's voluntary agreement to such prepayment provisions.

Section 2.10 Collateral Events.

(a) Conversion from Variable Note to Fixed Note.

Subject to and in accordance with the terms and conditions of the Conversion Schedule, Borrower shall have the right, from time to time during the Conversion Availability Period, to convert all or any portion of a Variable Note to a Fixed Note.

(b) Right to Obtain Releases of Mortgaged Property.

Subject to and in accordance with the terms and conditions of the Mortgaged Property Release Schedule, Borrower shall have the right from time to time to obtain a release of one or more Mortgaged Properties (a “**Release**”) from the Collateral Pool.

(c) Right to Add Additional Mortgaged Properties as Collateral.

Subject to and in accordance with the terms and conditions of the Mortgaged Property Addition Schedule, Borrower shall have the right, from time to time to add one or more Additional Mortgaged Properties (an “**Addition**”) to the Collateral Pool.

(d) Right to Substitutions.

Subject to and in accordance with the terms and conditions of the Mortgaged Property Release Schedule and the Mortgaged Property Addition Schedule, Borrower shall have the right to obtain the release of one or more Mortgaged Properties by replacing such Mortgaged Property with one (1) or more Additional Mortgaged Properties that meet the requirements of this Master Agreement thereby effecting a “**Substitution**” of Collateral.

(e) Limitation on Collateral Events.

Notwithstanding anything to the contrary in this Master Agreement, no Collateral Event (other than a Conversion) shall be permitted unless immediately after such Collateral Event the Advances then Outstanding will not exceed one hundred percent (100%) of the aggregate fair market value of all real property securing such Advances (where fair market value is determined for these purposes based upon a current Appraisal or some other commercially reasonable valuation method as determined by Lender).

Section 2.11 Termination of Master Agreement.

Subject to the terms and conditions set forth below, Borrower shall have the right to terminate this Master Agreement and receive a Release of all of the Collateral.

(a) Request.

To terminate this Master Agreement, Borrower shall deliver a Termination Request to Lender.

(b) Conditions Precedent.

The right of Borrower to terminate this Master Agreement and to receive a Release of all of the Collateral from the Collateral Pool and Lender’s obligation to execute and deliver the Termination Documents on the Effective Date are subject to the following conditions precedent:

- (1) receipt by Lender of the fully executed Termination Request;

(2) payment by Borrower in full of each Note Outstanding on the Effective Date, including any associated Prepayment Premiums or other amounts due under each Note and all of the other amounts owing by Borrower to Lender under this Master Agreement and the Other Loan Documents; and

(3) payment by Borrower of Lender's and Fannie Mae's reasonable third party out-of-pocket fees and expenses payable in accordance with this Master Agreement, including Lender's and Fannie Mae's legal fees and expenses.

(c) Closing.

If all conditions precedent contained in this Section 2.11 (Termination of Master Agreement) are satisfied, this Master Agreement shall terminate, and Lender shall cause all of the Collateral to be Released on an Effective Date selected by Lender, within thirty (30) Business Days after all of the conditions with respect to such Termination Request have been satisfied (or on such other date as Borrower and Lender may agree), and all applicable parties shall execute and deliver, all at the sole cost and expense of Borrower, the Termination Documents.

Article 3 PERSONAL LIABILITY

Section 3.01 Non-Recourse Liability; Exceptions.

Except as otherwise provided in this Article 3 (Personal Liability) or in any other Loan Document, none of Borrower, or any director, officer, manager, member, partner, shareholder, trustee, trust beneficiary, or employee of Borrower, shall have personal liability under this Master Agreement or any other Loan Document for the repayment of the Indebtedness or for the performance of any other obligations of Borrower under the Loan Documents, and Lender's only recourse for the satisfaction of such Indebtedness and the performance of such obligations shall be Lender's exercise of its rights and remedies with respect to the Mortgaged Properties and any other Collateral held by Lender as security for the Indebtedness. This limitation on Borrower's liability shall not limit or impair Lender's enforcement of its rights against Guarantor under any Loan Document.

Section 3.02 Personal Liability of Borrower.

(a) Personal Liability Based on Lender's Loss (Partial Recourse).

Borrower shall be personally liable to Lender for the repayment of the portion of the Indebtedness equal to any loss or damage suffered by Lender as a result of, subject to any notice and cure period, if any, or in any manner relating to:

(1) failure to pay as directed by Lender upon demand after an Event of Default (to the extent actually received by Borrower or Affiliated Property Operator):

(A) all Rents to which Lender is entitled under the Loan Documents; and

(B) the amount of all security deposits then held or thereafter collected from tenants and not properly applied pursuant to the applicable Leases;

(2) failure to maintain all insurance policies required by the Loan Documents, except to the extent Lender has the obligation to pay the premiums pursuant to Section 12.03(c) (Payment of Impositions; Sufficiency of Imposition Deposits);

(3) failure to apply all insurance proceeds received by Borrower or Affiliated Property Operator or any amounts received by Borrower or Affiliated Property Operator in connection with a Condemnation Action as required by the Loan Documents;

(4) failure to comply with any provision of this Master Agreement or any other Loan Document relating to the delivery of books and records, statements, schedules, and reports;

(5) except to the extent directed otherwise by Lender pursuant to Section 3.02(a)(1) (Personal Liability Based on Lender's Loss (Partial Recourse)), failure to apply Rents to the ordinary and necessary expenses of owning or operating, as applicable, the Mortgaged Properties and Debt Service Amounts, as and when each is due and payable, except that Borrower will not be personally liable with respect to Rents that are distributed by Borrower in any Calendar Year if Borrower has paid all ordinary and necessary expenses of owning or operating, as applicable, the Mortgaged Properties and Debt Service Amounts for such Calendar Year;

(6) waste or abandonment of any Mortgaged Property;

(7) grossly negligent or reckless unintentional material misrepresentation or omission by Borrower, Affiliated Property Operator, Guarantor, Key Principal, or any officer, director, partner, manager, member, shareholder, or trustee of Borrower, Affiliated Property Operator, Guarantor, or Key Principal in connection with ongoing financial or other reporting required by the Loan Documents, or any request for action or consent by Lender;

(8) failure to cause the renewal, continuation, extension, or maintenance of all Licenses or, if any Licenses are to be transferred to a transferee approved by Lender, failure to cause such Licenses to be transferred or reissued within the period of time required under Applicable Law and to provide to Lender written notice of such transfer including copies of the newly issued Licenses;

(9) revocation or termination without Lender's consent of the standing instructions from Borrower or Property Operator to the depository bank pursuant to any Depositary Agreement; or

(10) failure to comply with each of the Single Purpose requirements of Section 4.02(d)(3), (4), (7)-(12) and (14)-(17) (Borrower Status – Covenants – Single Purpose Status) of this Master Agreement (subject to possible full recourse liability as set forth in Section 3.02(b)(1) (Full Personal Liability (Full Recourse)); provided, however, no such recourse liability shall arise until the expiration of the cure periods set forth in this Section 3.02(a)(10) (Personal Liability Based on Lender’s Loss (Partial Recourse)). Borrower must deliver on an annual basis or upon Lender’s written request, a certification as to compliance with the covenants set forth in Section 4.02(d) (Borrower Status – Covenants – Single Purpose Status). If Borrower breaches a covenant set forth in Section 4.02(d) (Borrower Status – Covenants – Single Purpose Status), then, if such breach can be cured, Borrower shall have thirty (30) days from the earlier of (A) the date of delivery of the annual Officer’s Certificate set forth in Section 8.02(b)(9) (Items to Furnish to Lender) indicating such breach, (B) the date Lender notices Borrower of such breach, or (C) the date Borrower discovers such breach, to cure such breach, provided that if such breach can be cured but cannot reasonably be cured within such thirty (30) day period and Borrower shall have commenced to cure such breach within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for so long as it shall require Borrower in the exercise of due diligence to cure such breach, it being agreed that no such extension shall be for a period in excess of sixty (60) days for any individual breach.

Notwithstanding the foregoing, Borrower shall not have personal liability under clauses (1), (3), or (5) above to the extent that Borrower lacks the legal right to direct the disbursement of the applicable funds due to an involuntary Bankruptcy Event with respect to Borrower or SPE Owner that occurs without the consent, encouragement, or active participation of Borrower, SPE Owner, Affiliated Property Operator, Guarantor, Key Principal or any Borrower Affiliate.

(b) Full Personal Liability (Full Recourse).

Borrower shall be personally liable to Lender for the repayment of all of the Indebtedness, and the Advances shall be fully recourse to Borrower, upon the occurrence of any of the following:

(1) failure to comply with each of the Single Purpose requirements of:

(A) Section 4.02(d)(1), (2), (5), (6) and (13) (Borrower Status – Covenants – Single Purpose Status) of this Master Agreement; and

(B) Section 4.02(d)(3), (4), (7)-(12), and (14)-(17) (Borrower Status – Covenants – Single Purpose Status) of this Master Agreement and, pursuant to a final non-appealable court order, a court of competent jurisdiction holds or determines that such failure or combination of failures is the basis, in whole or in part, for the substantive consolidation of the assets and liabilities of Borrower or any SPE Owner, or any Identified Party with the assets and liabilities of a debtor pursuant to Title 11 of the Bankruptcy Code;

(2) a Transfer (other than a conveyance of a Mortgaged Property at a Foreclosure Event pursuant to the Security Instrument and this Master Agreement) that is not permitted under this Master Agreement or any other Loan Document;

(3) the occurrence of any Bankruptcy Event with respect to Borrower, Borrower's general partner, sole member, or managing member, or SPE Owner (other than an acknowledgement in writing as described in clause (b) of the definition of "Bankruptcy Event"); provided, however, in the event of an involuntary Bankruptcy Event with respect to Borrower, Borrower's general partner, sole member, or managing member, or SPE Owner, Borrower shall only be personally liable if such involuntary Bankruptcy Event occurs with the consent, encouragement or active participation of Borrower, Guarantor, Key Principal, SPE Owner or any Borrower Affiliate;

(4) fraud, written material misrepresentation, or material omission by Borrower, Affiliated Property Operator, Guarantor, Key Principal, or any officer, director, partner, manager, member, shareholder, or trustee of Borrower, Affiliated Property Operator, Guarantor, or Key Principal in connection with any application for or creation of the Indebtedness; or

(5) fraud, written intentional material misrepresentation or intentional material omission by Borrower, Affiliated Property Operator, Guarantor, Key Principal, or any officer, director, partner, manager, member, shareholder, or trustee of Borrower, Affiliated Property Operator, Guarantor, or Key Principal in connection with ongoing financial or other reporting required by the Loan Documents, or any request for action or consent by Lender.

Section 3.03 Personal Liability for Indemnity Obligations.

Borrower shall be personally and fully liable to Lender for Borrower's indemnity obligations under Section 13.01(e) (Replacement Reserves and Repairs – Indemnification) of this Master Agreement, the Environmental Indemnity Agreement and any other express indemnity obligations provided by Borrower under any Loan Document. Borrower's liability for such indemnity obligations shall not be limited by the amount of the Indebtedness, the repayment of the Indebtedness, or otherwise, provided that Borrower's liability for such indemnities shall not include any loss caused by the gross negligence or willful misconduct of Lender as determined by a court of competent jurisdiction pursuant to a final non-appealable court order.

Section 3.04 Lender's Right to Forego Rights Against Mortgaged Property.

To the extent that Borrower has personal liability under this Master Agreement or any other Loan Document, Lender may exercise its rights against Borrower personally to the fullest extent permitted by Applicable Law without regard to whether Lender has exercised any rights against any Mortgaged Property or any other security, or pursued any rights against Guarantor, or pursued any other rights available to Lender under this Master Agreement, any other Loan Document, or Applicable Law. For purposes of this Section 3.04 (Lender's Right to Forego Rights Against

Mortgaged Property) only, the term “Mortgaged Property” shall not include any funds that have been applied by Borrower or Property Operator as required or permitted by this Master Agreement prior to the occurrence of an Event of Default, or that Borrower was unable to apply as required or permitted by this Master Agreement because of a Bankruptcy Event with respect to Borrower. To the fullest extent permitted by Applicable Law, in any action to enforce Borrower’s personal liability under this Article 3 (Personal Liability), Borrower waives any right to set off the value of a Mortgaged Property against such personal liability.

Section 3.05 Borrower Agency Provisions.

(a) Each Borrower shall irrevocably designate Borrower Agent to be its agent and in such capacity to receive on behalf of Borrower all proceeds, receive all notices on behalf of Borrower under this Master Agreement, make all requests under this Master Agreement, and execute, deliver, and receive all instruments, certificates, requests, documents, amendments, writings, and further assurances now or hereafter required hereunder, on behalf of such Borrower, and hereby authorizes Lender to pay over all proceeds hereunder in accordance with the request of Borrower Agent. Each Borrower hereby acknowledges that all notices required to be delivered by Lender to any Borrower shall be delivered to Borrower Agent and thereby shall be deemed to have been received by such Borrower.

(b) The handling of this Master Agreement as a co-borrowing facility with a Borrower Agent in the manner set forth in this Master Agreement is solely as an accommodation to each of Borrower and Guarantor and is at their mutual request. Lender shall not incur liability to Borrower or Guarantor as a result thereof. To induce Lender to do so and in consideration thereof, each Borrower hereby indemnifies Lender and holds Lender harmless from and against any and all liabilities, expenses, losses, damages, and claims of damage or injury asserted against Lender by any Person arising from or incurred by reason of Borrower Agent handling of the financing arrangements of Borrower as provided herein, reliance by Lender on any request or instruction from Borrower Agent or any other action taken by Lender with respect to this Section 3.05 (Borrower Agency Provisions) except due to willful misconduct or gross negligence of the indemnified party as determined by a court of competent jurisdiction pursuant to a final, non-appealable court order.

Section 3.06 Joint and Several Obligation; Cross-Guaranty.

Notwithstanding anything contained in this Master Agreement or the other Loan Documents to the contrary (but subject to the provisions of Section 3.01 (Non-Recourse Liability; Exceptions), Section 3.02(a) (Personal Liability Based on Lender’s Loss (Partial Recourse)) and Section 3.02(b) (Full Personal Liability (Full Recourse))), the last sentence of this Section 3.06 (Joint and Several Obligation; Cross-Guaranty) and the provisions of Section 3.13 (Maximum Liability of Each Borrower), each Borrower shall have joint and several liability for the Indebtedness. Notwithstanding the intent of all of the parties to this Master Agreement that the Indebtedness of each Borrower under this Master Agreement and the other Loan Documents shall be joint and several obligations of each Borrower, each Borrower, on a joint and several basis, hereby irrevocably guarantees on a non-recourse basis, subject to the exceptions to non-recourse

provisions of Section 3.01 (Non-Recourse Liability; Exceptions), Section 3.02(a) (Personal Liability Based on Lender's Loss (Partial Recourse)) and Section 3.02(b) (Full Personal Liability (Full Recourse)), to Lender and its successors and assigns, the full and prompt payment (whether at stated maturity, by acceleration or otherwise) and performance of, all Indebtedness owed or hereafter owing to Lender by each other Borrower. Each Borrower agrees that its non-recourse guaranty obligation hereunder is an unconditional guaranty of payment and performance and not merely a guaranty of collection. The Indebtedness of each Borrower under this Master Agreement shall not be subject to any counterclaim, set-off, recoupment, deduction, cross-claim, or defense based upon any claim any Borrower may have against Lender or any other Borrower.

Section 3.07 Waivers With Respect to Other Borrower Secured Obligation.

To the extent that a Security Instrument or any other Loan Document executed by one Borrower secures an Obligation of another Borrower (the “**Other Borrower Secured Obligation**”), or to the extent that a Borrower has guaranteed the debt of another Borrower pursuant to Article 3 (Personal Liability), Borrower who executed such Loan Document or guaranteed such debt (the “**Waiving Borrower**”) hereby agrees to the extent permitted by law, to the provisions of this Section 3.07 (Waivers with Respect to Other Borrower Secured Obligation). To the extent that any Mortgaged Properties are located in California, and to the extent permitted by law, the references to the California statutes below shall apply to this Master Agreement and any California Security Instrument securing or encumbering a Mortgaged Property located in California; otherwise the California statutes referenced below shall have no effect on this Master Agreement or any other Loan Document. All references in Article 3 (Personal Liability) to California law are only applicable if any Mortgaged Property is located in California. To the maximum extent permitted by Applicable Law:

(a) the Waiving Borrower hereby waives any right it may now or hereafter have to require the beneficiary, assignee, or other secured party under such Loan Document, as a condition to the exercise of any remedy or other right against it thereunder or under any other Loan Document executed by the Waiving Borrower in connection with the Other Borrower Secured Obligation: (1) to proceed against any other Borrower or any other Person, or against any other collateral assigned to Lender by any Borrower or any other Person; (2) to pursue any other right or remedy in Lender's power; (3) to give notice of the time, place, or terms of any public or private sale of real or personal property collateral assigned to Lender by any other Borrower or any other Person, or otherwise to comply with Section 9615 of the California Commercial Code (as modified or recodified from time to time) with respect to any such personal property collateral located in the State of California; or (4) to make or give (except as otherwise expressly provided in the Security Documents) any presentment, demand, protest, notice of dishonor, notice of protest, or other demand or notice of any kind in connection with the Other Borrower Secured Obligation or any collateral for the Other Borrower Secured Obligation;

(b) the Waiving Borrower hereby waives any defense it may now or hereafter have that relates to: (1) any disability or other defense of any other Borrower or any other Person; (2) the cessation, from any cause other than full performance, of the Other Borrower Secured Obligation; (3) the application of the proceeds of the Other Borrower Secured Obligation, by any other Borrower or any other Person, for purposes other than the purposes represented to the

Waiving Borrower by any other Borrower or any other Person, or otherwise intended or understood by the Waiving Borrower or any other Borrower; (4) any act or omission by Lender which directly or indirectly results in or contributes to the release of any other Borrower or any other Person or any collateral for any Other Borrower Secured Obligation; (5) the unenforceability or invalidity of any Security Document or Loan Document (other than the Security Instrument executed by the Waiving Borrower that secures the Other Borrower Secured Obligation) or guaranty with respect to any Other Borrower Secured Obligation, or the lack of perfection or continuing perfection or lack of priority of any Lien (other than the Lien of the Security Instrument executed by the Waiving Borrower that secures the Other Borrower Secured Obligation) which secures any Other Borrower Secured Obligation; (6) any failure of Lender to marshal assets in favor of the Waiving Borrower or any other Person; (7) any modification of any Other Borrower Secured Obligation, including any renewal, extension, acceleration, or increase in interest rate; (8) any and all rights and defenses arising out of an election of remedies by Lender, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed the Waiving Borrower's rights of subrogation and reimbursement against the principal by the operation of Section 580d of the California Code of Civil Procedure or otherwise; (9) any law which provides that the obligation of a surety or guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal or which reduces a surety's or guarantor's obligation in proportion to the principal obligation; (10) any failure of Lender to file or enforce a claim in any bankruptcy or other proceeding with respect to any Person; (11) the election by Lender, in any bankruptcy proceeding of any Person, of the application or non-application of Section 1111(b)(2) of the Bankruptcy Code; (12) any extension of credit or the grant of any lien under Section 364 of the Bankruptcy Code; (13) any use of cash collateral under Section 363 of the Bankruptcy Code; or (14) any agreement or stipulation with respect to the provision of adequate protection in any bankruptcy proceeding of any Person. The Waiving Borrower further waives any and all rights and defenses that it may have because the Other Borrower Secured Obligation is secured by real property; this means, among other things, that: (A) Lender may collect from the Waiving Borrower without first foreclosing on any real or personal property collateral pledged by any other Borrower; (B) if Lender forecloses on any real property collateral pledged by any other Borrower, then (i) the amount of the Other Borrower Secured Obligation may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price, and (ii) Lender may foreclose on the real property encumbered by the Security Instrument executed by the Waiving Borrower and securing the Other Borrower Secured Obligation, or otherwise collect from the Waiving Borrower, even if Lender, by foreclosing on the real property collateral of any one or more of the other Borrowers, has destroyed any right the Waiving Borrower may have to collect from such other Borrowers. Subject to the last sentence of Section 3.06 (Joint and Several Obligation; Cross-Guaranty), the foregoing sentence is an unconditional and irrevocable waiver of any rights and defenses the Waiving Borrower may have because the Other Borrower Secured Obligation is secured by real property. These rights and defenses being waived by the Waiving Borrower include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d, or 726 of the California Code of Civil Procedure. Without limiting the generality of the foregoing or any other provision hereof, the Waiving Borrower further expressly waives, except

as provided in Section 3.070 (Waivers with Respect to Other Borrower Secured Obligation) below, to the extent permitted by law any and all rights and defenses that might otherwise be available to it under California Civil Code Sections 2787 to 2855, inclusive, 2899 and 3433, or under California Code of Civil Procedure Sections 580a, 580b, 580d, and 726, or any of such sections;

(c) the Waiving Borrower hereby waives any and all benefits and defenses under California Civil Code Section 2810 and agrees that by doing so the Security Instrument executed by the Waiving Borrower and securing the Other Borrower Secured Obligation shall be and remain in full force and effect even if one or more of the other Borrowers had no liability at the time of incurring the Other Borrower Secured Obligation, or thereafter ceases to be liable. The Waiving Borrower hereby waives any and all benefits and defenses under California Civil Code Section 2809 and agrees that by doing so the Waiving Borrower's liability may be larger in amount and more burdensome than that of any one or more of the other Borrowers. The Waiving Borrower hereby waives the benefit of all principles or provisions of law that are or might be in conflict with the terms of any of its waivers, and agrees that the Waiving Borrower's waivers shall not be affected by any circumstances that might otherwise constitute a legal or equitable discharge of a surety or a guarantor. The Waiving Borrower hereby waives the benefits of any right of discharge and all other rights and defenses under any and all statutes or other laws relating to guarantors or sureties, to the fullest extent permitted by law, diligence in collecting the Other Borrower Secured Obligation, presentment, demand for payment, protest, all notices with respect to the Other Borrower Secured Obligation that may be required by statute, rule of law, or otherwise to preserve Lender's rights against the Waiving Borrower hereunder, including notice of acceptance, notice of any amendment of the Loan Documents evidencing the Other Borrower Secured Obligation, notice of the occurrence of any default or Event of Default, notice of intent to accelerate, notice of acceleration, notice of dishonor, notice of foreclosure, notice of protest, notice of the incurring by the other Borrower of any obligation or indebtedness and all rights to require Lender to (1) proceed against the other Borrower, (2) proceed against any general partner of the other Borrower, (3) proceed against or exhaust any collateral held by Lender to secure the Other Borrower Secured Obligation, or (4) if the other Borrower is a partnership, pursue any other remedy it may have against the other Borrower, or any general partner of the other Borrower, including any and all benefits under California Civil Code Sections 2845, 2849, and 2850;

(d) the Waiving Borrower understands that the exercise by Lender of certain rights and remedies contained in a Security Instrument executed by any other Borrower (such as a nonjudicial foreclosure sale) may affect or eliminate the Waiving Borrower's right of subrogation against such other Borrower and that the Waiving Borrower may therefore incur a partially or totally nonreimbursable liability. Nevertheless, the Waiving Borrower hereby authorizes and empowers Lender to exercise, in its sole and absolute discretion, any right or remedy, or any combination thereof, that may then be available, since it is the intent and purpose of the Waiving Borrower that its waivers shall be absolute, independent and unconditional under any and all circumstances;

(e) in accordance with Section 2856 of the California Civil Code, the Waiving Borrower also waives any right or defense based upon an election of remedies by Lender, even though such

election (e.g., nonjudicial foreclosure with respect to any collateral held by Lender to secure repayment of the Other Borrower Secured Obligation) destroys or otherwise impairs the subrogation rights of the Waiving Borrower to any right to proceed against one or more of the other Borrowers for reimbursement by operation of Section 580d of the California Code of Civil Procedure or otherwise;

(f) subject to the last sentence of Section 3.06 (Joint and Several Obligation; Cross-Guaranty), in accordance with Section 2856 of the California Civil Code, the Waiving Borrower waives any and all other rights and defenses available to the Waiving Borrower by reason of Sections 2787 through 2855, inclusive, of the California Civil Code, including any and all rights or defenses the Waiving Borrower may have by reason of protection afforded to one or more of the other Borrowers with respect to the applicable Other Borrower Secured Obligation pursuant to the antideficiency or other laws of the State of California limiting or discharging such Other Borrower Secured Obligation, including Sections 580a, 580b, 580d, and 726 of the California Code of Civil Procedure;

(g) in accordance with Section 2856 of the California Civil Code and pursuant to any other Applicable Law, the Waiving Borrower agrees to withhold the exercise of any and all subrogation, contribution, and reimbursement rights against all other Borrowers, against any other Person, and against any collateral or security for the Other Borrower Secured Obligation, including any such rights pursuant to Sections 2847 and 2848 of the California Civil Code, until the Other Borrower Secured Obligation has been indefeasibly paid and satisfied in full, all obligations owed to Lender under the Loan Documents have been fully performed, and Lender has released, transferred or disposed of all of its right, title, and interest in such collateral or security;

(h) each Borrower hereby irrevocably and unconditionally agrees that, notwithstanding Section 3.070 (Waivers with Respect to Other Borrower Secured Obligation) hereof, in the event, and to the extent, that its agreement and waiver set forth in Section 3.070 (Waivers with Respect to Other Borrower Secured Obligation) is found by a court of competent jurisdiction to be void or voidable for any reason and such Borrower has any subrogation or other rights against any other Borrower, any such claims, direct or indirect, that such Borrower may have by subrogation rights or other form of reimbursement, contribution, or indemnity, against any other Borrower or to any security or any such Borrower, shall be, and such rights, claims, and indebtedness are hereby, deferred, postponed, and fully subordinated in time and right of payment to the prior payment, performance, and satisfaction in full of the Indebtedness. Until payment and performance in full with interest (including post-petition interest in any case under any chapter of the Bankruptcy Code) of the Indebtedness, each Borrower agrees not to accept any payment or satisfaction of any kind of Indebtedness of any other Borrower in respect of any such subrogation rights arising by virtue of payments made pursuant to this Article 3 (Personal Liability), and hereby assigns such rights or indebtedness to Lender, including (1) the right to file proofs of claim and to vote thereon in connection with any case under any chapter of the Bankruptcy Code and (2) the right to vote on any plan of reorganization. In the event that any payment on account of any such subrogation rights shall be received by any Borrower in violation of the foregoing, such payment shall be held in trust for the benefit of Lender, and any amount so collected must be turned over to Lender for, at Lender's option, application to the Indebtedness;

(i) at any time without notice to the Waiving Borrower, and without affecting or prejudicing the right of Lender to proceed against the Collateral described in any Loan Document executed by the Waiving Borrower and securing the Other Borrower Secured Obligation, (1) the time for payment of the principal of or interest on, or the performance of, the Other Borrower Secured Obligation may be extended or the Other Borrower Secured Obligation may be renewed in whole or in part; (2) the time for any other Borrower's performance of or compliance with any covenant or agreement contained in the Loan Documents evidencing the Other Borrower Secured Obligation, whether presently existing or hereinafter entered into, may be extended or such performance or compliance may be waived; (3) the maturity of the Other Borrower Secured Obligation may be accelerated as provided in the related Note or any other related Loan Document; (4) the related Note or any other related Loan Document may be modified or amended by Lender and the applicable other Borrower in any respect, including an increase in the principal amount; and (5) any security for the Other Borrower Secured Obligation may be modified, exchanged, surrendered or otherwise dealt with or additional security may be pledged or mortgaged for the Other Borrower Secured Obligation; and

(j) it is agreed among each Borrower and Lender that all of the foregoing waivers are of the essence of the transaction contemplated by this Master Agreement and the Loan Documents and that but for the provisions of this Article 3 (Personal Liability) and such waivers Lender would decline to enter into this Master Agreement.

Section 3.08 No Impairment.

Each Borrower agrees that the provisions of this Article 3 (Personal Liability) are for the benefit of Lender and its successors and assigns, and nothing herein contained shall impair, as between any other Borrower and Lender, the obligations of such other Borrower under the Loan Documents.

Section 3.09 Election of Remedies.

(a) Lender, in its discretion, may (1) bring suit against any one or more Borrowers, jointly and severally, without any requirement that Lender first proceed against any other Borrower or any other Person; (2) compromise or settle with any one or more Borrowers, or any other Person, for such consideration as Lender may deem proper; (3) release one or more Borrowers, or any other Person, from liability; and (4) otherwise deal with any Borrower and any other Person, or any one or more of them, in any manner, or resort to any of the Collateral at any time held by it for performance of the Indebtedness or any other source or means of obtaining payment of the Indebtedness, and no such action shall impair the rights of Lender to collect from any Borrower any amount guaranteed by any Borrower under this Article 3 (Personal Liability).

(b) If, in the exercise of any of its rights and remedies, Lender shall forfeit any of its rights or remedies, including its rights to enter a deficiency judgment against any Borrower or any other Person, whether because of any Applicable Law pertaining to "election of remedies" or the like, each Borrower hereby consents to such action by Lender and waives any claim based upon such action, even if such action by Lender shall result in a full or partial loss of any rights of

subrogation that each Borrower might otherwise have had but for such action by Lender. Any election of remedies that results in the denial or impairment of the right of Lender to seek a deficiency judgment against any Borrower shall not impair any other Borrower's obligation to pay the full amount of the Indebtedness. In the event Lender shall bid at any foreclosure or trustee's sale or at any private sale permitted by law or any of the Loan Documents, Lender may bid all or less than the amount of the Indebtedness and the amount of such bid need not be paid by Lender but shall be credited against the Indebtedness. The amount of the successful bid at any such sale, whether Lender or any other party is the successful bidder, shall be conclusively deemed to be the fair market value of the Collateral and the difference between such bid amount and the remaining balance of the Indebtedness shall be conclusively deemed to be the amount of the Indebtedness guaranteed under this Article 3 (Personal Liability), notwithstanding that any present or future law or court decision or ruling may have the effect of reducing the amount of any deficiency claim to which Lender might otherwise be entitled but for such bidding at any such sale.

Section 3.10 Subordination of Other Obligations.

(a) Each Borrower hereby irrevocably and unconditionally agrees that all amounts payable from time to time to such Borrower by any other Borrower pursuant to any agreement, whether secured or unsecured, whether of principal, interest, or otherwise, other than the amounts referred to in this Article 3 (Personal Liability) (collectively, the "Subordinated Obligations"), shall be and such rights, claims, and indebtedness are, hereby deferred, postponed, and fully subordinated in time and right of payment to the prior payment, performance, and satisfaction in full of the Indebtedness; provided, however, that payments may be received by any Borrower in accordance with, and only in accordance with, the provisions of Section 3.10 (Subordination of Other Obligations) hereof.

(b) Until the Indebtedness has been finally paid in full or fully performed and all the Loan Documents have been terminated, each Borrower irrevocably and unconditionally agrees it will not ask, demand, sue for, take, or receive, directly or indirectly, by set-off, redemption, purchase, or in any other manner whatsoever, any payment with respect to, or any security or guaranty for, the whole or any part of the Subordinated Obligations, and in issuing documents, instruments, or agreements of any kind evidencing the Subordinated Obligations, each Borrower hereby agrees that it will not receive any payment of any kind on account of the Subordinated Obligations, so long as any of the Indebtedness is outstanding or any of the terms and conditions of any of the Loan Documents are in effect; provided, however, that, notwithstanding anything to the contrary contained herein, if no Potential Event of Default or Event of Default has occurred and is continuing under any of the Loan Documents, then payments may be received by such Borrower in respect of the Subordinated Obligations in accordance with the stated terms thereof. Except as aforesaid, each Borrower agrees not to accept any payment or satisfaction of any kind of indebtedness of any other Borrower in respect of the Subordinated Obligations and hereby assigns such rights or indebtedness to Fannie Mae, including the right to file proofs of claim and to vote thereon in connection with any case under any chapter of the Bankruptcy Code, including the right to vote on any plan of reorganization. In the event that any payment on account of Subordinated Obligations shall be received by any Borrower in violation of the foregoing, such

payment shall be held in trust for the benefit of Lender, and any amount so collected shall be turned over to Lender upon demand.

Section 3.11 Insolvency and Liability of Other Borrower.

So long as any of the Indebtedness is Outstanding, if a petition under any chapter of the Bankruptcy Code is filed by or against any Borrower (the “**Subject Borrower**”), each other Borrower (each, an “**Other Borrower**”) agrees to file all claims against the Subject Borrower in any bankruptcy or other proceeding in which the filing of claims is required by law in connection with indebtedness owed by the Subject Borrower and to assign to Lender all rights thereunder up to the amount of such indebtedness. In all such cases, the Person or Persons authorized to pay such claims shall pay to Lender the full amount thereof and Lender agrees to pay such Other Borrower any amounts received in excess of the amount necessary to pay the Indebtedness. Each Other Borrower hereby assigns to Lender all of such Other Borrower’s rights to all such payments to which such Other Borrower would otherwise be entitled but not to exceed the full amount of the Indebtedness. In the event that, notwithstanding the foregoing, any such payment shall be received by any Other Borrower before the Indebtedness shall have been finally paid in full, such payment shall be held in trust for the benefit of and shall be paid over to Lender upon demand. Furthermore, notwithstanding the foregoing, the liability of each Borrower hereunder shall in no way be affected by:

(a) the release or discharge of any Other Borrower in any creditors’ receivership, bankruptcy, or other proceedings; or

(b) the impairment, limitation, or modification of the liability of any Other Borrower or the estate of any Other Borrower in bankruptcy resulting from the operation of any present or future provisions of any chapter of the Bankruptcy Code or other statute or from the decision in any court.

Section 3.12 Preferences, Fraudulent Conveyances, Etc.

If Lender is required to refund, or voluntarily refunds, any payment received from any Borrower because such payment is or may be avoided, invalidated, declared fraudulent, set aside, or determined to be void or voidable as a preference, fraudulent conveyance, impermissible setoff, or a diversion of trust funds under the Insolvency Laws or for any similar reason, including any judgment, order, or decree of any court or administrative body having jurisdiction over any Borrower or any of its property, or upon or as a result of the appointment of a receiver, intervenor, custodian, or conservator of, or trustee or similar officer for, any Borrower or any substantial part of its property, or otherwise, or any statement or compromise of any claim effected by Lender with any Borrower or any other claimant (a “**Rescinded Payment**”), then each Other Borrower’s liability to Lender shall continue in full force and effect, or each Other Borrower’s liability to Lender shall be reinstated and renewed, as the case may be, with the same effect and to the same extent as if the Rescinded Payment had not been received by Lender, notwithstanding the cancellation or termination of any of the Loan Documents, and regardless of whether Lender contested the order requiring the return of such payment. In addition, each Other Borrower shall

pay, or reimburse Lender for, all expenses (including all reasonable attorneys' fees, court costs, and related disbursements) incurred by Lender in the defense of any claim that a payment received by Lender in respect of all or any part of the Indebtedness must be refunded. The provisions of this Section 3.12 (Preferences, Fraudulent Conveyances, Etc.) shall survive the termination of the Loan Documents and any satisfaction and discharge of any Borrower by virtue of any payment, court order, or any federal or state law.

Section 3.13 Maximum Liability of Each Borrower.

Notwithstanding anything contained in this Master Agreement or any other Loan Document to the contrary, if the obligations of any Borrower under this Master Agreement or any of the other Loan Documents or any Security Instruments granted by any Borrower are determined to exceed the reasonably equivalent value received by such Borrower in exchange for such obligations or grant of such Security Instruments under any Fraudulent Transfer Law (as hereinafter defined), then the liability of such Borrower shall be limited to a maximum aggregate amount equal to the largest amount that would not render its obligations under this Master Agreement or all the other Loan Documents subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the United States Code or any applicable provisions of comparable state law (collectively, the "**Fraudulent Transfer Laws**"), in each case after giving effect to all other liabilities of such Borrower, contingent or otherwise, that are relevant under the Fraudulent Transfer Laws (specifically excluding, however, any liabilities of such Borrower in respect of Indebtedness to any other Borrower or any other Person that is an affiliate of the other Borrower to the extent that such Indebtedness would be discharged in an amount equal to the amount paid by such Borrower in respect of the Indebtedness) and after giving effect (as assets) to the value (as determined under the applicable provisions of the Fraudulent Transfer Laws) of any rights to subrogation, reimbursement, indemnification, or contribution of such Borrower pursuant to Applicable Law or pursuant to the terms of any agreement including the Contribution Agreement.

Section 3.14 Liability Cumulative.

The liability of each Borrower under this Article 3 (Personal Liability) is in addition to and shall be cumulative with all liabilities of such Borrower to Lender under this Master Agreement and all the other Loan Documents to which such Borrower is a party or in respect of any Indebtedness of any other Borrower.

Article 4 BORROWER AND PROPERTY OPERATOR STATUS

Section 4.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 4.01 (Borrower Status – Representations and Warranties) are made as of each Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) Due Organization and Qualification; Organizational Agreements.

(1) Each of Borrower and Affiliated Property Operator is validly existing and qualified to transact business and is in good standing in (A) the state in which it is formed or organized, (B) the Property Jurisdiction and (C) each other jurisdiction that qualification or good standing is required according to Applicable Law to conduct its business with respect to the Mortgaged Property, in each case, where the failure to be so qualified or in good standing would adversely affect (i) Borrower's ownership or operation of its Mortgaged Property; (ii) Affiliated Property Operator's management, leasing, or operation (as applicable) of its Mortgaged Property; (iii) validity or enforceability of, or the ability of Borrower to perform its obligations under, this Master Agreement or any other Loan Document; or (iv) validity or enforceability of, or the ability of Affiliated Property Operator to perform its obligations under, the Facility Operating Agreement. The managing member or general partner of Borrower, as applicable, is validly existing and qualified to transact business and is in good standing in the state in which it is organized and in each other jurisdiction in which such qualification and/or standing is necessary to the conduct of its business.

(2) The members or partners, as applicable, of Borrower and the percentage of their Ownership Interests are as set forth in the Ownership Interests Schedule attached hereto. True, correct and complete Organizational Documents of each Borrower Entity, Identified Party, and Affiliated Property Operator have been delivered to Lender prior to each Effective Date.

(3) The Organizational Documents of Borrower and SPE Owner, if any, require Borrower and SPE Owner, if any, to comply with the provisions of Section 4.02(d) (Borrower Status – Covenants – Single Purpose Status) of this Master Agreement.

(b) Location.

Borrower's General Business Address is Borrower's principal place of business and principal office. Guarantor's General Business Address is Guarantor's principal place of business and principal office. Key Principal's General Business Address is Key Principal's principal place of business and principal office. Property Operator's General Business Address is Property Operator's principal place of business and principal office.

(c) Power and Authority.

(1) Each Borrower has the requisite power and authority:

to own its Mortgaged Property and to carry on its business as now conducted and as contemplated to be conducted in connection with the performance of its obligations under this Master Agreement and under the other Loan Documents to which it is a party; and

(A) to execute and deliver this Master Agreement and the other Loan Documents to which it is a party, and to carry out the transactions contemplated by this Master Agreement and the other Loan Documents to which it is a party; and

(B) to execute and deliver the Facility Operating Agreement and to carry out the transactions contemplated by the Facility Operating Agreement.

(2) Affiliated Property Operator has the requisite power and authority:

(A) to manage, lease, and operate (as applicable) its Mortgaged Property and to carry on its business as now conducted and as contemplated to be conducted in connection with the performance or its obligations under the Facility Operating Agreement; and

(B) to execute and deliver the Facility Operating Agreement, to carry out the transactions contemplated by the Facility Operating Agreement, and to facilitate Borrower's compliance with the requirements of this Master Agreement and the other Loan Documents.

(d) Due Authorization.

(1) The execution, delivery, and performance by Borrower of this Master Agreement, the Facility Operating Agreement, and the other Loan Documents have been duly authorized by all necessary action and proceedings by or on behalf of Borrower, and no further approvals or filings of any kind, including any approval of or filing with any Governmental Authority, are required by or on behalf of Borrower as a condition to the valid execution, delivery, and performance by Borrower of this Master Agreement, the Facility Operating Agreement, or any of the other Loan Documents, except filings required to perfect and maintain the liens to be granted under the Loan Documents and routine filings to maintain the good standing and existence of Borrower.

(2) The execution, delivery, and performance by Affiliated Property Operator of the Facility Operating Agreement and the SASA have been duly authorized by all necessary action and proceedings by or on behalf of Affiliated Property Operator, and no further approvals or filings of any kind, including any approval of or filing with any Governmental Authority, are required by or on behalf of Affiliated Property Operator as a condition to the valid execution, delivery, and performance by Affiliated Property Operator of the Facility Operating Agreement and the SASA, except filings required to perfect and maintain the liens to be granted under the SASA and routine filings to maintain the good standing and existence of Affiliated Property Operator.

(e) Valid and Binding Obligations.

(1) This Master Agreement, the other Loan Documents, and the Facility Operating Agreement have been duly executed and delivered by Borrower and constitute the legal,

valid, and binding obligations of Borrower, enforceable against Borrower in accordance with their respective terms, except as such enforceability may be limited by applicable Insolvency Laws or by the exercise of discretion by any court.

(2) The Facility Operating Agreement and the SASA have been duly executed and delivered by Affiliated Property Operator and constitute the legal, valid, and binding obligations of Affiliated Property Operator, enforceable against Affiliated Property Operator in accordance with their respective terms, except as such enforceability may be limited by applicable Insolvency Laws or by the exercise of discretion by any court.

(f) Effect of Master Agreement on Financial Condition.

Neither Borrower nor Borrower's general partner or sole member will be rendered Insolvent by the transactions contemplated by the provisions of this Master Agreement and the other Loan Documents, and the Facility Operating Agreement obligations will not render Affiliated Property Operator Insolvent. Borrower has sufficient working capital, including proceeds from the Advances, cash flow from the Mortgaged Properties, including the Facility Operating Agreement, or other sources, not only to adequately maintain the Mortgaged Properties in accordance with the terms of the Loan Documents and the Facility Operating Agreement, but also to pay all of Borrower's outstanding debts as they come due, including all Debt Service Amounts, exclusive of Borrower's ability to refinance or pay in full any Advance on its Maturity Date. In connection with the execution and delivery of this Master Agreement and the other Loan Documents (and the delivery to, or for the benefit of, Lender of any collateral contemplated thereunder), and the incurrence by Borrower of the obligations under this Master Agreement and the other Loan Documents, Borrower did not receive less than reasonably equivalent value in exchange for the incurrence of the obligations of Borrower under this Master Agreement and the other Loan Documents. Affiliated Property Operator has sufficient working capital, including cash flow from the Mortgaged Property, or other resources, not only to maintain the Mortgaged Property in accordance with the terms of the Facility Operating Agreement, but also to pay the rents and other obligations under the Facility Operating Agreement, as well as other obligations under this Master Agreement and the other Loan Documents that Borrower elects to pass through to Affiliated Property Operator pursuant to the terms of the Facility Operating Agreement.

(g) Economic Sanctions, Anti-Money Laundering, and Anti-Corruption.

(1) No Borrower Entity nor any Affiliated Property Operator, nor to Borrower's knowledge, any Identified Party, nor any Person Controlled by Borrower Entity or any Affiliated Property Operator that also has a direct or indirect Ownership Interest in any Borrower Entity or Affiliated Property Operator, is in violation of any applicable civil or criminal laws or regulations, including those requiring internal controls, intended to prohibit, prevent, or regulate money laundering, drug trafficking, terrorism, or corruption, of the United States and the jurisdiction where the Mortgaged Property is located or where the Person resides, is domiciled, or has its principal place of business.

(2) No Borrower Entity nor any Affiliated Property Operator, nor to Borrower's knowledge, any Identified Party, nor any Person Controlled by Borrower Entity or any Affiliated Property Operator that also has a direct or indirect Ownership Interest in any Borrower Entity or Affiliated Property Operator, is a Person:

(A) against whom proceedings are pending for any alleged violation of any laws described in Section 4.01(g)(1) (Borrower Status – Representations and Warranties – Economic Sanctions, Anti-Money Laundering, and Anti-Corruption);

(B) that has been convicted of any violation of, has been subject to civil penalties or Economic Sanctions pursuant to, or had any of its property seized or forfeited under, any laws described in Section 4.01(g)(1) (Borrower Status – Representations and Warranties – Economic Sanctions, Anti-Money Laundering, and Anti-Corruption); or

(C) with whom any United States Person, any entity organized under the laws of the United States or its constituent states or territories, or any entity, regardless of where organized, having its principal place of business within the United States or any of its territories, is a Sanctioned Person or is otherwise prohibited from transacting business of the type contemplated by this Master Agreement and the other Loan Documents under any other Applicable Law.

(1) Each Borrower Entity and Affiliated Property Operator is in compliance with all applicable Economic Sanctions laws and regulations.

(h) Single Purpose Status.

Each Borrower and SPE Owner, if applicable, at all times since its formation:

(1) has not acquired, held, owned, leased, developed, or improved, and does not own or lease any real property, personal property, or assets other than the Mortgaged Property or, for any SPE Owner, equity interests in a Person that owns the Mortgaged Property;

(2) has not acquired or owned and does not own, operate, or participate in any business other than the leasing, ownership, management, operation, and maintenance of the Mortgaged Property or, for any SPE Owner, equity interests in a Person that owns the Mortgaged Property;

(3) has no material financial obligation under or secured by any indenture, mortgage, deed of trust, deed to secure debt, loan agreement, or other agreement or instrument to which Borrower is a party, or by which Borrower is otherwise bound, or to which the Mortgaged Property is subject or by which it is otherwise encumbered, other than:

(A) Permitted Equipment Financing and unsecured trade payables incurred in the ordinary course of the operation of the Mortgaged Property (exclusive of amounts for rehabilitation, restoration, repairs, or replacements of the Mortgaged Property) that (i) are not evidenced by a promissory note, (ii) are payable within sixty (60) days of the date incurred, and (iii) as of the Effective Date such Mortgaged Property is added to the Collateral Pool, do not exceed, the lesser of (x) four percent (4%) of the Allocable Facility Amount for such Mortgaged Property and (y) in the aggregate, when added to unsecured trade payables for all other Mortgaged Properties in the Collateral Pool, two percent (2%) of the principal balance of the Advances Outstanding;

(B) any Intercompany Loans;

(C) if the Security Instrument grants a lien on a leasehold estate, Borrower's obligations as lessee under the ground lease creating such leasehold estate; and

(D) obligations under the Loan Documents and obligations secured by the Mortgaged Property to the extent permitted by the Loan Documents;

(4) has maintained its financial statements, accounting records, and other partnership, real estate investment trust, limited liability company, or corporate documents, as the case may be, separate from those of any other Person and has not listed its assets on the financial statement of any other Person (unless Borrower's assets have been included in a consolidated financial statement prepared in accordance with generally accepted accounting principles);

(5) has not commingled its assets or funds with those of any other Person, and has held all its assets or funds under its own name, unless such assets or funds can easily be segregated and identified in the ordinary course of business and in such a manner that it will not be costly or difficult to segregate, ascertain, or identify its individual assets from those of any other Person;

(6) has been adequately capitalized in light of its contemplated business operations;

(7) has not assumed, guaranteed, or become obligated for the liabilities or obligations of any other Person or pledged its assets for the benefit of any other Person (except in connection with Intercompany Loans or in connection with this Master Agreement or other mortgage loans that have been paid in full or collaterally assigned to Lender, including in connection with any Consolidation, Extension and Modification Agreement (for Mortgaged Properties in New York) or similar instrument), or held out its credit as being available to satisfy the obligations of any other Person;

(8) has no loans or advance to any other Person outstanding except for Intercompany Loans;

(9) has not entered into and is not a party to any transaction with any Borrower Affiliate, except in the ordinary course of business and on terms which are no more favorable to such Borrower Affiliate than would be obtained in a comparable arm's-length transaction with an unrelated third party;

(10) has not acquired obligations or securities of any other Person;

(11) has paid its own liabilities, including the salaries of its own employees, if any, from its own funds and maintained a sufficient number of employees in light of its contemplated business operations;

(12) has not failed to hold itself out to the public as a legal entity separate and distinct from any other Person or to conduct its business solely in its own name or failed to correct any known misunderstanding regarding its separate identity;

(13) has allocated fairly and reasonably any overhead for shared expenses;

(14) has maintained its existence as an entity duly organized, validly existing, and in good standing (if applicable) under the laws of the jurisdiction of its formation or organization and has done all things necessary to observe organizational formalities;

(15) has not, other than SPE Owner's Ownership Interest in Borrower, owned any subsidiary or made any investment in, any Person without the prior written consent of Lender; and

(16) without the prior written consent of Lender or unless otherwise required or permitted by a Cap Security Agreement, has not entered into or guaranteed, provided security for, or otherwise undertaken any form of contingent obligation with respect to any Hedging Arrangement.

(i) No Bankruptcies or Judgments.

None of Borrower, Property Operator, nor Borrower's general partner or sole member, nor any SPE Owner is currently:

(1) the subject of or a party to any completed or pending bankruptcy, reorganization, including any receivership or other insolvency proceeding;

(2) preparing or intending to be the subject of a Bankruptcy Event;

(3) the subject of any judgment unsatisfied of record or docketed in any court;

or

(4) Insolvent.

(j) No Actions or Litigation.

(1) There are no claims, actions, suits, or proceedings at law or in equity by or before any Governmental Authority now pending against or, to Borrower's knowledge, threatened against or affecting Borrower, any Affiliated Property Operator, or any Mortgaged Property not otherwise covered by insurance (except claims, actions, suits, or proceedings regarding fair housing, anti-discrimination, or equal opportunity, which shall always be disclosed); and

(2) there are no claims, actions, suits, or proceedings at law or in equity by or before any Governmental Authority now pending or, to Borrower's knowledge, threatened against or affecting Guarantor or Key Principal, which claims, actions, suits, or proceedings, if adversely determined (individually or in the aggregate) reasonably would be expected to: (A) materially adversely affect the financial condition or business of Borrower, any Affiliated Property Operator, Guarantor, or Key Principal or the condition, operation, or ownership of the Mortgaged Property (except claims, actions, suits, or proceedings regarding fair housing, anti-discrimination, or equal opportunity, which shall always be deemed material), (B) result in the appointment of a receiver, trustee or other official that would exercise control over the Mortgaged Property and its management and operations, or (C) result in the revocation, transfer, surrender, suspension, or other impairment of the Licenses.

(k) Payment of Taxes, Assessments, and Other Charges.

Borrower confirms that:

(1) each of Borrower and Affiliated Property Operator has filed all federal, state, county, and municipal tax returns and reports required to have been filed by it;

(2) each of Borrower and Affiliated Property Operator has paid, before any fine, penalty interest, lien, or costs may be added thereto, all taxes, governmental charges, and assessments due and payable with respect to such returns and reports;

(3) there is no controversy or objection pending, or to the knowledge of Borrower, threatened in respect of any tax returns of Borrower or Affiliated Property Operator; and

(4) each of Borrower and Affiliated Property Operator has made adequate reserves on its books and records for all taxes that have accrued but which are not yet due and payable.

(l) Not a Foreign Person.

Borrower is not a “foreign person” within the meaning of Section 1445(f)(3) of the Internal Revenue Code.

(m) ERISA.

Borrower represents and warrants that:

(1) neither Borrower nor Affiliated Property Operator is an Employee Benefit Plan;

(2) no asset of Borrower or Affiliated Property Operator constitutes “plan assets” (within the meaning of Section 3(42) of ERISA and Department of Labor Regulation Section 2510.3-101) of an Employee Benefit Plan;

(3) no asset of Borrower or Affiliated Property Operator is subject to any laws of any Governmental Authority governing the assets of an Employee Benefit Plan; and

(4) none of Borrower, Affiliated Property Operator, nor any ERISA Affiliate is subject to any obligation or liability with respect to any ERISA Plan.

(n) Default Under Other Obligations.

(1) The execution, delivery, and performance of the obligations imposed on Borrower under this Master Agreement and the Loan Documents to which it is a party will not cause Borrower to be in default under the provisions of any agreement, judgment or order to which Borrower is a party or by which Borrower is bound, and the execution, delivery and performance of the obligations imposed on Affiliated Property Operator or Borrower under the Facility Operating Agreement will not cause Affiliated Property Operator or Borrower to be in default under the provisions of any agreement, judgment, or order to which Affiliated Property Operator or Borrower is a party or by which Affiliated Property Operator or Borrower is bound.

(2) There are no defaults by Borrower, any Affiliated Property Operator, or, to the knowledge of Borrower, by any other Person under any contract to which Borrower or Affiliated Property Operator is a party, including any management, rental, service, supply, security, maintenance or similar contract, other than defaults which do not have, and are not reasonably expected to have, a Material Adverse Effect.

(o) Prohibited Person.

No Borrower Entity or Affiliated Property Operator is a Prohibited Person, nor to Borrower’s knowledge, is any Person:

(1) Controlling any Borrower Entity or any Affiliated Property Operator a Prohibited Person; or

(2) Controlled by and having a direct or indirect Ownership Interest in any Borrower Entity or any Affiliated Property Operator a Prohibited Person.

(p) No Contravention; No Liens.

Neither the execution and delivery of the Facility Operating Agreement and this Master Agreement and the other Loan Documents to which Borrower is a party, nor the fulfillment of or compliance with the terms and conditions of the Facility Operating Agreement and this Master Agreement and the other Loan Documents to which Borrower, or Affiliated Property Operator under the Facility Operating Agreement, is a party, nor the performance of the obligations of Borrower under this Master Agreement and the other Loan Documents:

(1) does or will conflict with or result in any breach or violation of (A) any Applicable Law enacted or issued by any Governmental Authority or other agency having jurisdiction over Borrower, the Mortgaged Properties or any other portion of the Collateral or other assets of Borrower, or (B) any judgment or order applicable to Borrower or to which Borrower, the Mortgaged Properties or other assets of Borrower are subject;

(2) does or will conflict with or result in any breach or violation of, or constitute a default under, any of the terms, conditions or provisions of Borrower's Organizational Documents, any indenture, existing agreement or other instrument to which Borrower is a party or to which Borrower, the Mortgaged Properties or any other portion of the Collateral or other assets of Borrower are subject;

(3) does or will result in or require the creation of any Lien on all or any portion of the Collateral or the Mortgaged Properties, except for the Permitted Encumbrances; or

(4) does or will require the consent or approval of any creditor of Borrower, any Governmental Authority or any other Person except such consents or approvals which have already been obtained. Neither the execution and delivery of the Facility Operating Agreement, this Master Agreement, and the other Loan Documents to which Affiliated Property Operator is a party, nor the fulfillment of or compliance with the terms and conditions of the Facility Operating Agreement, any other Affiliated Property Operator Document, this Master Agreement, the other Loan Documents to which Affiliated Property Operator is a party, nor the performance of the obligations of Affiliated Property Operator under the Facility Operating Agreement, any other Affiliated Property Operator Document, this Master Agreement, and the other Loan Documents, does or will conflict with or result in any breach or violation of, or constitute a default under, any of the terms, conditions, or provisions of Affiliated Property Operator's organizational documents, or any indenture, existing agreement, or other instrument to which Affiliated Property Operator is a party or to which Affiliated Property Operator, the Mortgaged Property, or other assets of Affiliated Property Operator, are subject.

(q) Lockbox Arrangement.

Borrower is not party to any type of lockbox agreement or similar cash management arrangement that has not been approved by Lender in writing, and no (1) direct or indirect owner of Borrower, (2) Affiliated Property Operator, or (3) direct or indirect owner of Affiliated Property Operator is party to any type of lockbox agreement or similar cash management arrangement with respect to Rents or other income from the Mortgaged Property that has not been approved by Lender in writing.

(r) No Reliance.

Borrower acknowledges, represents, and warrants that it understands the nature and structure of the transactions contemplated by this Master Agreement and the other Loan Documents to which Borrower is a party (including the cross-collateralization and cross-default of the Indebtedness), that it is familiar with the provisions of all of the documents and instruments relating to such transactions; that it understands the risks inherent in such transactions, including the risk of loss of all or any of the Mortgaged Properties; and that it has not relied on Lender or Fannie Mae for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Master Agreement or any other Loan Document to which Borrower is a party or otherwise relied on Lender or Fannie Mae in any manner in connection with interpreting, entering into or otherwise in connection with this Master Agreement, any other Loan Document or any of the matters contemplated hereby or thereby.

(s) Investment Company Act.

Borrower is not (1) an “investment company” or a company “controlled” by an “investment company,” within the meaning of the Investment Company Act of 1940, as amended; (2) a “holding company” or a “subsidiary company” of a “holding company” or an “affiliate” of either a “holding company” or a “subsidiary company” within the meaning of the Energy Policy Act of 2005, as amended; or (3) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

(t) Licensing; Borrower/Property Operator Compliance with Laws.

(1) Borrower (or the Property Operator, if applicable) is in all respects legally authorized to operate the Mortgaged Property as a Seniors Housing Facility under the Applicable Law of the Property Jurisdiction. If required by Applicable Law, Borrower has, or the Property Operator, if applicable, has a current provider agreement (other than the Medicaid Provider Agreement covered by Section 6.01(g) (Medicaid Provider Agreement Representations)) under any and all applicable federal, state, and local laws for reimbursement for providing housing or services to residents at the Mortgaged Property. There is no decision not to renew any provider agreement (including the Medicaid Provider Agreement covered by Section 6.01(g) (Medicaid Provider Agreement Representations)) related to the Mortgaged Property, nor is there any action pending or threatened to impose alternative, interim, or final sanctions with respect to the Mortgaged Property.

(2) Other than the Medicaid Provider Agreement covered by Section 6.01(g) (Medicaid Provider Agreement Representations):

(A) Borrower is not a participant in any federal program whereby any Governmental Authority may have the right to recover funds by reason of the advance of federal funds; and

(B) Property Operator is not a participant in any federal program whereby any Governmental Authority may have the right to recover funds by reason of the advance of federal funds with respect to the Mortgaged Property.

(1) Borrower has not received notice, and is not aware of any violation by Borrower or Affiliated Property Operator of applicable antitrust laws of any Governmental Authority.

(2) The Licenses will not be adversely affected by (A) the execution and delivery of this Master Agreement, the Note, the Security Instrument, the SASA, or the other Loan Documents, or the Facility Operating Agreement, (B) Borrower's performance under any of them, or (C) the recordation of the Security Instrument or any other Loan Document.

(3) In the event any existing Facility Operating Agreement is terminated or Lender acquires the Mortgaged Property through a Foreclosure Event, none of Borrower, Lender, any current or future Property Operator, or any subsequent purchaser must obtain a certificate of need from any applicable state health care regulatory authority or agency (other than giving such notice required under the applicable state law or regulation) prior to applying for any applicable License, provided that no service or unit complement is changed.

(4) If Borrower or any Property Operator is a HIPAA Covered Entity or HIPAA Business Associate, such entity has developed and implemented appropriate administrative, technical and physical safeguards to protect the privacy and security of Protected Health Information (as that term is defined in HIPAA), and otherwise achieved substantial compliance with all applicable HIPAA requirements, including those concerning privacy, breach notification, security and electronic transaction standards.

Section 4.02 Covenants.

(a) Maintenance of Existence; Organizational Documents.

(1) Each of Borrower, its general partner, sole member, or managing member (as applicable), SPE Owner, Affiliated Property Operator, Guarantor and Key Principal shall maintain its existence, its entity status, franchises, rights, and privileges under the laws of the state of its formation or organization (as applicable). Borrower and Affiliated Property Operator shall each continue to be duly qualified and in good standing to transact

business in each jurisdiction in which qualification or standing is required according to Applicable Law to conduct its business with respect to its Mortgaged Property and where the failure to do so would adversely affect Borrower's or Affiliated Property Operator's applicable ownership or operation of its Mortgaged Property or the validity, enforceability, or the ability of Borrower to perform its obligations under this Master Agreement or any other Loan Document, or Affiliated Property Operator to perform its obligations under the Facility Operating Agreement. Neither Borrower nor any partner, member, manager, officer, or director of Borrower, nor Affiliated Property Operator nor any partner, member, manager, officer, or director of Affiliated Property Operator, shall:

(A) make or allow any material change to the Organizational Documents or organizational structure of Borrower or Affiliated Property Operator, including changes relating to the Control of Borrower or Affiliated Property Operator, or changes that could lead to noncompliance with the SPE Requirements or the provisions of Section 4.02(d) (Borrower Status – Covenants – Single Purpose Status); or

(B) file any action, complaint, petition, or other claim to:

(i) divide, partition, or otherwise compel the sale of any Mortgaged Property; or

(ii) otherwise change the Control of Borrower or Affiliated Property Operator.

(b) Economic Sanctions, Anti-Money Laundering, and Anti-Corruption.

(1) Each Borrower Entity, any Affiliated Property Operator, any Identified Party, or any Person Controlled by Borrower Entity or Affiliated Property Operator that also has a direct or indirect Ownership Interest in any Borrower Entity or Affiliated Property Operator shall remain in compliance with any applicable civil or criminal laws or regulations (including those requiring internal controls) intended to prohibit, prevent, or regulate money laundering, drug trafficking, terrorism, or corruption, of the United States and the jurisdiction where the Mortgaged Property is located or where the Person resides, is domiciled, or has its principal place of business.

(2) At no time shall any Borrower Entity, any Affiliated Property Operator, or any Identified Party, or any Person Controlled by Borrower Entity or Affiliated Property Operator that also has a direct or indirect Ownership Interest in any Borrower Entity or Affiliated Property Operator, be a Person:

(A) against whom proceedings are pending for any alleged violation of any laws described in Section 4.02(b)(1) (Borrower Status – Covenants – Economic Sanctions, Anti-Money Laundering, and Anti-Corruption);

(B) that has been convicted of any violation of, has been subject to civil penalties or Economic Sanctions pursuant to, or had any of its property seized or forfeited under, any laws described in Section 4.02(b)(1) (Borrower Status – Covenants – Economic Sanctions, Anti-Money Laundering, and Anti-Corruption); or

(C) with whom any United States Person, any entity organized under the laws of the United States or its constituent states or territories, or any entity, regardless of where organized, having its principal place of business within the United States or any of its territories, is a Sanctioned Person or is otherwise prohibited from transacting business of the type contemplated by this Master Agreement and the other Loan Documents under any other Applicable Law.

(3) Borrower, Guarantor, and Key Principal shall at all times remain in compliance with any applicable Economic Sanctions laws and regulations.

(c) Payment of Taxes, Assessments, and Other Charges.

Borrower and Affiliated Property Operator shall each file all federal, state, county, and municipal tax returns and reports required to be filed by Borrower and Affiliated Property Operator, respectively, and shall pay, before any fine, penalty, interest, or cost may be added thereto, all taxes payable with respect to such returns and reports.

(d) Single Purpose Status.

Borrower and SPE Owner, as applicable:

(1) shall not acquire, hold, develop, lease, or improve any real property, personal property, or assets other than (A) the Mortgaged Property or (B) for any SPE Owner, equity interests in a Person that owns the Mortgaged Property;

(2) shall not acquire, own, operate, or participate in any business other than the leasing, ownership, management, operation, and maintenance of the Mortgaged Property or, for any SPE Owner, equity interests in a Person that owns the Mortgaged Property;

(3) shall not commingle its assets or funds with those of any other Person, unless such assets or funds can easily be segregated and identified in the ordinary course of business from those of any other Person;

(4) shall maintain its financial statements, accounting records, and other partnership, real estate investment trust, limited liability company, or corporate documents, as the case may be, separate from those of any other Person (unless Borrower's assets are included in a consolidated financial statement prepared in accordance with generally accepted accounting principles);

(5) shall have no material financial obligation under any indenture, mortgage, deed of trust, deed to secure debt, loan agreement, or other agreement or instrument to which Borrower is a party or by which Borrower is otherwise bound, or to which the Mortgaged Property is subject or by which it is otherwise encumbered, other than:

(A) Permitted Equipment Financing or unsecured trade payables incurred in the ordinary course of the operation of the Mortgaged Property (exclusive of amounts (i) to be paid out of the Replacement Reserve Account or Repairs Escrow Account, or (ii) for rehabilitation, restoration, repairs, or replacements of the Mortgaged Property or otherwise approved by Lender) so long as such trade payables (1) are not evidenced by a promissory note, (2) are payable within sixty (60) days of the date incurred, and (3) as of any date, do not exceed the lesser of (x) four percent (4%) of the Allocable Facility Amount for such Mortgaged Property and (y) in the aggregate, when added to unsecured trade payables for all other Mortgaged Properties in the Collateral Pool, two percent (2%) of the principal balance of the Advances Outstanding;

(B) any Intercompany Loans;

(C) if the Security Instrument grants a lien on a leasehold estate, Borrower's obligations as lessee under the ground lease creating such leasehold estate; and

(D) obligations under the Loan Documents and obligations secured by the Mortgaged Property to the extent permitted by the Loan Documents;

(6) shall not assume, guaranty, or become obligated for the liabilities or obligations of any other Person, or pledge its assets for the benefit of any other Person (except in connection with Intercompany Loans or in connection with this Master Agreement or other mortgage loans that have been paid in full or collaterally assigned to Lender, including in connection with any Consolidation, Extension and Modification Agreement (for Mortgaged Properties in New York) or similar instrument) or hold out its credit as being available to satisfy the obligations of any other Person;

(7) shall not make loans or advances to any other Person except for Intercompany Loans;

(8) shall not enter into or become a party to, any transaction with any Borrower Affiliate, except in the ordinary course of business and on terms which are no more favorable to such Borrower Affiliate than would be obtained in a comparable arm's-length transaction with an unrelated third party, except in connection with Intercompany Loans;

(9) shall not acquire obligations or securities of any other Person;

(10) shall pay (or shall cause Property Operator on behalf of Borrower from Borrower's own funds to pay) its own liabilities, including the salaries of its own employees, if any, from its own funds and maintain a sufficient number of employees in light of its contemplated business operations;

(11) shall not fail to hold itself out to the public as a legal entity separate and distinct from any other Person or to conduct its business solely in its own name or fail to correct any known misunderstanding regarding its separate identity;

(12) shall allocate fairly and reasonably any overhead for shared expenses;

(13) shall maintain its existence as an entity duly organized and validly existing, under the laws of the jurisdiction of its formation or organization;

(14) shall be in good standing (if applicable) under the laws of the jurisdiction of its formation or organization;

(15) shall not, other than SPE Owner's Ownership Interest in Borrower, own any subsidiary or make any investment in, any Person without the prior written consent of Lender;

(16) without the prior written consent of Lender or unless otherwise required or permitted by a Cap Security Agreement, shall not enter into or guarantee, provide security for, or otherwise undertake any form of contingent obligation with respect to any Hedging Arrangement; and

(17) (A) if a limited liability company Borrower or any limited liability company SPE Owner has only one member as of the Effective Date the applicable Borrower becomes party to this Master Agreement, any such Borrower and any such SPE Owner shall maintain Organizational Documents that provide that upon the occurrence of any event that causes its sole member to cease to be a member while the Advances are Outstanding, (i) at least one of two special members (if such special members are natural persons) or the sole special member (if such special member is an entity) will automatically be admitted as the sole member of such Borrower and/or such SPE Owner, as applicable, and (ii) such admittance will preserve and continue the existence of such Borrower and any such SPE Owner without dissolution, and (iii) if a limited liability company Borrower or any limited liability company SPE Owner has two or more members as of the Effective Date the applicable Borrower becomes party to this Master Agreement, Borrower and any such SPE Owner shall maintain at least two members at all times and at no time shall become a single-member limited liability company.

(e) ERISA.

Borrower covenants that:

(1) no asset of Borrower shall constitute “plan assets” (within the meaning of Section 3(42) of ERISA and Department of Labor Regulation Section 2510.3-101) of an Employee Benefit Plan;

(2) no asset of Borrower shall be subject to the laws of any Governmental Authority governing the assets of an Employee Benefit Plan; and

(3) neither Borrower nor any ERISA Affiliate shall incur any obligation or liability with respect to any ERISA Plan.

(f) Notice of Litigation or Insolvency.

Borrower shall give immediate written notice to Lender of any claims, actions, suits, or proceedings at law or in equity (including any insolvency, bankruptcy, or receivership proceeding) by or before any Governmental Authority pending or, to Borrower’s knowledge, threatened against or affecting any Borrower Entity, Property Operator, or Identified Party or the Mortgaged Property, which claims, actions, suits or proceedings, if adversely determined reasonably would be expected to materially adversely affect the Licenses, the financial condition or business of any Borrower Entity, Property Operator, or Identified Party or the condition, operation, or ownership of the Mortgaged Property (including any claims, actions, suits, or proceedings regarding fair housing, anti-discrimination, or equal opportunity, which shall always be deemed material).

(g) Payment of Costs, Fees, and Expenses.

In addition to the payments specified in this Master Agreement, Borrower shall pay, on demand, all of Lender’s and Fannie Mae’s out-of-pocket fees, costs, charges, or expenses (including the reasonable fees and expenses of attorneys, accountants, and other experts) incurred by Lender and Fannie Mae in connection with:

(1) any amendment to, consent, or waiver required under, or Request made pursuant to, this Master Agreement, any of the Loan Documents, or the Facility Operating Agreement (whether or not any such amendment, consent, waiver, or Request is entered into);

(2) defending or participating in any litigation arising from actions by third parties and brought against or involving Lender with respect to:

(A) any Mortgaged Property, including the Facility Operating Agreement;

(B) any event, act, condition, or circumstance in connection with any Mortgaged Property; or

(C) the relationship between or among Lender, Fannie Mae, Borrower, Property Operator, Key Principal, and Guarantor in connection with this Master

Agreement or any of the transactions contemplated by this Master Agreement or the Facility Operating Agreement;

(3) the administration or enforcement of, or preservation of rights or remedies under, this Master Agreement or any other Loan Documents including or in connection with any litigation or appeals, any Foreclosure Event or other disposition of any collateral granted pursuant to the Loan Documents or collateral to which Lender acquires rights by virtue of the Facility Operating Agreement; and

(4) any Bankruptcy Event of any Borrower, Borrower's general partner, sole member, or managing member, SPE Owner, or Guarantor.

(h) Restrictions on Distributions.

No distributions or dividends of any nature with respect to Rents or other income from the Mortgaged Property shall be made to any Person having direct Ownership Interest in Borrower, SPE Owner, or Affiliated Property Operator if, at the time of such distribution, (1) Borrower has knowledge that after such distribution it will be unable to make monetary payments as and when such payments become due and payable, (2) an Event of Default has occurred and is continuing, or (3) a Bankruptcy Event has occurred with respect to any Borrower Entity or Affiliated Property Operator, or any Person having a direct Ownership Interest in any Borrower Entity or Affiliated Property Operator.

(i) Lockbox Arrangement.

Borrower shall not enter into any type of lockbox agreement or similar cash management arrangement that has not been approved by Lender in writing, and no (1) direct or indirect owner of Borrower, (2) Affiliated Property Operator, or (3) direct or indirect owner of Affiliated Property Operator shall enter into any type of lockbox agreement or similar cash management arrangement with respect to Rents or other income from the Mortgaged Property that has not been approved by Lender in writing. Lender's approval of any such cash management arrangement may be conditioned upon requiring Borrower to enter into a lockbox agreement or similar cash management arrangement with Lender in form and substance acceptable to Lender with regard to Rents and other income from the Mortgaged Property.

(j) Confidentiality of Certain Information.

Neither Borrower nor Affiliated Property Operator shall disclose, nor shall permit to be disclosed, any terms, conditions, underwriting requirements, or underwriting procedures of this Master Agreement or any of the Loan Documents; provided, however, that such information may be disclosed (1) as required by law or pursuant to GAAP, (2) to officers, directors, employees, agents, partners, attorneys, accountants, engineers, and other consultants of such Borrower Entity, Affiliated Property Operator, or Identified Party who need to know such information, provided such Persons are instructed to treat such information confidentially, (3) to any regulatory authority having jurisdiction over such Borrower Entity, Affiliated Property Operator, or Identified Party,

(4) in connection with any filings with the Securities and Exchange Commission or other Governmental Authorities, or (5) to any other Person to which such delivery or disclosure may be necessary or appropriate (A) in compliance with any law, rule, regulation, or order applicable to such Borrower Entity, Affiliated Property Operator, or Identified Party, or (B) in response to any subpoena or other legal process or information investigative demand.

(k) [Intentionally Deleted.]

(l) Borrower/Property Operator Compliance with Laws.

(1) If required by Applicable Law, Borrower shall at all times maintain a current provider agreement under any and all applicable federal, state, and local laws for reimbursement for providing housing or other services to residents at the Mortgaged Property.

(2) Other than the Medicaid Provider Agreement covered by Section 6.02(h) (Property Use, Preservation, and Maintenance – Covenants – Medicaid Provider Agreement):

(A) Borrower shall not participate in any federal program whereby any Governmental Authority may have the right to recover funds by reason of the advance of federal funds; and

(B) Property Operator shall not participate in any federal program whereby any Governmental Authority may have the right to recover funds by reason of the advance of federal funds with respect to the Mortgaged Property.

(3) Borrower shall provide Lender notice of any violation by Borrower or Affiliated Property Operator of applicable antitrust laws of any Governmental Authority.

(4) If Borrower or any Property Operator is a HIPAA Covered Entity or HIPAA Business Associate, such entity shall develop and implement appropriate administrative, technical and physical safeguards to protect the privacy and security of Protected Health Information (as that term is defined in HIPAA), and otherwise achieve substantial compliance with all applicable HIPAA requirements, including those concerning privacy, breach notification, security, and electronic transaction standards.

(5) Article 5 THE ADVANCES

Section 5.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 5.01 (The Advances – Representations and Warranties) are made as of each Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) Receipt and Review of Loan Documents.

Borrower has received and reviewed this Master Agreement and all of the other Loan Documents.

(b) No Default.

No default exists under any of the Loan Documents.

(c) No Defenses.

The Loan Documents are not currently subject to any right of rescission, set-off, counterclaim, or defense by either Borrower or Guarantor, including the defense of usury, nor would the operation of any of the terms of the Loan Documents, or the exercise of any right thereunder, render the Loan Documents unenforceable (subject to principles of equity and bankruptcy, Insolvency Laws, and other laws generally affecting creditors' rights and the enforcement of debtors' obligations), and neither Borrower nor Guarantor has asserted any right of rescission, set-off, counterclaim, or defense with respect thereto.

(d) Loan Document Taxes.

All mortgage, mortgage and lease recording, stamp, intangible, or any other similar taxes required to be paid by any Person under Applicable Law currently in effect in connection with the execution, delivery, recordation, filing, registration, perfection, or enforcement of the Facility Operating Agreement or any of the Loan Documents, including the Security Instrument, have been paid or will be paid in the ordinary course of the closing of any Advance.

Section 5.02 Covenants.

(a) Ratification of Covenants; Estoppels; Certifications.

Borrower shall:

(1) promptly notify Lender in writing upon any violation of any covenant set forth in any Loan Document of which Borrower has notice or knowledge; provided, however, any such written notice by Borrower to Lender shall not relieve Borrower of, or result in a waiver of, any obligation under this Master Agreement or any other Loan Document; and

(2) within ten (10) days after a request from Lender, provide a written statement, signed and acknowledged by Borrower, together with such corresponding certifications from Property Operator as Lender may request, certifying to Lender or any Person designated by Lender, as of the date of such statement:

(A) that the Loan Documents are unmodified and in full force and effect (or, if there have been modifications, that the Loan Documents are in full force and effect as modified and setting forth such modifications);

(B) the unpaid principal balance of the Advances Outstanding;

(C) the date to which interest on the Advances Outstanding has been paid;

(D) that Borrower is not in default in paying the Advances Outstanding or in performing or observing any of the covenants or agreements contained in this Master Agreement or any of the other Loan Documents (or, if Borrower is in default, describing such default in reasonable detail);

(E) whether or not there are then existing any setoffs or defenses known to Borrower against the enforcement of any right or remedy of Lender under the Loan Documents; and

(F) any additional facts reasonably requested in writing by Lender.

(b) Further Assurances.

(1) Other Documents As Lender May Require.

Within ten (10) days after request by Lender, Borrower shall, subject to Section 5.02(d) (Limitations on Further Acts of Borrower) below, execute, acknowledge, deliver, and, if necessary, file or record, at its cost and expense, all further acts, deeds, conveyances, assignments, financing statements, transfers, documents, agreements, assurances, and such other instruments as Lender may reasonably require from time to time in order to better assure, grant, and convey to Lender the rights intended to be granted, now or in the future, to Lender under this Master Agreement and the other Loan Documents and take such further action as Lender from time to time may reasonably request as reasonably necessary, desirable, or proper to carry out more effectively the purposes of this Master Agreement or any of the other Loan Documents.

(2) Corrective Actions.

Within ten (10) days after request by Lender, Borrower shall provide, or cause to be provided, to Lender, at Borrower's cost and expense, such further documentation or information reasonably deemed necessary or appropriate by Lender in the exercise of its rights under the related commitment letter between Borrower and Lender or to correct patent mistakes in the Loan Documents, the Title Policy, or the funding of the Advances.

(3) Compliance with Investor Requirements.

Without limiting the generality of subsections (1) and (2) above, Borrower shall subject to Section 5.02(d) (Limitations on Further Acts of Borrower) below, take all reasonable actions necessary to comply with the requirements of Lender to enable Lender to sell any MBS backed by an Advance or achieve or preserve the expected federal income tax treatment of any MBS trust that directly or indirectly holds an Advance and issues MBS as a fixed investment trust or real estate mortgage investment conduit, as the case may be, within the meaning of the Treasury Regulations.

(c) Sale of Advances.

Borrower shall, subject to Section 5.02(d) (Limitations on Further Acts of Borrower)

below:

(1) comply with the reasonable requirements of Lender or any Investor or provide, or cause to be provided, to Lender or any Investor within ten (10) days after the request, at Borrower's cost and expense, such further documentation or information as Lender or Investor may reasonably require in order to:

(A) enable Lender to sell the Advance to such Investor;

(B) enable Lender to obtain a refund of any commitment fee from any such Investor;

(C) enable any such Investor to further sell or securitize the Advance; or

(D) achieve or preserve the expected federal income tax treatment of any MBS trust that directly or indirectly holds an Advance and issues MBS as a fixed investment trust or real estate mortgage investment conduit, as the case may be, within the meaning of the Treasury Regulations.

(2) ratify and affirm in writing the representations and warranties set forth in any Loan Document as of such date specified by Lender modified as necessary to reflect changes that have occurred subsequent to the Effective Date;

(3) confirm that Borrower is not in default in paying the Indebtedness or in performing or observing any of the covenants or agreements contained in this Master Agreement or any of the other Loan Documents (or, if Borrower is in default, describing such default in reasonable detail); and

(4) execute and deliver to Lender and/or any Investor such other documentation, including any amendments, corrections, deletions, or additions to this Master Agreement or other Loan Document(s) as is reasonably required by Lender or such Investor.

(d) Limitations on Further Acts of Borrower.

Nothing in Section 5.02(b) (Further Assurances) or Section 5.02(c) (Sale of Advances) shall require Borrower to do any further act that has the effect of changing the economic terms, imposing on Borrower or Guarantor greater personal liability, or materially changing the rights and obligations of Borrower or Guarantor, under the Loan Documents, except as may be required to correct patent mistakes or defects.

(e) Financing Statements; Record Searches.

(1) Borrower shall pay all costs and expenses associated with:

(A) any filing or recording of any financing statements, including all continuation statements, termination statements, and amendments or any other filings related to security interests in or liens on collateral; and

(B) any record searches for financing statements that Lender may require.

(2) Borrower hereby authorizes Lender (and represents and warrants that the Facility Operating Agreement authorizes Borrower) to file any financing statements, continuation statements, termination statements, and amendments (including an “all assets” or “all personal property” collateral description or words of similar import) in form and substance as Lender may require in order to protect and preserve Lender’s lien priority and security interest in any Mortgaged Property (and to the extent Lender has filed any such financing statements, continuation statements, or amendments prior to the applicable Effective Date, such filings by Lender are hereby authorized and ratified by Borrower and are permitted under the terms of the Facility Operating Agreement).

(f) Loan Document Taxes.

Borrower shall pay, on demand, any transfer taxes, documentary taxes, assessments, or charges made by any Governmental Authority in connection with the execution, delivery, recordation, filing, registration, perfection, or enforcement of any of the Loan Documents, the Facility Operating Agreement, or the Advances.

(g) Date-Down Endorsements.

In connection with a Collateral Event, and at any time and from time to time that Lender has reason to believe that an additional lien may encumber any Mortgaged Property or in order to protect Lender’s interest in the Collateral, Lender may obtain, at Borrower’s cost, an endorsement to the Title Policy for each Mortgaged Property, amending the effective date of such Title Policy to the date of the title search performed in connection with the endorsement.

Section 5.03 Administrative Matters Regarding Advances.

(a) Determination of Allocable Facility Amount and Valuations.

(1) Initial Determinations.

On the Initial Effective Date, Lender shall determine (A) the Allocable Facility Amount and Valuation for each Initial Mortgaged Property, and (B) the Aggregate Debt Service Coverage Ratio and the Aggregate Loan to Value Ratio. Changes in Allocable Facility Amount, Valuations, the Aggregate Debt Service Coverage Ratio, and the Aggregate Loan to Value Ratio shall be made pursuant to Section 5.03(a)(2) (Subsequent Monitoring Determinations).

(2) Subsequent Monitoring Determinations.

(A) Once each Calendar Quarter, within twenty (20) Business Days after Borrower has delivered to Lender the reports required in Section 8.02 (Books and Records; Financial Reporting – Covenants), Lender shall determine the Aggregate Debt Service Coverage Ratio, the Aggregate Loan to Value Ratio set forth in the Loan Documents and whether Borrower is in compliance with the Interest Rate Cap requirements set forth in Section 2.03(a)(2)(B)(vi) (Interest Accrual and Computation; Amortization; Interest Rate Cap) and the Cap Security Agreement. At any time, Lender may redetermine Allocable Facility Amounts and Valuations for the Multifamily Residential Properties if, in Lender's reasonable judgment, changed market or property conditions warrant such redetermination or any other event has occurred that invalidates the outstanding determination. In connection with all Collateral Events (including any Borrow Up) occurring after the First Anniversary, Lender shall redetermine Allocable Facility Amounts and Valuations upon receipt of a Request for a Collateral Event and immediately upon closing such Collateral Event, in each case to take account of such Collateral Event.

(B) Lender shall promptly disclose its determinations to Borrower. Until redetermined, the outstanding Allocable Facility Amounts and Valuations shall remain in effect. Upon receipt by Borrower of any such new determinations by Lender, Borrower shall promptly acknowledge such receipt.

Notwithstanding anything in this Master Agreement to the contrary, no change in Allocable Facility Amounts, Valuations, the Aggregate Loan to Value Ratio, or the Aggregate Debt Service Coverage Ratio shall (i) result in a Potential Event of Default or Event of Default, (ii) require the prepayment of any Advance in whole or in part, or (iii) require the addition of Collateral to the Collateral Pool.

Article 6
PROPERTY USE, PRESERVATION, AND MAINTENANCE

Section 6.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 6.01 (Property Use, Preservation and Maintenance – Representations and Warranties) are made as of each Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) Mortgaged Property Compliance with Laws; Permits and Licenses.

(1) To Borrower's knowledge, all improvements to the Land and the use of the Mortgaged Properties comply with all Applicable Laws, including:

(A) all applicable statutes, rules, and regulations pertaining to requirements for equal opportunity, anti-discrimination, fair housing, and rent control;

(B) the applicable provisions of all laws, rules, regulations, and published interpretations thereof including all criteria established to classify the Mortgaged Property as housing for older persons under the Fair Housing Amendments Act of 1988 and the Housing for Older Persons Act of 1995 to which Borrower, Property Operator, or the Mortgaged Property is subject; and

(C) privacy, breach notification, security, and electronic transaction standards including those set forth in HIPAA; and

(D) Borrower has no knowledge of any action or proceeding (or threatened action or proceeding) regarding noncompliance or nonconformity with any of the foregoing.

(2) To Borrower's knowledge, there is no evidence of any illegal activities on the Mortgaged Properties.

(3) To Borrower's knowledge, no permits or approvals from any Governmental Authority, other than those previously obtained and furnished to Lender, are necessary for the commencement and completion of the Repairs or Replacements, as applicable, other than those permits or approvals which will be timely obtained in the ordinary course of business.

(4) All required permits, licenses, and certificates to comply with all Applicable Law, and for the lawful use and operation of the Mortgaged Properties, including certificates of occupancy, apartment licenses, or the equivalent, have been obtained and are in full force and effect.

(5) No portion of any Mortgaged Property has been purchased with the proceeds of any illegal activity.

(6) To the extent required under Applicable Law for the Seniors Housing Facility Licensing Designation, the Mortgaged Property is duly licensed and such Licenses are in good standing and are in full force and effect.

(b) Operating Documents; Contracts; Resident Records.

(1) Each Facility Operating Agreement and each Contract is a valid and binding agreement enforceable against the parties in accordance with its terms and is in full force and effect.

(2) No party is in default in performing any of its obligations under any Facility Operating Agreement or Contract.

(3) Each Facility Operating Agreement and Contract is assignable and no previous assignment of Borrower's interest in the Facility Operating Agreement or Contracts has been made. Borrower has entered into the Contracts previously identified to Lender for the provision of goods or services, at or otherwise in connection with the operation, use, or management of the Mortgaged Property.

(4) All records pertaining to residents living at the Mortgaged Property are true and correct in all material respects.

(c) Property Characteristics.

No part of the Land is included or assessed under or as part of another tax lot or parcel, and no part of any other property is included or assessed under or as part of the tax lot or parcels for the Land.

(d) Property Ownership.

The Mortgaged Property is owned by or leased to Borrower or Property Operator. If any Mortgaged Property is a condominium, Borrower is and shall be subject to the representations and covenants specific to such Mortgaged Property and attached to the Loan Documents.

(e) Condition of the Mortgaged Property.

Borrower represents that:

(1) Borrower has not made any claims, and to Borrower's knowledge, no claims have been made, against any contractor, engineer, architect, or other party with respect to the construction or condition of any Mortgaged Property or the existence of any structural or other material defect therein;

(2) except with respect to a Release Mortgaged Property that is the subject of a Release Request, no Mortgaged Property has sustained any damage other than damage which has been fully repaired, or is fully insured and is being repaired in the ordinary course of business; and

(3) except as disclosed in any third party report delivered to Lender prior to the date on which any Mortgaged Property is added to the Collateral Pool, to the knowledge of Borrower, the Mortgaged Properties are in good condition, order, and repair, and there exist no structural or other material defects in any Mortgaged Property (whether patent, latent, or otherwise), and Borrower has not received notice from any insurance company or bonding company of any defects or inadequacies in any Mortgaged Property, or any part of it, which would adversely affect the insurability of such Mortgaged Property or cause the imposition of extraordinary premiums or charges for insurance or of any termination or threatened termination of any policy of insurance or bond.

(f) Personal Property.

All Personal Property that is material to and is used in connection with the management, ownership, and operation of the Mortgaged Property is:

(1) owned by Borrower (or, to the extent disclosed on the Exceptions to Representations and Warranties Schedule, leased by Borrower, other than as lessor pursuant to the Seniors Housing Facility Lease); or

(2) as applicable, leased by Property Operator pursuant to the Seniors Housing Facility Lease.

(g) Medicaid Provider Agreement Representations.

(1) If neither Borrower nor any Property Operator is a Medicaid Participant as of the Effective Date, Borrower hereby confirms that neither Borrower nor Property Operator has entered into a Medicaid Provider Agreement with respect to the Mortgaged Property.

(2) The following provisions apply if a Medicaid Provider Agreement is in place with respect to the Mortgaged Property:

(A) Borrower has delivered to Lender a true and complete copy of the Medicaid Provider Agreement in place as of the date the Mortgaged Property is added to the Collateral Pool, together with any amendments and modifications thereto;

(B) the Medicaid Provider Agreement is a valid and binding agreement enforceable against the parties in accordance with its terms and is in full force and effect;

(C) to Borrower's knowledge, neither Borrower, Property Operator nor a Governmental Authority or Managed Care Organization is in default under the Medicaid Provider Agreement nor does any state of facts exist that with the passage of time or the giving of notice, or both, could constitute a default under the Medicaid Provider Agreement;

(D) neither Property Operator nor Borrower has received any notice from a Governmental Authority or Managed Care Organization, as applicable, to the effect that such Governmental Authority or Managed Care Organization, as applicable, intends to terminate its relationship or unilaterally modify any terms of the Medicaid Provider Agreement in effect as of the Effective Date, including the reduction of rates paid to Borrower or Property Operator for services provided under the Medicaid Provider Agreement;

(E) as of the date the Mortgaged Property is added to the Collateral Pool, Borrower or Property Operator, as applicable, meets the provider standards, including all conditions for participation, as required by such Managed Care Organization or Governmental Authority;

(F) if Borrower or any Property Operator is a Medicaid Participant as of the Effective Date with respect to the Mortgaged Property, Borrower hereby confirms that no more than twenty percent (20%) of the effective gross income for all Mortgaged Properties in the Collateral Pool is derived from funds paid to Borrower or Property Operator by a Governmental Authority or a Managed Care Organization, as applicable, under Medicaid Provider Agreements; and

(G) neither Borrower nor any Property Operator has been excluded from participation in any Governmental Health Care Program with respect to the Mortgaged Property or any other property.

Section 6.02 Covenants.

(a) Use of Property.

From and after the Effective Date, Borrower shall not, unless required by Applicable Law or Governmental Authority:

(1) change the use of all or any part of its Mortgaged Property, including any change in the unit or bed Acuity composition (provided that Borrower may effect an Allowed Change in Use so long as:

(A) Borrower provides Lender written notice within thirty (30) days of such Allowed Change in Use; and

(B) all other terms, conditions, and covenants of this Master Agreement are satisfied including covenants related to zoning, certificates of occupancy, Licenses and alterations to the Mortgaged Property);

(2) convert any individual dwelling units or common areas to commercial use, or convert any common area or commercial use to individual dwelling units;

(3) initiate or acquiesce in a change in the zoning classification of the Land;

(4) establish any condominium or cooperative regime with respect to its Mortgaged Property;

(5) subdivide the Land;

(6) suffer, permit, or initiate the joint assessment of any Mortgaged Property with any other real property constituting a tax lot separate from such Mortgaged Property which could cause the part of the Land to be included or assessed under or as part of another tax lot or parcel, or any part of any other property to be included or assessed under or as part of the tax lot or parcels for the Land;

(7) allow use or occupancy of the Mortgaged Property by residential tenants that do not meet the standards for a Seniors Housing Facility; or

(8) accept tenants that require skilled nursing care or permit tenants requiring skilled nursing care to remain at the Mortgaged Property as a routine matter.

(b) Property Maintenance.

Borrower shall:

(1) pay the expenses of operating, managing, maintaining, and repairing its Mortgaged Property (including insurance premiums, utilities, Repairs, and Replacements) before the last date upon which each such payment may be made without any penalty or interest charge being added;

(2) keep its Mortgaged Property in good repair and marketable condition (ordinary wear and tear excepted) (including the replacement of Personalty and Fixtures with items of equal or better function and quality) and subject to Section 9.03(b)(3) (Application of Proceeds on Event of Loss) and Section 10.03(d) (Preservation of Mortgaged Property) restore or repair promptly, in a good and workmanlike manner, any damaged part of such Mortgaged Property to the equivalent of its original condition or condition immediately prior to the damage (if improved after the Effective Date), whether or not any insurance proceeds or amounts received in connection with a Condemnation Action are available to cover any costs of such restoration or repair;

(3) commence all Required Repairs, Additional Lender Repairs, and Additional Lender Replacements as follows:

(A) with respect to any Required Repairs, promptly following the Effective Date (subject to Force Majeure, if applicable), in accordance with the timelines set forth on the Required Repair Schedule, or if no timelines are provided, as soon as practical following the Effective Date;

(B) with respect to Additional Lender Repairs, in the event that Lender determines that Additional Lender Repairs are necessary from time to time or pursuant to Section 6.03 (Administration Matters Regarding the Property), promptly following Lender's written notice of such Additional Lender Repairs (subject to Force Majeure, if applicable), commence any such Additional Lender Repairs in accordance with Lender's timelines, or if no timelines are provided, as soon as practical; and

(C) with respect to Additional Lender Replacements, in the event that Lender determines that Additional Lender Replacements are necessary from time to time or pursuant to Section 6.03 (Administration Matters Regarding the Property), promptly following Lender's written notice of such Additional Lender Replacements (subject to Force Majeure, if applicable), commence any such Additional Lender Replacements in accordance with Lender's timelines, or if no timelines are provided, as soon as practical;

(4) make, construct, install, diligently perform, and complete all Replacements, Repairs, and any other work permitted under the Loan Documents:

(A) in a good and workmanlike manner as soon as practicable following the commencement thereof, free and clear of any Liens, including mechanics' or materialmen's liens and encumbrances (except Permitted Encumbrances and mechanics' or materialmen's liens which attach automatically under the laws of any Governmental Authority upon the commencement of any work upon, or delivery of any materials to, the Mortgaged Property and for which Borrower is not delinquent in the payment for any such work or materials);

(B) in accordance with all Applicable Law;

(C) in accordance with all applicable insurance and bonding requirements; and

(D) within all timeframes required by Lender, and Borrower acknowledges that it shall be an Event of Default if Borrower abandons or ceases work on any Repair at any time prior to the completion of the Repairs for a period of longer than twenty (20) days (except when Force Majeure exists and Borrower is diligently pursuing the reinstatement of such work, provided, however, any such

abandonment or cessation shall not in any event allow the Repair to be completed after the Completion Period, subject to Force Majeure);

(5) subject to the terms of Section 6.03(a) (Property Management), provide for professional operation and management of the Mortgaged Property as a Seniors Housing Facility either by Borrower or any Property Operator approved by Lender in writing;

(6) give written notice to Lender of, and, unless otherwise directed in writing by Lender, appear in and defend any action or proceeding purporting to affect any Mortgaged Property, Lender's security for the Advances, or Lender's rights under this Master Agreement; and

(7) upon Lender's written request, submit to Lender any contracts or work orders described in Section 13.02 (Administration Matters Regarding Reserves).

(c) Property Preservation.

Borrower shall:

(1) not commit waste or abandon or (ordinary wear and tear excepted) permit impairment or deterioration of any Mortgaged Property;

(2) subject to the provisions of Section 6.02(f) (Alterations to any Mortgaged Property), not (nor permit any other Person to) demolish, make any change in the unit mix, otherwise alter any Mortgaged Property or any part of any Mortgaged Property, or remove any Personalty or Fixtures from the Mortgaged Property, except for: (A) any Allowed Change in Use pursuant to Section 6.02(a) (Alterations to any Mortgaged Property), (B) alterations required in connection with Repairs and Replacements; or (C) the replacement of tangible Personalty or Fixtures, provided (i) such Personalty or Fixtures are replaced with items of equal or better function and quality, and (ii) such replacement does not result in any disruption in occupancy (other than in connection with the routine re-leasing of units);

(3) not engage in or knowingly permit, and shall take appropriate measures to prevent and abate or cease and desist, any illegal activities at any Mortgaged Property that could endanger tenants or visitors, result in damage to such Mortgaged Property, result in forfeiture of the Land or otherwise materially impair the lien created by the Security Instrument or Lender's interest in such Mortgaged Property;

(4) not permit any condition to exist on any Mortgaged Property that would invalidate any part of any insurance coverage required by this Master Agreement; or

(5) not subject any Mortgaged Property to any voluntary, elective, or non-compulsory tax lien or assessment (or opt in to any voluntary, elective, or non-compulsory special tax district or similar regime).

(d) Property Inspections.

Borrower shall:

(1) permit Lender, its agents, representatives, and designees to enter upon and inspect the Mortgaged Properties (including in connection with any Replacement or Repair or to conduct any Environmental Inspection pursuant to the Environmental Indemnity Agreement), and shall cooperate and provide access to all areas of the Mortgaged Properties (subject to the rights of tenants under the Leases, other than the Property Operator under the Seniors Housing Facility Lease):

- (A) during normal business hours;
- (B) at such other reasonable time upon reasonable notice of not less than one (1) Business Day;
- (C) at any time when exigent circumstances exist; or
- (D) at any time after an Event of Default has occurred and is continuing;

and

(2) pay for reasonable costs or expenses incurred by Lender or its agents in connection with any such inspections.

(e) Mortgaged Property Compliance with Laws.

Borrower shall:

(1) comply in all material respects with Applicable Law and all recorded lawful covenants and agreements relating to or affecting any Mortgaged Property, including all laws, ordinances, statutes, rules and regulations, and covenants pertaining to construction of improvements on the Land, fair housing, and requirements for equal opportunity, anti-discrimination, and Leases;

(2) procure and maintain all required permits, licenses, charters, registrations, and certificates necessary to comply with all zoning and land use statutes, laws, ordinances, rules and regulations, and all applicable health, fire, safety, and building codes and for the lawful use and operation of each Mortgaged Property, including certificates of occupancy, apartment licenses, or the equivalent;

(3) comply with all Applicable Law that pertain to the maintenance and disposition of tenant security deposits;

(4) at all times maintain records sufficient to demonstrate compliance with the provisions of this Section 6.02(e) (Compliance with Laws);

(5) promptly after Borrower's or Property Operator's receipt or notification thereof, provide Lender copies of any building code or zoning violation from any Governmental Authority with respect to any Mortgaged Property; and

(6) cooperate fully with Lender with respect to any proceedings before any court, board, or other Governmental Authority which may in any way affect the rights of Lender hereunder or any rights obtained by Lender under any of the other Loan Documents and, in connection therewith, permit Lender, at its election, to participate in any such proceedings.

(f) Alterations to any Mortgaged Property.

No alteration, improvement, demolition, removal, or construction (collectively, "**Alterations**") shall be made to any Mortgaged Property without the prior written consent of Lender if:

(1) such Alteration could reasonably be expected to adversely affect the value of such Mortgaged Property or its operation as a Multifamily Residential Property in substantially the same manner in which it is being operated on the date such property became Collateral;

(2) the construction of such Alteration could reasonably be expected to result in interference to the occupancy of tenants of such Mortgaged Property such that tenants in occupancy with respect to five percent (5%) or more of the tenants under the Leases would be displaced or permitted to terminate their Leases or to abate the payment of all or any portion of their rent; or

(3) such Alteration will be completed in more than twelve (12) months from the date of commencement or in the last year of the Term of this Master Agreement.

In addition, Borrower must obtain Lender's prior written consent to construct Alterations with respect to any Mortgaged Property costing in excess of, with respect to any Mortgaged Property, the number of units in such Mortgaged Property multiplied by \$5,000, but in any event, costs in excess of \$250,000, Borrower must give prior written notice to Lender of its intent to construct Alterations at any time with respect to any Mortgaged Property costing in excess of \$100,000; provided, however, that the preceding requirements shall not be applicable to Alterations made, conducted, or undertaken by Borrower as part of Borrower's routine maintenance and repair of the Mortgaged Properties as required by the Loan Documents (including any Repair or Replacement).

(g) Licensing.

(1) Borrower (A) shall maintain and operate, or shall cause Property Operator, if applicable, to maintain and operate, the Mortgaged Property as a Seniors Housing Facility, (B) shall maintain, or shall cause Property Operator, if applicable, to maintain, in good

standing all Licenses, (C) shall renew or extend, or shall cause Property Operator, if applicable, to renew and extend, all such required Licenses, and (D) shall not fail, nor allow the failure by Property Operator, if applicable, to take any action necessary to keep all such Licenses in good standing and full force and effect. Borrower will, or shall cause Property Operator, if applicable, to provide Lender written notice within five (5) days of Borrower's or Property Operator's receipt of any notice or order of a violation which may otherwise have an adverse impact on Borrower, Property Operator, or the Mortgaged Property, its operations, or its compliance with licensing and regulatory requirements.

(2) If any License requirement is imposed upon the Mortgaged Property after the date the Mortgaged Property is added to the Collateral Pool, Borrower shall obtain, or shall cause the Property Operator, if applicable, to obtain, all Licenses and shall maintain, or shall cause the Property Operator, if applicable, to maintain, such Licenses in full force and effect. Borrower acknowledges and agrees that all such Licenses are subject to the terms of this Master Agreement and the Loan Documents.

(3) Without the prior written consent of Lender, Borrower shall not, and shall require Property Operator, if applicable, not to amend, modify, transfer, or otherwise change the Licenses.

(4) Borrower shall promptly inform Lender in writing and shall cause Property Operator to promptly inform Lender in writing, if such party has actual knowledge of, and shall deliver to Lender copies of, (A) any written communications, complaints, orders, judgments, and other documents relating to the commencement of any litigation, rulemaking, or disciplinary proceeding or the promulgation of any proposed or final rule which would have, or may reasonably be expected to have, a Material Adverse Effect on the Mortgaged Property, or the Licenses, and (B) notice from any Governmental Authority having jurisdiction over Borrower or any Property Operator that (i) Borrower or Property Operator is being placed under regulatory supervision, (ii) any License related to the conduct of Borrower's or Property Operator's, if applicable, business or the Mortgaged Property is to be suspended or revoked, or (iii) Borrower or Property Operator is to cease and desist any practice, procedure, or policy employed by Borrower or Property Operator in the conduct of its business, and such cessation would have, or may reasonably be expected to have, a Material Adverse Effect on the Mortgaged Property, or the Licenses.

(h) Medicaid Provider Agreement.

If neither Borrower nor any Property Operator is a Medicaid Participant as of the Effective Date, Borrower shall notify Lender in writing thirty (30) days prior to Borrower's or any Property Operator's (with respect to the Mortgaged Property) submission of its request to enter into a Medicaid Provider Agreement, and will provide Lender with copies of all correspondence and documentation received from the Governmental Authority or the Managed Care Organization concerning its submission. In the event Borrower or any Property Operator becomes a Medicaid Participant with respect to the Mortgaged Property,

Borrower and such Property Operator shall execute the form of Medicaid reserve agreement and Depositary Agreement as Lender may require.

(1) The following provisions apply if a Medicaid Provider Agreement is in place as of the date the Mortgaged Property is added to the Collateral Pool or entered into at any time the Mortgaged Property is subject to this Master Agreement.

(A) Borrower and Property Operator shall comply with the terms and conditions of the Medicaid Provider Agreement and shall enforce the obligations of each Managed Care Organization or Governmental Authority under the applicable Medicaid Provider Agreement;

(B) Borrower and Property Operator shall maintain their respective compliance with the provider standards, including all conditions for participation, as required by the Managed Care Organization or the Governmental Authority, as applicable;

(C) Borrower or Property Operator, as applicable, shall not permit or allow more than twenty percent (20%) of the effective gross income for all Mortgaged Properties in the Collateral Pool to be derived from funds paid to Borrower or Property Operator by a Governmental Authority or a Managed Care Organization, as applicable, under Medicaid Provider Agreements. Notwithstanding the foregoing, if Borrower or any Property Operator is a Medicaid Participant with respect to the Mortgaged Property, and if by reason of Applicable Law or regulation more than twenty percent (20%) of effective gross income for all Mortgaged Properties in the Collateral Pool is derived from funds paid to Borrower or Property Operator by a Governmental Authority or a Managed Care Organization, Borrower and Property Operator shall take in a diligent and expeditious manner all reasonable steps necessary to comply with the preceding sentence to the extent permissible by Applicable Law or regulation;

(D) without the prior written consent of Lender, Borrower and Property Operator shall not:

- (i) amend or otherwise modify the then-current Medicaid Provider Agreement;
- (ii) terminate the then-current Medicaid Provider Agreement;
- (iii) waive a default under the then-current Medicaid Provider Agreement; or
- (iv) enter into a new Medicaid Provider Agreement or renew or replace an existing Medicaid Provider Agreement; and

(E) within ten (10) days after Borrower's or any Property Operator's receipt thereof, Borrower shall give Lender written notice of any notice or information received by Borrower or any Property Operator that indicates that:

(i) either Borrower or any Property Operator is in default under the terms of the Medicaid Provider Agreement;

(ii) the applicable Governmental Authority or Managed Care Organization intends to amend, modify, or terminate the Medicaid Provider Agreement;

(iii) Borrower or Property Operator has ceased to meet the provider standards required by the applicable Governmental Authority or Managed Care Organization;

(iv) Borrower or Property Operator has received notice from any Governmental Authority or Managed Care Organization that the rates for services provided under the then-current Medicaid Provider Agreement will be adjusted; or

(v) either Borrower or any Property Operator has been excluded from participation in any Governmental Health Care Program with respect to the Mortgaged Property or any other property.

(i) Facility Operating Agreement.

(1) The provisions of this Section 6.02(i)(1) (Facility Operating Agreement) apply to all Facility Operating Agreements other than a Seniors Housing Facility Lease and to all Property Operators other than a Property Operator under a Seniors Housing Facility Lease. Borrower shall comply with and shall enforce the obligations of each Property Operator under each Facility Operating Agreement. Without the prior written consent of Lender, Borrower shall not:

(A) modify, amend, supplement, or restate any Facility Operating Agreement;

(B) waive a default under any Facility Operating Agreement;

(C) waive any of Borrower's rights or fail to diligently pursue Borrower's remedies under the Facility Operating Agreement;

(D) add or release a property to or from any Facility Operating Agreement (other than in connection with a Release or Addition of a Mortgaged Property to the Collateral Pool which shall be governed by this Master Agreement); or

(E) violate the provisions of Section 11.02(c) (Facility Operating Agreement).

(2) Within five (5) days of Borrower's receipt or delivery (or any Property Operator's receipt), Borrower shall provide Lender written notice of any notice or information received by Borrower or any Property Operator that indicates either Borrower or any Property Operator is (A) in default under the terms of any Facility Operating Agreement, (B) amending, modifying, or terminating any Facility Operating Agreement, or (C) otherwise discontinuing its operation and management of the Mortgaged Property.

(3) After Borrower receives notice (or otherwise has actual knowledge) of an Event of Default under the Loan Documents, it will not make any payment of fees under or pursuant to the Facility Operating Agreement without Lender's prior written consent.

(4) Borrower shall cause each Property Operator, where applicable, to comply with the terms, conditions, provisions, requirements, and affirmative and negative covenants of this Master Agreement relating to the use and operation of the Mortgaged Property, including all terms, conditions, provisions, requirements, and affirmative and negative covenants set forth in this Master Agreement applicable to the organization, existence, and good standing of Property Operator necessary for the use and operation of the Mortgaged Property.

(j) Change in Property Operator.

Each Property Operator and each Facility Operating Agreement must be approved in writing in advance by Lender. Borrower shall not remove or permit or suffer the removal of any Property Operator without the prior written consent of Lender and unless and until Lender has approved in writing a replacement Property Operator. Each Facility Operating Agreement or other similar agreement between Borrower and a new Property Operator must be approved in writing in advance by Lender, and Borrower and the new Property Operator must execute and deliver to Lender a SASA in form required by Lender, subject to the provisions of Section 6.03(a) (Property Management). Borrower shall notify Lender in writing of any name change of an Affiliated Property Operator or any change in an Affiliated Property Operator's place of incorporation or organization. Borrower agrees that Lender shall have the right to remove any Property Operator at any time if an Event of Default has occurred and is continuing, subject to the provisions of the SASA.

(k) Contracts.

Borrower may in the future enter into Contracts for the provision of additional goods or services at or otherwise in connection with the operation, use, or management of the Mortgaged Property. Borrower absolutely and unconditionally pledges, grants a security interest in, and assigns to Lender all of Borrower's right, title, and interest in, to, and under the Contracts, including Borrower's right, power, and authority to modify the terms of, extend, or terminate any such Contract. Until Lender gives notice to Borrower of Lender's exercise of its rights under this Master Agreement, Borrower shall have all right, power, and authority granted to Borrower under any

Contract (except as otherwise limited by this subsection or any other provision of this Master Agreement), including the right, power, and authority to modify the terms of any Contract or extend or terminate any Contract. If an Event of Default has occurred and is continuing, and at the option of Lender, the permission given to Borrower pursuant to the preceding sentence to exercise all right, power, and authority under the Contracts shall terminate. Upon Lender's delivery of notice to Borrower of an Event of Default, Lender shall immediately have all right, power, and authority granted to Borrower under any Contract, including the right, power, and authority to modify the terms of, extend, or terminate any such Contract. Borrower shall fully perform all of its obligations under the Contracts, and Borrower agrees not to assign, sell, pledge, transfer, mortgage, or otherwise encumber its interests in any of the Contracts without the prior written approval of Lender. Each Contract entered into by Borrower subsequent to the date hereof, the average annual consideration of which, directly or indirectly, is at least \$50,000, shall provide: (A) that it shall be terminable for cause, and (B) that it shall be terminable, at Lender's option, upon the occurrence of an Event of Default.

(I) All Representations and Covenants Deemed Borrower Responsibility.

(1) Any act, action, term, condition, provision, requirement, or covenant required to be performed, or prohibited from being performed, by Borrower under the Loan Documents including with respect to:

(A) the use, management or operation of the Mortgaged Property, including any licensing, repair, reporting, or insurance requirements, and

(B) the organization, existence, good standing or other entity-level requirements,

shall be interpreted as requiring Borrower either to perform such act or action directly or to cause Property Operator, a property manager or other appropriate agent to perform such act or action. Any right or privilege assigned or delegated by Borrower or Property Operator to any other Person shall be construed as being accompanied by each relevant obligation or restriction set forth in the Loan Documents or any Facility Operating Agreement, as applicable.

(2) In each instance that Borrower makes, or in the future renews or is deemed to renew, a representation, warranty, or covenant in this Master Agreement or the other Loan Documents regarding the condition, knowledge, acts, or omissions of Property Operator or any Property Operator Business Information, or the condition of the Mortgaged Property, Borrower does and shall do so with full knowledge, after due inquiry (including the due inquiry of and by Guarantor), of such information. Any reporting or compliance delay caused by Property Operator or Guarantor shall not excuse Borrower's timely performance of the terms of this Master Agreement or the other Loan Documents. Borrower acknowledges and agrees that Borrower's reliance upon incorrect or incomplete information received from Property Operator or Guarantor and the reporting of the same to Lender, whether or not Borrower had actual knowledge that such information was incorrect or incomplete and whether or not Borrower is otherwise in violation of the terms of this Master Agreement, shall not be (and none of Borrower, Property Operator, Guarantor, nor Key Principal shall assert) a defense to Lender's determination that an Event of Default has occurred or that

Borrower (or Guarantor) has incurred personal liability as set forth in Article 3 (Personal Liability) of this Master Agreement.

Section 6.03 Administration Matters Regarding the Property.

(a) Property Management.

From and after the Effective Date, each Property Operator and each Facility Operating Agreement must be approved by Lender. In the event that the Facility Operating Agreement expires or is terminated (without limiting any obligation of Borrower to obtain Lender's consent to any termination or modification of the Facility Operating Agreement in accordance with the terms and provisions of the Loan Documents), Borrower shall promptly enter into a replacement facility operating agreement consented to in writing by Lender with a Property Operator that is approved in advance by Lender in writing. If Lender waives in writing the requirement that Borrower enter into a written contract for the operation or management of a Mortgaged Property, and Borrower later elects to enter into a written contract or change the operation or management of such Mortgaged Property, such new Property Operator and any Facility Operating Agreement must be approved by Lender. As a condition to any approval of a Property Operator by Lender pursuant to this Section 6.03(a) (Property Management), Borrower and such new Property Operator shall enter into a SASA.

(b) Subordination of Fees by Property Operator.

All fees due to an Affiliated Property Operator in connection with the operation and management of the Mortgaged Property shall be subordinated in right to the prior payment in full of the Indebtedness. All fees due to a non-Affiliated Property Operator in connection with the operation and management of the Mortgaged Property shall be subordinated in right of payment to the prior payment in full of monthly debt service and funding of escrows and reserves as required under the Loan Documents, and the payment of all operating expenses and capital expenditures incurred in connection with the operation and management of the Mortgaged Property.

(c) Property Condition Assessment.

If, in connection with any inspection of any Mortgaged Property, Lender determines that the condition of such Mortgaged Property has deteriorated (ordinary wear and tear excepted) since the Effective Date that such Mortgaged Property was added to the Collateral Pool, Lender may obtain, at Borrower's expense, a property condition assessment of each Mortgaged Property. Lender's right to obtain a property condition assessment pursuant to this Section 6.03(c) (Property Condition Assessment) shall be in addition to any other rights available to Lender under this Master Agreement in connection with any such deterioration. Any such inspection or property condition assessment may result in Lender requiring Additional Lender Repairs or Additional Lender Replacements as further described in Section 13.02(a)(9)(B) (Additional Lender Replacements and Additional Lender Repairs).

Article 7 LEASES AND RENTS

Section 7.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 7.01 (Leases and Rents – Representations and Warranties) are made as of each Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) Prior Assignment of Rents.

Borrower has not executed any:

(1) prior assignment of Rents (other than an assignment of Rents securing prior indebtedness that has been paid off and discharged or will be paid off and discharged with the proceeds of the Initial Advance or a Future Advance); or

(2) instrument which would prevent Lender from exercising its rights under this Master Agreement, the Security Instrument, or the SASA.

(b) Prepaid Rents.

Borrower has not accepted, and does not expect to receive prepayment of, any Rents for more than one (1) month for the Seniors Housing Facility Lease or more than two (2) months under any other Lease prior to the due dates of such Rents.

(c) Seniors Housing Facility Lease.

The representations and warranties made by Borrower to Lender in this Section 7.01(c) Seniors Housing Facilities Lease are made in respect of those Mortgaged Properties with a Seniors Housing Facility Lease.

(1) The Seniors Housing Facility Lease is in full force and effect and there is neither a default thereunder nor any condition that, with the passage of time or the giving of notice, or both, would constitute a default thereunder. No right or claim of rescission, offset, abatement, diminution, defense, or counterclaim has been asserted with respect to the Seniors Housing Facility Lease, and there is no existing condition that, with the passage of time or giving of notice, or both, would result in a right or claim of rescission, offset, abatement, diminution, defense, or counterclaim under the terms and provisions of the Seniors Housing Facility Lease. Borrower has performed and discharged all of the obligations on the part of Borrower to be performed and discharged pursuant to the terms set forth in the Seniors Housing Facility Lease.

(2) The Seniors Housing Facility Lease has not been modified, amended or supplemented by either party thereto. The Property Operator has not been released, in

whole or in part, from any of its obligations under the Seniors Housing Facility Lease. There has been no prior sale, transfer, assignment, hypothecation, or pledge of the Seniors Housing Facility Lease (other than in connection with the Loan Documents) that is outstanding.

(3) The Seniors Housing Facility Lease has an original term ending on or after the date ninety (90) days after the Maturity Date. Absent Lender's direction, the Property Operator cannot terminate the Seniors Housing Facility Lease for any reason prior to the payment in full of the Indebtedness.

(4) There is no free rent, partial rent or rebate of rent required to be given by Borrower to Property Operator under the Seniors Housing Facility Lease. The Seniors Housing Facility Lease does not permit Property Operator to accept, and Property Operator has not accepted, prepayment of Rents more than two (2) months in advance (and Borrower has not accepted prepayment of Rents more than one (1) month in advance with respect to the Seniors Housing Facility Lease). Each payment due under the Seniors Housing Facility Lease is sufficient to pay the Debt Service Amounts (including Monthly Debt Service Payments, Taxes, Impositions, and any Replacement Reserve Deposits) in full on or prior to the due date thereof (without giving effect to any applicable grace periods) currently and throughout the term of this Master Agreement. Payments due under the Seniors Housing Facility Lease are payable without notice or demand, and without setoff, recoupment, abatement, or reduction.

(5) Property Operator has no right or option pursuant to the Seniors Housing Facility Lease or otherwise to purchase all or any part of the Mortgaged Property, the leased premises or the building of which the leased premises are a part.

(6) The Seniors Housing Facility Lease contains customary and enforceable provisions that render the rights and remedies of Borrower adequate for the enforcement and satisfaction of the Borrower's rights thereunder.

(7) Borrower represents and warrants that it is the express intent of Borrower and Property Operator that the Seniors Housing Facility Lease constitute a lease under applicable real property laws and laws governing bankruptcy, insolvency, and creditors' rights generally, and that the sole interest of Property Operator in the Mortgaged Property is as a tenant under the Seniors Housing Facility Lease. The Seniors Housing Facility Lease is not intended to be deemed a guaranty.

Section 7.02 Covenants.

(a) Leases.

Borrower shall:

(1) comply with and observe all landlord obligations under all Leases, including landlord's obligations pertaining to the maintenance and disposition of tenant security deposits or any other refundable fees including entrance fees or community fees;

(2) surrender possession of the applicable Mortgaged Property, including all Leases and all security deposits and prepaid Rents, immediately upon appointment of a receiver or Lender's entry upon and taking of possession and control of such Mortgaged Property, as applicable;

(3) require that all Residential Leases have initial terms of not more than twenty-four (24) months and not less than one (1) month (provided that Residential Leases with terms of less than six (6) months are customary for properties comparable to the Mortgaged Property in the applicable market); and

(4) promptly provide Lender a copy of any non-Residential Lease at the time such Lease is executed (subject to Lender's consent rights for Material Commercial Leases in Section 7.02(b) (Commercial Leases) and subject to Lender's consent rights for the Seniors Housing Facility Lease pursuant to Section 6.02(j) (Change in Property Operator) and the SASA), and, upon Lender's written request, promptly provide Lender a copy of any Residential Lease then in effect.

(b) Commercial Leases.

(1) With respect to Material Commercial Leases, Borrower shall not:

(A) enter into any Material Commercial Lease except with the prior written consent of Lender; or

(B) modify the terms of, extend, or terminate any Material Commercial Lease (including any Material Commercial Lease in existence on the Effective Date) without the prior written consent of Lender.

(2) With respect to any non-Material Commercial Lease, Borrower shall not:

(A) enter into any non-Material Commercial Lease that materially alters the use and type of operation of the premises subject to the Lease in effect as of the Effective Date or reduces the number or size of residential units at a Mortgaged Property, in each case without the prior written consent of Lender; or

(B) modify the terms of any non-Material Commercial Lease (including any non-Material Commercial Lease in existence on the Effective Date) in any way that materially alters the use and type of operation of the premises subject to such non-Material Commercial Lease in effect as of the Effective Date, reduces the number or size of residential units at a Mortgaged Property, or results in such non-Material Commercial Lease being deemed a Material Commercial Lease, in each case without the prior written consent of Lender.

(3) With respect to any Material Commercial Lease or non-Material Commercial Lease, Borrower shall cause the applicable tenant to provide within ten (10) days of the request, a certificate of estoppel, or if not provided by tenant within such ten (10) day period, Borrower shall provide such certificate of estoppel, certifying:

(A) that such Material Commercial Lease or non-Material Commercial Lease is unmodified and in full force and effect (or if there have been modifications, that such Material Commercial Lease or non-Material Commercial Lease is in full force and effect as modified and stating the modifications);

(B) the term of the Lease including any extensions thereto;

(C) the dates to which the Rent and any other charges hereunder have been paid by tenant;

(D) the amount of any security deposit delivered to Borrower as landlord;

(E) whether or not Borrower is in default (or whether any event or condition exists which, with the passage of time, would constitute an event of default) under such Lease;

(F) the address to which notices to tenant should be sent; and

(G) any other information as may be reasonably required by Lender.

(c) Payment of Rents.

Borrower shall:

(1) pay to Lender upon demand all Rents after an Event of Default has occurred and is continuing;

cooperate with Lender's efforts in connection with the assignment of Rents set forth in the Security Instrument and the SASA; and

(2) not accept prepayment of Rent for more than one (1) month for the Seniors Housing Facility Lease or more than two (2) months under any other Lease (whether a Residential Lease or a non-Residential Lease).

(d) Assignment of Rents.

Borrower shall not:

(1) perform any acts nor execute any instrument that would prevent Lender from exercising its rights under the assignment of Rents granted in the Security Instrument, the SASA, or in any other Loan Document; nor

(2) interfere with Lender's collection of such Rents.

(e) Further Assignments of Leases and Rents.

Borrower shall execute and deliver any further assignments of Leases and Rents as Lender may reasonably require, and shall require Property Operator to execute and deliver any corresponding assignments in support thereof.

(f) Options to Purchase by Tenants.

No Lease (whether a Residential Lease or a non-Residential Lease) shall contain an option to purchase, right of first refusal to purchase or right of first offer to purchase, except as set forth in the SASA, except as required by Applicable Law.

(g) Special Covenants Regarding Seniors Housing Facility Lease.

(1) Seniors Housing Facility Lease.

(A) Borrower shall:

(i) at all times fully perform, observe, and comply with all terms, covenants, and conditions of the Seniors Housing Facility Lease to be performed, observed, or complied with by Borrower as lessor under the Seniors Housing Facility Lease and do all things necessary to preserve and to keep unimpaired its rights thereunder;

(ii) deliver to Lender, within five (5) days after Borrower's receipt, a true and correct copy of each written notice, demand, complaint, or request from Property Operator under, or with respect to, the Seniors Housing Facility Lease;

simultaneously deliver to Lender a true and correct copy of each written notice, demand, complaint, or request that Borrower sends to

Property Operator under, or with respect to, the Seniors Housing Facility Lease;

(iii) to the extent not otherwise covered in Article 8 (Books and Records, Financial Reporting) of this Master Agreement, upon written request from Lender, deliver to Lender a copy of all business plans received by Borrower and any other information reasonably requested by Lender;

(iv) enforce the terms, covenants and conditions contained in the Seniors Housing Facility Lease; and

(v) provide Property Operator with written notice of any changes to Monthly Debt Service Payments, Imposition Deposits, Monthly Replacement Reserve Deposits, or any other amounts due under the Loan Documents.

(B) Borrower shall not:

(i) modify, amend, supplement, or restate the Seniors Housing Facility Lease either orally or in writing;

(ii) waive a default under the Seniors Housing Facility Lease;

(iii) waive any of Borrower's rights or fail to diligently pursue Borrower's remedies under the Seniors Housing Facility Lease;

(iv) add or release a property to or from any Seniors Housing Facility Lease (other than in connection with a Release or Addition of a Mortgaged Property to the Collateral Pool which shall be governed by this Master Agreement); or

(v) violate the provisions of Section 11.02(b)(3) (Name Change or Entity Conversion).

If, pursuant to the Seniors Housing Facility Lease, Property Operator requests (1) the consent of Borrower (in its capacity as lessor under the Seniors Housing Facility Lease) or Borrower's designee to any matter as to which, pursuant to the Seniors Housing Facility Lease, Borrower has discretion as to whether or not to grant its consent, (2) a waiver of any covenant or obligation of Property Operator under the Seniors Housing Facility Lease, or (3) a modification of the terms of the Seniors Housing Facility Lease (any of the foregoing, a "**Seniors Housing Facility Lease Request**"), Borrower shall give Lender prompt written notice of such Seniors Housing Facility Lease Request (together with such supporting information as may reasonably be required to consider such Seniors Housing Facility Lease Request, and such other information as Lender may reasonably

request). Borrower shall not approve or consent to any Seniors Housing Facility Lease Request unless Lender has approved and consented in writing to such Seniors Housing Facility Lease Request.

(C) The Seniors Housing Facility Lease shall:

(i) pursuant to the SASA, be subject and subordinate in all respects to the liens, terms, covenants and conditions of the Security Instrument and the other Loan Documents, and to all renewals, modifications, consolidations, replacements and extensions thereof, and to all advances which may hereafter be made pursuant to the Note, this Master Agreement, the Security Instrument and the other Loan Documents (including all sums advanced for the purposes of (1) protecting or further securing the lien of the Security Instrument, curing defaults by Borrower under the Loan Documents, or for any other purposes expressly permitted by this Master Agreement, the Security Instrument or the other Loan Documents, or (2) constructing, renovating, repairing, furnishing, fixturing, or equipping the Mortgaged Property); and

(ii) provide that, in the event it shall be determined that the Seniors Housing Facility Lease is not a lease under applicable real property laws or under laws governing bankruptcy, insolvency, and creditors' rights generally, and that the interest of Property Operator in the Mortgaged Property is other than that of tenant under the Seniors Housing Facility Lease, then the Property Operator's interest in the Mortgaged Property, however characterized, shall continue to be subject and subordinate to the lien, terms, and conditions of the Security Instrument, and Borrower's fee interest in the Mortgaged Property, on all the same terms and conditions as contained in the Seniors Housing Facility Lease as of the date the Mortgaged Property was added to the Collateral Pool.

(D) The Seniors Housing Facility Lease shall provide that Borrower shall continue to have complete access as long as the Mortgaged Property is part of the Collateral Pool to the organizational, financial, and operational information and documentation of Property Operator in every respect as it relates to this Master Agreement, the Mortgaged Property, and the Seniors Housing Facility Lease (collectively, the "**Property Operator Business Information**"). Borrower shall continue to be fully informed regarding the Property Operator Business Information to the same extent as if Borrower were the day-to-day operator of the Mortgaged Property and the business activities thereon.

(2) Seniors Housing Facility Lease Estoppel.

With respect to any Seniors Housing Facility Lease, Borrower shall cause Property Operator to provide as of the date the Mortgaged Property is added to the Collateral Pool (and, after the date

the Mortgaged Property is added to the Collateral Pool, within ten (10) days after a request by Borrower), an Operator Estoppel Certificate, or if not provided by Property Operator within such ten (10) day period, Borrower shall provide a certificate of estoppel (and the Seniors Housing Facility Lease shall so empower Borrower as Property Operator's attorney-in-fact) substantially in the form of the Operator Estoppel Certificate.

Notwithstanding anything to the contrary herein, the covenants in this Section 7.02(g) relating to Seniors Housing Facility Leases are only made in respect of those Mortgaged Properties with a Seniors Housing Facility Lease.

Section 7.03 Administration Regarding Leases and Rents.

(a) Material Commercial Lease Requirements.

Each Material Commercial Lease, including any renewal or extension of any Material Commercial Lease in existence as of the Effective Date, shall provide, directly or pursuant to a subordination, non-disturbance and attornment agreement approved by Lender, that:

- (1) the tenant shall, upon written notice from Lender after the occurrence of an Event of Default, pay all Rents payable under such Lease to Lender;
- (2) such Lease and all rights of the tenant thereunder are expressly subordinate to the lien of the Security Instrument;
- (3) the tenant shall attorn to Lender and any purchaser at a Foreclosure Event (such attornment to be self-executing and effective upon acquisition of title to the Mortgaged Property by any purchaser at a Foreclosure Event or by Lender in any manner);
- (4) the tenant agrees to execute such further evidences of attornment as Lender or any purchaser at a Foreclosure Event may from time to time request; and
- (5) such Lease shall not terminate as a result of a Foreclosure Event unless Lender or any other purchaser at such Foreclosure Event affirmatively elects to terminate such Lease pursuant to the terms of the subordination, non-disturbance and attornment agreement.

(b) Residential Lease Form.

All Residential Leases entered into from and after the Effective Date shall be on forms approved by Lender. Any Lease entered into by Property Operator will be subject and subordinate to the Seniors Housing Facility Lease and will not relieve the Property Operator of its obligations under the Seniors Housing Facility Lease.

(c) Seniors Housing Facility Lease Structure Consideration.

The agreements set forth in this Master Agreement constitute a material portion of the consideration for Lender agreeing to make the Advances and permit the Seniors Housing Facility Lease operating structure described in the Seniors Housing Facility Lease.

**Article 8
BOOKS AND RECORDS; FINANCIAL REPORTING**

Section 8.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 8.01 (Books and Records; Financial Reporting – Representations and Warranties) are made as of each Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) Financial Information.

All financial statements and data, including statements of cash flow and income and operating expenses, that have been delivered to Lender in respect of the Mortgaged Properties:

(1) are true, complete, and correct in all material respects; and

(2) accurately represent the financial condition of the Mortgaged Properties and present fairly the financial condition of Borrower and Guarantor.

(b) No Change in Facts or Circumstances.

All information in the Loan Application and in all financial statements, rent rolls, reports, certificates, and other documents submitted in connection with the Loan Application are complete and accurate in all material respects. There has been no material adverse change in any fact or circumstance that would make any such information incomplete or inaccurate.

Section 8.02 Covenants.

(a) Obligation to Maintain Accurate Books and Records; Access; Discussions with Officers and Accountants.

(1) Borrower shall keep and maintain at all times at the Mortgaged Property, the property management agent's offices, Borrower's General Business Address, or Property Operator's General Business Address, as applicable, and, upon Lender's written request, shall make available to Lender at the Land:

(A) complete and accurate books of account and records (including copies of supporting bills and invoices) adequate to reflect correctly the operation of the Mortgaged Property; and

(B) copies of all written contracts, Leases and other instruments that affect Borrower, Property Operator, or the Mortgaged Property.

(2) To the extent permitted by Applicable Law and subject to the provisions of Section 6.02(d) (Property Inspections), Borrower shall permit Lender to:

(A) inspect, make copies and abstracts of, and have reviewed, such of Borrower's books and records as may relate to the obligations of Borrower under this Master Agreement and the other Loan Documents or the Mortgaged Properties;

(B) at any time discuss Borrower's affairs, finances, and accounts with Senior Management or property managers and independent public accountants;

(C) discuss the Mortgaged Properties' conditions, operation, or maintenance with the Property Operator, the officers, and employees of Borrower, Guarantor, and Key Principal; and

(D) receive any other information that Lender reasonably deems necessary or relevant in connection with any Loan Document or the obligations of Borrower under this Master Agreement from the officers and employees of such Borrower.

(3) Borrower shall promptly inform Lender in writing of:

(A) the occurrence of any act, omission, change, or event that has, or would have, a Material Adverse Effect, subsequent to the date of the most recent financial statements of Borrower delivered to Lender pursuant to Section 8.02 (Books and Records; Financial Reporting – Covenants); and

(B) any material change in Borrower's accounting policies or financial reporting practices.

(b) Items to Furnish to Lender.

Subject to Privacy Laws, Borrower shall furnish to Lender the following, certified as true, complete, and accurate, in all material respects, by an individual having authority to bind Borrower (or Guarantor, as applicable), in such form and with such detail as Lender reasonably requires:

(1) within forty-five (45) days after the end of each first, second, and third Calendar Quarter, a statement of income and expenses for Borrower and each Property Operator (in connection with the operation of the Mortgaged Property) for that Calendar Quarter;

(2) within one hundred twenty (120) days after the end of each Calendar Year:

(A) for any Borrower, and any Property Operator (in connection with the operation of the Mortgaged Property) that is an entity, a statement of income and expenses and a statement of cash flows for such Calendar Year;

(B) for any Borrower, and any Property Operator (in connection with the operation of the Mortgaged Property) that is an individual, or a trust established for estate-planning purposes, a personal financial statement for such Calendar Year;

(C) when requested in writing by Lender, balance sheet(s) showing all assets and liabilities of Borrower, and any Property Operator (in connection with the operation of the Mortgaged Property) and a statement of all contingent liabilities as of the end of such Calendar Year;

(D) if an energy consumption metric for the Mortgaged Property is required to be reported to any Governmental Authority, the Fannie Mae Energy Performance Metrics report, as generated by ENERGY STAR® Portfolio Manager, for the Mortgaged Property for such Calendar Year, which report must include the ENERGY STAR score, the Source Energy Use Intensity (EUI), the month and year ending period for such ENERGY STAR score and such Source Energy Use Intensity, and the ENERGY STAR Portfolio Manager Property Identification Number; provided that, if the Governmental Authority does not require the use of ENERGY STAR Portfolio Manager for the reporting of the energy consumption metric and Borrower does not use ENERGY STAR Portfolio Manager, then Borrower shall furnish to Lender the Source Energy Use Intensity for the Mortgaged Property for such Calendar Year;

(E) an Annual Certification (Borrower) in the form attached as Exhibit G;

(F) an Annual Certification (Guarantor) in the form attached as Exhibit H;

(G) an accounting of all security deposits held pursuant to all Leases, including the name of the institution (if any) and the names and identification numbers of the accounts (if any) in which such security deposits are held and the name of the person to contact at such financial institution, along with any authority or release necessary for Lender to access information regarding such accounts;

(H) written confirmation of:

- (i) any changes occurring since the Effective Date (or that no such changes have occurred since the Effective Date) in (1) the direct owners of Borrower, (3) the indirect owners (and any non-member managers) of Borrower that Control Borrower or own a Restricted Ownership Interest in Borrower (excluding any Publicly-Held Corporations or Publicly-Held Trusts), or

(4) the indirect owners of Borrower that hold twenty-five percent (25%) or more of the Ownership Interests in Borrower (excluding any Publicly-Held Corporations or Publicly-Held Trusts), and their respective interests;

(i) the names of all officers and directors of (1) any Borrower which is a corporation, (2) any corporation which is a general partner of any Borrower which is a partnership, or (3) any corporation which is the managing member or non-member manager of any Borrower which is a limited liability company;

(ii) the names of all managers who are not members of (1) any Borrower which is a limited liability company, (2) any limited liability company which is a general partner of any Borrower which is a partnership, or (3) any limited liability company which is the managing member or non-member manager of any Borrower which is a limited liability company;

(iii) any changes occurring since the Effective Date (or that no such changes have occurred since the Effective Date) in (1) the direct owners of Affiliated Property Operator, (2) the indirect owners (and any non-member managers) of Affiliated Property Operator that Control Affiliated Property Operator (excluding any Publicly-Held Corporations or Publicly-Held Trusts), or (3) the indirect owners of Affiliated Property Operator that hold twenty-five percent (25%) or more of the ownership interests in Affiliated Property Operator (excluding any Publicly-Held Corporations or Publicly-Held Trusts), and their respective interests;

(iv) the names of all officers and directors of (1) any Affiliated Property Operator that is a corporation, (2) any corporation which is a general partner of any Affiliated Property Operator which is a partnership, or (3) any corporation which is the managing member or non-member manager of any Property Operator which is a limited liability company; and

(v) the names of all managers who are not members of (1) any Property Operator which is a limited liability company, (2) any limited liability company which is a general partner of any Affiliated Property Operator which is a partnership, or (3) any limited liability company which is the managing member or non-member manager of any Affiliated Property Operator which is a limited liability company;

(B) if not already provided pursuant to Section 8.02(b)(2)(A) (Items to Furnish to Lender) above, a statement of income and expenses for Borrower's and Property Operator's operation of the Mortgaged Property on a year-to-date basis as of the end of each Calendar Year;

(6) within forty-five (45) days after the end of each first, second, and third calendar quarter and within one hundred twenty (120) days after the end of each calendar year, and at any other time upon Lender's written request, a rent schedule for the Mortgaged Property showing the name of each tenant and for each tenant, the space occupied, the lease expiration date, the lease term, the rent payable for the current month, the date through which rent has been paid, and any related information requested by Lender;

(7) within ten (10) days after Borrower's receipt, copies of all inspection reports, surveys, reviews, and certifications prepared by, for, or on behalf of any licensing or regulatory authority relating to the Mortgaged Property and any legal actions, orders, notices, or reports relating to the Mortgaged Property issued by the applicable regulatory or licensing authorities;

(8) within ten (10) days after submission, copies of all incident reports submitted by or on behalf of Borrower or any Property Operator to any liability insurance carrier or any elderly affairs, regulatory or licensing authority; and

(9) upon Lender's written request (but, absent an Event of Default, no more frequently than once in any six (6) month period):

(A) any item described in Section 8.02(b)(1) or Section 8.02(b)(2) (Items to Furnish to Lender) for Borrower or any Property Operator (in connection with the operation of the Mortgaged Property), certified as true, complete, and accurate by an individual having authority to bind Borrower or such Property Operator;

(B) a property management or leasing report for the Mortgaged Property, showing the number of rental applications received from tenants or prospective tenants and deposits received from tenants or prospective tenants, and any other information requested by Lender;

(C) a statement of income and expenses for Borrower's or any Property Operator's operation of the Mortgaged Property on a year-to-date basis as of the end of each month for such period as requested by Lender, which statement shall be delivered within thirty (30) days after the end of such month requested by Lender;

(D) a statement of real estate owned directly or indirectly by Borrower, Affiliated Property Operator, and Guarantor for such period as requested by Lender, which statement shall be delivered within thirty (30) days after the end of such month requested by Lender;

(E) for any Guarantor, by the later of thirty (30) days after the date requested by Lender and the date one hundred twenty (120) days after the end of the most recent Calendar Year:

(i) that is an entity, a statement of income and expenses and a statement of cash flows for such calendar year;

(ii) that is an individual, or a trust established for estate-planning purposes, a personal financial statement for such calendar year; and

(iii) balance sheet(s) showing all assets and liabilities of Guarantor and a statement of all contingent liabilities as of the end of such calendar year; and

(F) a statement that identifies:

(i) the direct owners of Borrower and Affiliated Property Operator and their respective interests;

(ii) the indirect owners (and any non-member managers) of Borrower that Control Borrower or own a Restricted Ownership Interest in Borrower (excluding any Publicly-Held Corporations or Publicly-Held Trusts) and their respective interests;

(iii) the indirect owners of Borrower that hold twenty-five percent (25%) or more of the Ownership Interests in Borrower (excluding any Publicly-Held Corporations or Publicly-Held Trusts) and their respective interests;

(iv) the indirect owners (and any non-member managers) of Affiliated Property Operator that Control Affiliated Property Operator (excluding any Publicly-Held Corporations or Publicly-Held Trusts) and their respective interests; and

(v) the indirect owners of Affiliated Property Operator that hold twenty-five percent (25%) or more of the ownership interests in Affiliated Property Operator (excluding any Publicly-Held Corporations or Publicly-Held Trusts) and their respective interests;

(G) copies of all reports relating to the services and operations of the Mortgaged Property, including, if applicable, Medicaid cost reports and records relating to account balances due to or from Third Party Payments; and

(H) within ten (10) days after submission to Borrower by any Property Operator, the financial statements, reports, documents, communications, and information delivered to Borrower by any Property Operator pursuant to the

Facility Operating Agreement, to the extent not otherwise provided under this Master Agreement;

(10) Borrower shall furnish to Lender within one hundred twenty (120) days after the end of each Calendar Year, or upon Lender's written request, an Officer's Certificate stating whether or not Borrower and its managing member, sole member, or general partner (as applicable) are in compliance with the covenants set forth in Section 4.02(d) (Borrower Status – Covenants – Single Purpose Status) and, if not in compliance, setting forth the particulars of such noncompliance and the steps that Borrower and SPE Owner (as applicable) have taken, are taking or intend to take to cure such noncompliance.

(c) Audited Financials.

In the event Borrower, any Property Operator, or Guarantor receives or obtains any audited financial statements and such financial statements are required to be delivered to Lender under Section 8.02(b) (Items to Furnish to Lender), Borrower shall deliver or cause to be delivered to Lender the audited versions of such financial statements.

(d) Delivery of Books and Records.

If an Event of Default has occurred and is continuing, Borrower shall deliver to Lender, upon written demand, all books and records relating to the Mortgaged Property or its operation.

Section 8.03 Administration Matters Regarding Books and Records and Financial Reporting.

(a) Lender's Right to Obtain Audited Books and Records.

Lender may require that Borrower's, Property Operator's (in connection with the operation of the Mortgaged Property), or Guarantor's books and records be audited, at Borrower's expense, by an independent certified public accountant selected by Lender in order to produce or audit any statements, schedules, and reports of Borrower, Guarantor, Property Operator (in connection with the operation of the Mortgaged Property), or the Mortgaged Property required by Section 8.02 (Books and Records; Financial Reporting – Covenants), if

(1) Borrower or Guarantor fails to provide in a timely manner the statements, schedules, and reports required by Section 8.02 (Books and Records; Financial Reporting – Covenants) and, thereafter, Borrower or Guarantor fails to provide such statements, schedules and reports within the cure period provided in Section 14.01(c) (Events of Default Subject to Extended Cure Period or Release);

(2) the statements, schedules, and reports submitted to Lender pursuant to Section 8.02 (Books and Records; Financial Reporting – Covenants) are not full, complete, and accurate in all material respects as determined by Lender and, thereafter, Borrower or Guarantor fails to provide such statements, schedules, and reports within the cure period

provided in Section 14.01(c) (Events of Default Subject to Extended Cure Period or Release); or

- (3) an Event of Default has occurred and is continuing.

Notwithstanding the foregoing, the ability of Lender to require the delivery of audited financial statements shall be limited to not more than once per Borrower's fiscal year so long as no Event of Default has occurred during such fiscal year (or any event which, with the giving of written notice or the passage of time, or both, would constitute an Event of Default has occurred and is continuing). Borrower shall cooperate with Lender in order to satisfy the provisions of this Section 8.03(a) (Lender's Right to Obtain Audited Books and Records). All related costs and expenses of Lender shall become due and payable by Borrower within ten (10) Business Days after demand therefor.

(b) Credit Reports; Credit Score.

No more often than once in any twelve (12) month period, Lender is authorized to obtain a credit report (if applicable) on each of Borrower, Affiliated Property Operator, and Guarantor, the cost of which report shall be paid by Borrower. Lender is authorized to obtain a Credit Score (if applicable) for Borrower, Affiliated Property Operator, or Guarantor at any time at Lender's expense.

Article 9 INSURANCE

Section 9.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 9.01 (Insurance – Representations and Warranties) are made as of each Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) Compliance with Insurance Requirements.

Borrower is in compliance with Lender's insurance requirements (or has obtained a written waiver from Lender for any non-compliant coverage) and has timely paid or caused to be paid all premiums on all required insurance policies. With respect to each Mortgaged Property, Borrower has delivered to Lender certificates of insurance and duplicate original Insurance Policies currently in effect as of the date such Mortgaged Property was added to the Collateral Pool.

(b) Property Condition.

- (1) No Mortgaged Property has been damaged by fire, water, wind, or other cause of loss; or

(2) if previously damaged, any previous damage to any Mortgaged Property has been repaired and such Mortgaged Property has been fully restored.

Section 9.02 Covenants.

(a) Insurance Requirements.

As required by Lender and Applicable Law, and as may be modified from time to time, Borrower shall:

(1) keep the Improvements insured at all times against any hazards, which insurance shall include coverage against loss by fire and all other perils insured by the “special causes of loss” coverage form, general boiler and machinery coverage, business income coverage, and flood (if any of the Improvements are located in an area identified by the Federal Emergency Management Agency (or any successor) as an area having special flood hazards and to the extent flood insurance is available in that area), and may include sinkhole insurance, mine subsidence insurance, earthquake insurance, terrorism insurance, windstorm insurance and, if any Mortgaged Property does not conform to applicable building, zoning, or land use laws, ordinance and law coverage;

(2) maintain at all times commercial general liability insurance, umbrella liability insurance, workmen’s compensation insurance, auto liability insurance, and such other liability, errors and omissions, and fidelity insurance coverage; and professional liability insurance covering errors and omissions for medical malpractice, all types of abuse, and any service where healthcare is provided; and

(3) maintain builder’s risk and public liability insurance, and other insurance in connection with completing the Repairs or Replacements, as applicable.

(b) Delivery of Policies, Renewals, Notices, and Proceeds.

Borrower shall:

(1) cause all insurance policies (including any policies not otherwise required by Lender) which can be endorsed with standard non-contributing, non-reporting mortgagee clauses making loss payable to Lender (or Lender’s assigns) to be so endorsed;

(2) promptly deliver to Lender a copy of all renewal and other notices received by Borrower with respect to the policies and all receipts for paid premiums;

(3) deliver evidence, in form and content acceptable to Lender, that each Insurance Policy under this Article 9 (Insurance) has been renewed not less than ten (10) days prior to the applicable expiration date, and (if such evidence is other than an original or duplicate original of a renewal policy) deliver the original or duplicate original of each renewal policy (or such other evidence of insurance as may be required by or acceptable to Lender) in form and content acceptable to Lender within ninety (90) days after the applicable expiration date of the original Insurance Policy;

(4) provide immediate written notice to the insurance company and to Lender of any event of loss;

(5) execute such further evidence of assignment of any insurance proceeds as Lender may require; and

(6) provide immediate written notice to Lender of Borrower's or Property Operator's receipt of any insurance proceeds under any Insurance Policy required by Section 9.02(a)(1) (Insurance Requirements) above and, if requested by Lender, deliver to Lender all of such proceeds received by Borrower or Property Operator to be applied by Lender in accordance with this Article 9 (Insurance).

Section 9.03 Administration Matters Regarding Insurance.

(a) Lender's Ongoing Insurance Requirements.

Borrower acknowledges that Lender's insurance requirements may change from time to time. All insurance policies and renewals of insurance policies required by this Master Agreement shall be:

(1) in the form and with the terms required by Lender;

(2) in such amounts, with such maximum deductibles and for such periods required by Lender; and

(3) issued by insurance companies satisfactory to Lender.

BORROWER ACKNOWLEDGES THAT ANY FAILURE OF BORROWER TO COMPLY WITH THE REQUIREMENTS SET FORTH IN SECTION 9.02(a) (Insurance

Requirements) OR SECTION 9.02(b) (Delivery of Policies, Renewals, Notices, and Proceeds) ABOVE SHALL PERMIT LENDER TO PURCHASE THE APPLICABLE INSURANCE AT BORROWER'S COST. SUCH INSURANCE MAY, BUT NEED NOT, PROTECT BORROWER'S INTERESTS. THE COVERAGE THAT LENDER PURCHASES MAY NOT PAY ANY CLAIM THAT BORROWER MAKES OR ANY CLAIM THAT IS MADE AGAINST BORROWER IN CONNECTION WITH ANY MORTGAGED PROPERTY. IF LENDER PURCHASES INSURANCE FOR ANY MORTGAGED PROPERTY AS PERMITTED HEREUNDER, BORROWER WILL BE RESPONSIBLE FOR THE COSTS OF THAT INSURANCE, INCLUDING INTEREST AT THE DEFAULT RATE AND ANY OTHER CHARGES LENDER MAY IMPOSE IN CONNECTION WITH THE PLACEMENT OF THE INSURANCE UNTIL THE EFFECTIVE DATE OF THE CANCELLATION OR THE EXPIRATION OF THE INSURANCE. THE COSTS OF THE INSURANCE SHALL BE ADDED TO BORROWER'S TOTAL OUTSTANDING BALANCE OR OBLIGATION AND SHALL CONSTITUTE ADDITIONAL INDEBTEDNESS. THE COSTS OF THE INSURANCE MAY BE MORE THAN THE COST OF INSURANCE BORROWER MAY BE ABLE TO OBTAIN ON ITS

OWN. BORROWER MAY LATER CANCEL ANY INSURANCE PURCHASED BY LENDER, BUT ONLY AFTER PROVIDING EVIDENCE THAT BORROWER HAS OBTAINED INSURANCE AS REQUIRED BY THIS MASTER AGREEMENT AND THE OTHER LOAN DOCUMENTS.

(b) Application of Proceeds on Event of Loss.

(1) Upon an event of loss, Lender may, at Lender's option:

(A) hold such proceeds to be applied to reimburse Borrower for the cost of Restoration (in accordance with Lender's then-current policies relating to the restoration of casualty damage on similar multifamily residential properties); or

(B) apply such proceeds to the payment of the Indebtedness, whether or not then due; provided, however, Lender shall not apply insurance proceeds to the payment of the Indebtedness and shall require Restoration pursuant to Section 9.03(b)(1)(A) (Application of Proceeds on Event of Loss) if all of the following conditions are met:

(i) no Potential Event of Default or Event of Default has occurred and is continuing;

(ii) Lender determines that the combination of insurance proceeds and amounts provided by Borrower will be sufficient funds to complete the Restoration;

(iii) Lender determines that after completion of the Restoration

(1) the Net Cash Flow generated by the applicable Mortgaged Property will be sufficient to support the Debt Service Coverage Ratio set forth in the definition of Individual Property Coverage and LTV Tests (on a pro forma basis), and (2) the Loan to Value Ratio of such Mortgaged Property will be no greater than the Loan to Value Ratio immediately prior to the event of loss, but in no event greater than ninety percent (90%);

(iv) Lender determines that the Restoration will be completed before the earlier of (1) one year before the latest Maturity Date of any Advance Outstanding, or (2) one year after the date of the loss or casualty; and

(v) Borrower provides Lender, upon written request, evidence of the availability during and after the Restoration of the insurance required to be maintained pursuant to this Master Agreement.

After the completion of Restoration in accordance with the above requirements, as determined by Lender, the balance, if any, of such proceeds shall be returned to Borrower.

(2) Notwithstanding the foregoing, if any loss is estimated to be in an amount equal to or less than \$100,000, Lender shall not exercise its rights and remedies as power-of-attorney herein and shall allow Borrower to make proof of loss, to adjust and compromise any claims under policies of property damage insurance, to appear in and prosecute any action arising from such policies of property damage insurance, and to collect and receive the proceeds of property damage insurance; provided that each of the following conditions shall be satisfied:

(A) Borrower shall immediately notify Lender of the casualty giving rise to the claim;

(B) no Potential Event of Default or Event of Default has occurred and is continuing;

(C) the Restoration will be completed before the earlier of (i) one year before the Termination Date, or (ii) one year after the date of the loss or casualty;

(D) Lender determines that the combination of insurance proceeds and amounts provided by Borrower will be sufficient funds to complete the Restoration;

(E) all proceeds of property damage insurance shall be issued in the form of joint checks to Borrower and Lender;

(F) all proceeds of property damage insurance shall be applied to the Restoration;

(G) Borrower shall deliver to Lender evidence satisfactory to Lender of completion of the Restoration and obtainment of all lien releases;

(H) Borrower shall have complied to Lender's satisfaction with the foregoing requirements on any prior claims subject to this provision, if any; and

(I) Lender shall have the right to inspect the applicable Mortgaged Property (subject to the rights of tenants under the Leases, other than the Seniors Housing Facility Lease).

(3) If Lender elects to apply insurance proceeds to the Indebtedness in accordance with the terms of this Master Agreement, Borrower shall not be obligated to restore or repair the applicable Mortgaged Property. Rather, Borrower shall restrict access to the damaged portion of such Mortgaged Property and, at its expense and regardless of whether such costs are covered by insurance, clean up any debris resulting from the casualty event, and, if

required or otherwise permitted by Lender, demolish or raze any remaining part of the damaged Mortgaged Property to the extent necessary to keep and maintain the Mortgaged Property in a safe, habitable and marketable condition. Nothing in this Section 9.03(b) (Application of Proceeds on Event of Loss) shall affect any of Lender's remedial rights against Borrower in connection with a breach by Borrower of any of its obligations under this Master Agreement or under any Loan Document, including any failure to timely pay Monthly Debt Service Payments or maintain the insurance coverage(s) required by this Master Agreement.

(c) Payment Obligations Unaffected.

The application of any insurance proceeds to the Indebtedness shall not extend or postpone the Maturity Date, or the due date or the full payment of any Monthly Debt Service Payment, Monthly Replacement Reserve Deposit, or any other installments referred to in this Master Agreement or in any other Loan Document. Notwithstanding the foregoing, if Lender applies insurance proceeds to the Indebtedness in connection with a casualty of less than an entire Mortgaged Property, then Lender shall permit an adjustment to the Monthly Debt Service Payments that become due and owing thereafter, based on the Underwriting and Servicing Requirements.

(d) Foreclosure Sale.

If a Mortgaged Property is transferred pursuant to a Foreclosure Event or Lender otherwise acquires title to a Mortgaged Property, Borrower acknowledges that Lender shall automatically succeed to all rights of Borrower in and to any insurance policies and unearned insurance premiums applicable to such Mortgaged Property and in and to the proceeds resulting from any damage to such Mortgaged Property prior to such Foreclosure Event or such acquisition.

(e) Appointment of Lender as Attorney-In-Fact.

Borrower hereby authorizes and appoints Lender as attorney-in-fact pursuant to Section 14.03(c) (Appointment of Lender as Attorney-In-Fact).

Article 10 CONDEMNATION

Section 10.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 10.01 (Condemnation – Representations and Warranties) are made as of each Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) Prior Condemnation Action.

No part of any Mortgaged Property has been taken in connection with a Condemnation Action.

(b) Pending Condemnation Actions.

Except with respect to a Release Mortgaged Property that is the subject of a Release Request, no Condemnation Action is pending nor, to Borrower's knowledge, is threatened for the partial or total condemnation or taking of any Mortgaged Property.

Section 10.02 Covenants.

(a) Notice of Condemnation.

Borrower shall:

- (1) promptly notify Lender of any Condemnation Action of which Borrower has knowledge;
- (2) appear in and prosecute or defend, at its own cost and expense, any action or proceeding relating to any Condemnation Action, including any defense of Lender's interest in any Mortgaged Property tendered to Borrower by Lender, unless otherwise directed by Lender in writing; and
- (3) execute such further evidence of assignment of any condemnation award in connection with a Condemnation Action as Lender may require.

(b) Condemnation Proceeds.

Borrower shall pay to Lender all awards or proceeds of a Condemnation Action promptly upon receipt.

Section 10.03 Administration Matters Regarding Condemnation.

(a) Application of Condemnation Awards.

Lender may apply any awards or proceeds of a Condemnation Action, after the deduction of Lender's expenses incurred in the collection of such amounts, to:

- (1) the restoration or repair of the applicable Mortgaged Property, if applicable;
- (2) the payment of the Indebtedness, with the balance, if any, paid to Borrower;

or

- (3) Borrower.

(b) Payment Obligations Unaffected.

The application of any awards or proceeds of a Condemnation Action to the Indebtedness shall not extend or postpone any Maturity Date, or the due date or the full payment of any Monthly

Debt Service Payment, Monthly Replacement Reserve Deposit, or any other installments referred to in this Master Agreement or in any other Loan Document.

(c) Appointment of Lender as Attorney-In-Fact.

Borrower hereby authorizes and appoints Lender as attorney-in-fact pursuant to Section 14.03(c) (Appointment of Lender as Attorney-In-Fact).

(d) Preservation of Mortgaged Property.

If a Condemnation Action results in or from damage to any Mortgaged Property and Lender elects to apply the proceeds or awards from such Condemnation Action to the Indebtedness in accordance with the terms of this Master Agreement, Borrower shall not be obligated to restore or repair such Mortgaged Property. Rather, Borrower shall restrict access to any portion of the Mortgaged Property which has been damaged or destroyed in connection with such Condemnation Action and, at Borrower's expense and regardless of whether such costs are covered by insurance, clean up any debris resulting in or from the Condemnation Action, and, if required by any Governmental Authority or otherwise permitted by Lender, demolish or raze any remaining part of the damaged Mortgaged Property to the extent necessary to keep and maintain the Mortgaged Property in a safe, habitable, and marketable condition. Nothing in this Section 10.03(d) (Preservation of Mortgaged Property) shall affect any of Lender's remedial rights against Borrower in connection with a breach by Borrower of any of its obligations under this Master Agreement or under any Loan Document, including any failure to timely pay Monthly Debt Service Payments or maintain the insurance coverage(s) required by this Master Agreement.

**Article 11
LIENS, TRANSFERS, AND ASSUMPTIONS**

Section 11.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 11.01 (Liens, Transfers, and Assumptions – Representations and Warranties) are made as of each Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) No Labor or Materialmen's Claims.

All parties furnishing labor and materials on behalf of Borrower or on behalf of Property Operator with respect to the Mortgaged Property have been paid in full. There are no mechanics' or materialmen's liens (whether filed or unfiled) outstanding for work, labor, or materials (and no claims or work outstanding that under Applicable Law could give rise to any such mechanics' or materialmen's liens) affecting any Mortgaged Property, whether prior to, equal with, or subordinate to the lien of the Security Instrument.

(b) No Other Interests.

No Person:

(1) other than Borrower has any possessory ownership or interest in any Mortgaged Property or right to occupy the same except under and pursuant to the provisions of the Facility Operating Agreement and the other existing Leases, the material terms of all such Leases having been previously disclosed in writing to Lender; nor

(2) has an option, right of first refusal, or right of first offer (except as required by Applicable Law) to purchase any Mortgaged Property, or any interest in any Mortgaged Property.

Section 11.02 Covenants.

(a) Liens; Encumbrances.

Borrower shall not permit the grant, creation, or existence of any Lien, whether voluntary, involuntary, or by operation of law, on all or any portion of any Mortgaged Property (including any voluntary, elective, or non-compulsory tax lien or assessment pursuant to a voluntary, elective, or non-compulsory special tax district or similar regime) other than:

(1) Permitted Encumbrances;

(2) the creation of:

(A) any tax lien, municipal lien, utility lien, mechanics' lien, materialmen's lien, or judgment lien against any Mortgaged Property if bonded off, released of record, or otherwise remedied to Lender's satisfaction within sixty (60) days after the earlier of the date Borrower or Property Operator has actual notice or constructive notice of the existence of such lien; or

(B) any mechanics' or materialmen's liens which attach automatically under the laws of any Governmental Authority upon the commencement of any work upon, or delivery of any materials to, any Mortgaged Property and for which Borrower or Property Operator is not delinquent in the payment for any such work or materials; and

(3) the lien created by, or (in connection with Permitted Equipment Financing) permitted under, the Loan Documents.

(b) Transfers.

(1) Mortgaged Property.

A Transfer as described in clause (b) of the definition of Transfer of all or any part of any Mortgaged Property (including any interest in any Mortgaged Property) shall not occur other than:

(A) a Transfer to which Lender has consented in writing;

(B) Leases permitted pursuant to the Loan Documents, including, if applicable, the Seniors Housing Facility Lease between Borrower and Property Operator and the subordination thereof to the terms, provisions, and lien of this Master Agreement, the Security Instrument, and the other Loan Documents;

(C) [reserved];

(D) a Transfer of obsolete or worn out Personalty or Fixtures that are contemporaneously replaced by items of equal or better function and quality which are free of Liens (other than those created by the Loan Documents);

(E) the grant of an easement, servitude, or restrictive covenant to which Lender has consented, and Borrower has paid to Lender, upon demand, all costs and expenses incurred by Lender in connection with reviewing Borrower's request, including reasonable attorneys' fees and the Review Fee;

(F) a lien permitted pursuant to Section 11.02 (Liens, Transfers, and Assumptions – Covenants) of this Master Agreement; or

(G) the conveyance of any Mortgaged Property following a Foreclosure Event.

(2) No Transfers of Interests in Borrower, Key Principal, Guarantor or Affiliated Property Operator.

Subject to the provisions of this Article 11 (Liens, Transfers, and Assumptions), a Transfer as described in clause (a) of the definition of Transfer, a Change of Control, or a Transfer of the Restricted Ownership Interest shall not occur.

Notwithstanding the restrictions on Transfers, Change of Control and Restricted Ownership Interests, to the extent a Restricted Ownership Interest is held by a Publicly-Held Corporation or a Publicly-Held Trust, a Transfer of any Ownership Interests in such Publicly-Held Corporation or Publicly-Held Trust shall not be prohibited under this Master Agreement as long as (i) such Transfer does not result in a conversion of such Publicly-Held Corporation or Publicly-Held Trust to a privately held entity, and (ii) Borrower provides written notice to Lender not later than thirty (30) days thereafter of any such Transfer that results in any Person owning twenty percent (20%) or more of the Ownership Interests in such Publicly-Held Corporation or Publicly-Held Trust.

(3) Name Change or Entity Conversion.

Lender shall consent to a Borrower changing its name, changing its jurisdiction of organization, or converting from one type of legal entity into another type of legal entity for any lawful purpose, provided that:

(A) Lender receives written notice at least thirty (30) days prior to such change or conversion, which notice shall include organizational charts that reflect the structure of such Borrower both prior to and subsequent to such name change or entity conversion;

(B) such Transfer is not otherwise prohibited under the provisions of Section 11.02(b)(2) (No Transfers of Interests in Borrower, Key Principal, Guarantor, or Affiliated Property Operator);

(C) Borrower executes an amendment to this Master Agreement and any other Loan Documents required by Lender documenting the name change or entity conversion;

(D) Borrower agrees and acknowledges, at Borrower's expense, that (i) Borrower will execute and record in the land records any instrument required by the Property Jurisdiction to be recorded to evidence such name change or entity conversion (or provide Lender with written confirmation from the title company (via electronic mail or letter) that no such instrument is required), (ii) Borrower will execute any additional documents required by Lender, including the amendment to this Master Agreement, and, if applicable, an amendment to the Facility Operating Agreement, and, if applicable, allow such documents to be recorded or filed in the land records of the Property Jurisdiction, (iii) Lender will obtain a "date down" endorsement to the Lender's Title Policy (or obtain a new Title Policy if a "date down" endorsement is not available in the Property Jurisdiction), evidencing title to the Mortgaged Property being in the name of the successor entity and the Lien of the Security Instrument against the Mortgaged Property, and (iv) Lender will file any required UCC-3 financing statement and make any other filing deemed necessary to maintain the priority of its Liens on the Mortgaged Property;

(E) no later than ten (10) days subsequent to such name change or entity conversion, Borrower shall provide Lender (i) the documentation filed with the appropriate office in such Borrower's state of formation evidencing such name change or entity conversion, (ii) copies of the Organizational Documents of such Borrower, including any amendments, filed with the appropriate office in Borrower's state of formation reflecting the post-conversion Borrower name, form of organization, and structure, and (iii) if available, new certificates of good standing or valid formation for such Borrower; and

(F) Borrower shall provide Lender with confirmation that any Licenses in Borrower's name remain valid and in full force and effect following the name change or entity conversion or have been properly transferred to Borrower following such name change or entity conversion.

(4) No Delaware Statutory Trust or Series LLC Conversion.

Notwithstanding any provisions herein to the contrary, no Borrower Entity shall convert to a Delaware Statutory Trust or a series limited liability company.

Notwithstanding the foregoing, Borrower shall provide Lender prompt notice of any name change or entity conversion of any other Borrower Entity, Affiliated Property Operator, or Identified Party.

(c) Facility Operating Agreement.

Subject to the provisions of this Article 11 (Liens, Transfers, and Assumptions), Borrower shall not:

- (1) Transfer its rights or interests in the Facility Operating Agreement, or Transfer the responsibility for the operation and management of the Mortgaged Property, from Property Operator to any other Person;
- (2) permit Affiliated Property Operator to Transfer its interest in the Facility Operating Agreement;
- (3) remove, permit, or suffer the removal of Affiliated Property Operator from the Facility Operating Agreement;
- (4) surrender or accept a surrender of the Facility Operating Agreement;
- (5) cancel or terminate the Facility Operating Agreement; or
- (6) permit a merger of Borrower's fee interest estate in the Mortgaged Property with Property Operator's leasehold interest in the Mortgaged Property, if any.

Borrower agrees, and the Facility Operating Agreement shall provide, that Lender shall have the right to terminate the Facility Operating Agreement at any time upon the occurrence and continuance of an Event of Default.

(d) No Other Indebtedness.

Other than the Advances, neither Borrower nor any Affiliated Property Operator shall incur or be obligated at any time with respect to any loan or other indebtedness (except (i) trade payables,

(ii) Intercompany Loans, and (iii) as otherwise permitted in this Master Agreement), including any indebtedness secured by a Lien on, or the cash flows from, the Mortgaged Property.

(e) No Mezzanine Financing or Preferred Equity.

Neither Borrower, any Affiliated Property Operator, nor any direct or indirect owner of Borrower or any Affiliated Property Operator shall: (1) incur any Mezzanine Debt other than Permitted Mezzanine Debt; (2) issue any Preferred Equity other than Permitted Preferred Equity; or (3) incur any similar indebtedness or issue any similar equity.

Section 11.03 Administration Matters Regarding Liens, Transfers, and Assumptions.

(a) Transfer of Collateral Pool.

Lender shall consent to a Transfer of the entire Collateral Pool to and an assumption of the Loan Documents by a new borrower if each of the following conditions is satisfied prior to the Transfer:

- (1) Borrower has submitted to Lender all information required by Lender to make the determination required by this Section 11.03(a) (Transfer of Collateral Pool);
- (2) no Event of Default has occurred and is continuing, and no Potential Event of Default has occurred and is continuing;
- (3) Lender determines that:
 - (A) the proposed new borrower, new key principal, and any other new guarantor fully satisfy all of Lender's then-applicable borrower, key principal, or guarantor eligibility, credit, management, and other loan underwriting standards, which shall include an analysis of (i) the previous relationships between Lender and the proposed new borrower, new key principal, new guarantor, and any Person in Control of them, and the organization of the new borrower, new key principal, and new guarantor (if applicable), and (ii) the operating and financial performance of the Mortgaged Property, including physical condition and occupancy;
 - (B) any proposed new borrower complies with the SPE Requirements, and all entities Controlling Borrower comply with the SPE Requirements (as applicable);
 - (C) none of the proposed new borrower, new key principal, and any new guarantor, or any owners of the proposed new borrower, new key principal, and any new guarantor, are a Prohibited Person; and
 - (D) none of the proposed new borrower, new key principal, and any new guarantor (if any of such are entities) shall have an organizational existence termination date that ends before the Termination Date;
- (4) [reserved];

(5) the proposed new borrower has:

(A) executed an assumption agreement acceptable to Lender that, among other things, requires the proposed new borrower to assume and perform all obligations of Borrower (or any other transferor), and that may require that the new borrower comply with any provisions of any Loan Document which previously may have been waived by Lender for Borrower, subject to the terms of Section 11.03(g) (Further Conditions on Transfers Requiring Lender’s Consent);

(B) if required by Lender, delivered to the Title Company for filing or recording in all applicable jurisdictions, all applicable Loan Documents including the assumption agreement to correctly evidence the assumption and the confirmation, continuation, perfection, and priority of the Liens created hereunder and under the other Loan Documents; and

(C) delivered to Lender a “date-down” endorsement to the Title Policy acceptable to Lender (or a new title insurance policy if a “date-down” endorsement is not available);

(6) one or more individuals or entities acceptable to Lender as new guarantors have executed and delivered to Lender:

(A) an assumption agreement acceptable to Lender that requires the new guarantor to assume and perform all obligations of Guarantor under any Guaranty given in connection with the Loan Documents; or

(B) a substitute Non-Recourse Guaranty and other substitute guaranty in a form acceptable to Lender;

(7) Lender has reviewed and approved the Transfer documents;

(8) Lender shall be the servicer of the Loan Documents;

(9) Borrower has satisfied the applicable provision of Section 11.03(g) (Further Conditions on Transfers Requiring Lender’s Consent) including Lender’s receipt of the fees described in Section 11.03(g) (Further Conditions on Transfers Requiring Lender’s Consent);

(10) if any MBS is Outstanding, the Transfer shall not result in a “significant modification,” as defined under applicable Treasury Regulations, of any Advance that has been securitized in an MBS; and

(11) Borrower and Property Operator have executed a new SASA required by Lender.

(b) Permitted Transfers of Ownership Interests.

Notwithstanding the provisions of Section 11.02(b)(2) (No Transfers of Interests in Borrower, Key Principal, Guarantor, or Affiliated Property Operator), the following Transfers are permitted without the consent of Lender (“**Permitted Transfers**”):

(1) a Transfer of any direct or indirect Ownership Interest in Borrower, Guarantor, Key Principal, Affiliated Property Operator, or any Identified Party; provided, however, that no Change of Control and no Transfer of the Restricted Ownership Interest occurs as the result of such Transfer;

(2) the issuance by Borrower, Guarantor, Key Principal, Affiliated Property Operator, or any Identified Party of additional membership interests, partnership interests, or stock (including by creation of a new class or series of interests or stock), as the case may be, and the subsequent direct or indirect Transfer of such interests or stock; provided, however, that no Change of Control and no Transfer of the Restricted Ownership Interest occurs as the result of such Transfer;

(3) a merger with or acquisition of another entity by Key Principal or Guarantor, as applicable, provided that (A) such Key Principal or Guarantor, as applicable, is the surviving entity after such merger or acquisition, (B) no Change of Control or Transfer of the Restricted Ownership Interest occurs, and (C) such merger or acquisition does not result in an Event of Default;

(4) a Transfer of any direct or indirect Ownership Interest in Borrower, Affiliated Property Operator, or any Identified Party to a subsidiary of Guarantor or Key Principal, provided that no Transfer of the Restricted Ownership Interest occurs; and

(5) any conversion of Key Principal or Guarantor from one type of entity to another type of entity or any amendment, modification, or any other change in the governing instrument or instruments of Key Principal or Guarantor; provided, however, that

(A) no Change of Control or Transfer of the Restricted Ownership Interest occurs as a result of any such Transfer;

(B) the decision-making powers and rights of the board of directors of Key Principal and the board of directors of Guarantor are not eliminated, materially impaired, or materially reduced as a result of such Transfer (provided, however, that the creation of new committees of the board of directors of Key Principal or the board of directors of Guarantor that are delegated certain powers and authority of the board of directors of Key Principal or the board of directors of Guarantor (as applicable) will not be deemed to be an elimination, material impairment, or material reduction of the decision-making powers of the board of directors of Key Principal or the board of directors of Guarantor, so long as the board of directors of Key Principal or the board of directors of Guarantor, as applicable, Controls the composition of any such committee and has the right to rescind any such delegation); and

(C) the board of directors of Key Principal and the board of directors of Guarantor continue to exist and Control the Key Principal or Guarantor, as applicable.

If the conditions set forth in this Section 11.03(b) (Permitted Transfers of Ownership Interests) are satisfied, the Transfer Fee and Review Fee shall be waived provided Borrower shall provide Lender ten (10) days' prior written notice of any Transfer in Section 11.03(b)(3), (4) or (5) above, which notice for any Transfer pursuant to Section 11.03(b)(3) and (4) above shall include organizational charts that reflect the structure of Borrower and Guarantor both prior to and subsequent to such Transfer.

(c) Estate Planning.

Notwithstanding the provisions of Section 11.02(b)(2) (No Transfers of Interests in Borrower, Key Principal, or Guarantor), so long as (1) the Transfer does not cause a Change of Control and (2) Key Principal and Guarantor, as applicable, maintain the same right and ability to Control Borrower as existed prior to the Transfer, Lender shall consent to Transfers of direct or indirect Ownership Interests in Borrower or Affiliated Property Operator, and Transfers of direct or indirect Ownership Interests, in an entity Key Principal or entity Guarantor to:

(A) Immediate Family Members of such transferor each of whom must have obtained the legal age of majority;

(B) United States domiciled trusts established for the benefit of the transferor or Immediate Family Members of the transferor; or

(C) partnerships or limited liability companies of which the partners or members, respectively, are comprised entirely of (i) such transferor and Immediate Family Members (each of whom must have obtained the legal age of majority) of such transferor, (ii) all Immediate Family Members (each of whom must have obtained the legal age of majority) of such transferor, or (iii) United States domiciled trusts established for the benefit of the transferor or Immediate Family Members of the transferor.

If the conditions set forth in this Section 11.03(c) (Estate Planning) are satisfied, the Transfer Fee shall be waived provided Borrower shall pay the Review Fee and out-of-pocket costs set forth in Section 11.03(g) (Further Conditions on Transfers Requiring Lender's Consent).

(d) Termination or Revocation of Trust.

If any of Borrower, Affiliated Property Operator, Guarantor, or Key Principal is a trust (other than a REIT), or if a Restricted Ownership Interest would be violated, or if Control of Borrower, Affiliated Property Operator, Guarantor, or Key Principal would be Transferred due to the termination or revocation of a trust, the termination or revocation of such trust is an unpermitted Transfer; provided that the termination or revocation of the trust due to the death of an individual trustor shall not be considered an unpermitted Transfer so long as:

(1) Lender is notified within thirty (30) days of the death; and

(2) such Borrower, Affiliated Property Operator, Guarantor, Key Principal, or other Person, as applicable, is replaced with an individual or entity acceptable to Lender, in accordance with the provisions of Section 11.03(a) (Transfer of Collateral Pool) within ninety (90) days of the date of the death causing the termination or revocation.

If the conditions set forth in this Section 11.03(d) (Termination or Revocation of Trust) are satisfied, the Transfer Fee shall be waived; provided Borrower shall pay the Review Fee and out-of-pocket costs set forth in Section 11.03(g) (Further Conditions on Transfers Requiring Lender's Consent).

(e) Death of Key Principal or Guarantor; Restricted Ownership Interest/Controlling Interest Transfer Due to Death.

(1) If a Key Principal or Guarantor that is a natural person dies, or if a Transfer of the Restricted Ownership Interest or a Change of Control occurs as a result of the death of a Person (except in the case of trusts which is addressed in Section 11.03(d) (Termination or Revocation of Trust)), Borrower must notify Lender in writing within ninety (90) days in the event of such death. Unless waived in writing by Lender, the deceased shall be replaced by an individual or entity within one hundred eighty (180) days, subject to Borrower's satisfaction of the following conditions:

(A) Borrower has submitted to Lender all information required by Lender to make the determination required by this Section 11.03(e) (Death of Key Principal or Guarantor; Restricted Ownership Interest/Controlling Interest Transfer Due to Death);

(B) Lender determines that, if applicable:

(i) any proposed new key principal and any other new guarantor (or Person Controlling such new key principal or new guarantor) fully satisfies all of Lender's then-applicable key principal or guarantor eligibility, credit, management, and other loan underwriting standards (including any standards with respect to previous relationships between Lender and the

proposed new key principal and new guarantor (or Person Controlling such new key principal or new guarantor) and the organization of the new key principal and new guarantor);

- (ii) none of any proposed new key principal or any new guarantor, or any owners of the proposed new key principal or any new guarantor, is a Prohibited Person; and
 - (iii) none of any proposed new key principal or any new guarantor (if any of such are entities) shall have an organizational existence termination date that ends before the Maturity Date; and
- (C) if applicable, one or more individuals or entities acceptable to Lender as new guarantors have executed and delivered to Lender:
- (i) an assumption agreement acceptable to Lender that requires the new guarantor to assume and perform all obligations of Guarantor under any Guaranty given in connection with this Master Agreement; or
 - (ii) a substitute Non-Recourse Guaranty and other substitute guaranty in a form acceptable to Lender.

(2) In the event a replacement Key Principal, Guarantor, or other Person is required by Lender due to the death described in this Section 11.03(e) (Death of Key Principal or Guarantor; Restricted Ownership Interest/Controlling Interest Transfer Due to Death), and such replacement has not occurred within such period, the period for replacement may be extended by Lender to a date not more than one year from the date of such death; however, Lender may require as a condition to any such extension that:

(A) the then-current Property Operator be replaced with a property operator reasonably acceptable to Lender (or if a Property Operator has not been previously engaged, a property operator reasonably acceptable to Lender be engaged); or

(B) a lockbox agreement or similar cash management arrangement (with Property Operator) reasonably acceptable to Lender during such extended replacement period be instituted.

If the conditions set forth in this Section 11.03(e) (Death of Key Principal or Guarantor; Restricted Ownership Interest/Controlling Interest Transfer Due to Death) are satisfied, the Transfer Fee shall be waived, provided Borrower shall pay the Review Fee and out-of-pocket costs set forth in Section 11.03(g) (Further Conditions on Transfers Requiring Lender's Consent).

(f) [Intentionally Deleted.]

(g) Further Conditions on Transfers Requiring Lender's Consent.

(1) In connection with any Transfer for which Lender's approval is required under this Master Agreement including any Transfer under Section 11.02(b)(1)(A) (Liens, Transfers, and Assumptions – Covenants – Transfers – Mortgaged Property) and Section 11.03(a) (Transfer of Collateral Pool), Lender may, as a condition to any such approval, require:

(A) additional collateral, guaranties, or other credit support to mitigate any risks concerning the proposed transferee or the performance or condition of any Mortgaged Property;

(B) amendment of the Loan Documents to delete or modify any specially negotiated terms or provisions previously granted for the exclusive benefit of original Borrower, Affiliated Property Operator, Key Principal, or Guarantor and to restore the original provisions of the standard Fannie Mae form multifamily loan documents, to the extent such provisions were previously modified;

(C) a modification to the amounts required to be deposited into the Reserve/Escrow Account pursuant to the terms of Section 13.02(a)(3) (B) (Adjustment of Deposits – Transfers);

(D) in connection with any assumption of the Loan Documents, after giving effect to the assumption, the provisions of the General Conditions Schedule shall be satisfied;

(E) delivery to the Title Company for filing or recording in all applicable jurisdictions, all applicable Loan Documents including assumption documents and any other appropriate documents in form and substance reasonably satisfactory to Lender in form proper for recordation as may be necessary in the opinion of Lender to correctly evidence the assumptions and the confirmation of Liens created hereunder; or

(F) if any MBS is Outstanding, the Transfer shall not result in a "significant modification," as defined under applicable Treasury Regulations, of any Advance that has been securitized in an MBS.

(2) In connection with any request by Borrower for consent to a Transfer, Borrower shall pay to Lender upon demand:

(A) the Transfer Fee (to the extent charged by Lender);

(B) the Review Fee (regardless of whether Lender approves or denies such request); and

- (C) all of Lender's out-of-pocket costs (including reasonable attorneys' fees) incurred in reviewing the Transfer request, regardless of whether Lender approves or denies such request.

Article 12 IMPOSITIONS

Section 12.01 Representations and Warranties.

The representations and warranties made by Borrower to Lender in this Section 12.01 (Impositions – Representations and Warranties) are made as of each Effective Date and are true and correct except as disclosed on the Exceptions to Representations and Warranties Schedule.

(a) Payment of Taxes, Assessments, and Other Charges.

Borrower has:

(1) paid (or with the approval of Lender, established an escrow fund sufficient to pay when due and payable) all amounts and charges relating to the Mortgaged Properties that have become due and payable before any fine, penalty interest, lien, or costs may be added thereto, including Impositions, leasehold payments, and ground rents;

(2) paid all Taxes for the Mortgaged Properties that have become due before any fine, penalty interest, lien, or costs may be added thereto pursuant to any notice of assessment received by Borrower and any and all taxes that have become due against Borrower before any fine, penalty interest, lien, or costs may be added thereto;

(3) no knowledge of any basis for any additional assessments;

(4) no knowledge of any presently pending special assessments against all or any part of the Mortgaged Properties, or any presently pending special assessments against Borrower; and

(5) not received any written notice of any contemplated special assessment against any Mortgaged Property, or any contemplated special assessment against Borrower.

Section 12.02 Covenants.

(a) Imposition Deposits, Taxes, and Other Charges.

Borrower shall:

(1) deposit the Imposition Deposits with Lender on each Payment Date (or on another day designated in writing by Lender) in amount sufficient, in Lender's discretion, to enable Lender to pay each Imposition before the last date upon which such payment may be made without any penalty or interest charge being added, plus an amount equal to no more than one-sixth (1/6) (or the amount permitted by Applicable Law) of the Impositions for the trailing twelve (12) months (calculated based on the aggregate annual Imposition costs divided by twelve (12) and multiplied by two (2));

(2) deposit with Lender, within ten (10) days after written notice from Lender (subject to Applicable Law), such additional amounts estimated by Lender to be reasonably necessary to cure any deficiency in the amount of the Imposition Deposits held for payment of a specific Imposition;

(3) except as set forth in Section 12.03(c) (Payment of Impositions; Sufficiency of Imposition Deposits) below, pay all Impositions, leasehold payments, ground rents, and Taxes when due and before any fine, penalty interest, lien, or costs may be added thereto;

(4) promptly deliver to Lender a copy of all notices of, and invoices for, Impositions, and, if Borrower pays any Imposition directly, Borrower shall promptly furnish to Lender receipts evidencing such payments; and

(5) promptly deliver to Lender a copy of all notices of any special assessments and contemplated special assessments against any Mortgaged Property or Borrower.

Section 12.03 Administration Matters Regarding Impositions.

(a) Maintenance of Records by Lender.

Lender shall maintain records of the monthly and aggregate Imposition Deposits held by Lender for the purpose of paying Taxes, insurance premiums, and each other obligation of Borrower for which Imposition Deposits are required.

(b) Imposition Accounts.

All Imposition Deposits shall be held in an institution (which may be Lender, if Lender is such an institution) whose deposits or accounts are insured or guaranteed by a federal agency and which accounts meet the standards for custodial accounts as required by Lender from time to time. Lender shall not be obligated to open additional accounts, or deposit Imposition Deposits in additional institutions, when the amount of the Imposition Deposits exceeds the maximum amount of the federal deposit insurance or guaranty. No interest, earnings, or profits on the Imposition

Deposits shall be paid to Borrower unless Applicable Law so requires. Imposition Deposits shall not be trust funds, nor shall they operate to reduce the Indebtedness, unless applied by Lender for that purpose in accordance with this Master Agreement. For the purposes of §9-104(a)(3) of the UCC, Lender is the owner of the Imposition Deposits and shall be deemed a “customer” with sole control of the account holding the Imposition Deposits.

(c) Payment of Impositions; Sufficiency of Imposition Deposits.

Lender may pay an Imposition according to any bill, statement, or estimate from the appropriate public office or insurance company without inquiring into the accuracy of the bill, statement, or estimate or into the validity of the Imposition. Imposition Deposits shall be required to be used by Lender to pay Taxes, insurance premiums and any other individual Imposition only if:

- (1) no Event of Default exists;
- (2) Borrower has timely delivered to Lender all applicable bills or premium notices that it has received; and
- (3) sufficient Imposition Deposits are held by Lender for each Imposition at the time such Imposition becomes due and payable.

Lender shall have no liability to Borrower or any other Person for failing to pay any Imposition if any of the conditions are not satisfied. If at any time the amount of the Imposition Deposits held for payment of a specific Imposition exceeds the amount reasonably deemed necessary by Lender to be held in connection with such Imposition, the excess may be credited against future installments of Imposition Deposits for such Imposition.

(d) Imposition Deposits Upon Event of Default.

If an Event of Default has occurred and is continuing, Lender may apply any Imposition Deposits, in such amount and in such order as Lender determines, to pay any Impositions or as a credit against the Indebtedness.

(e) Contesting Impositions.

Other than insurance premiums, Borrower may contest, at its expense, by appropriate legal proceedings, the amount or validity of any Imposition if:

- (1) Borrower notifies Lender of the commencement or expected commencement of such proceedings;
- Lender determines that the applicable Mortgaged Property is not in danger of being sold or forfeited;

(2) Borrower deposits with Lender (or the applicable Governmental Authority if required by Applicable Law) reserves sufficient to pay the contested Imposition, if required by Lender (or the applicable Governmental Authority);

(3) Borrower furnishes whatever additional security is required in the proceedings or is reasonably requested in writing by Lender; and

(4) Borrower commences, and at all times thereafter diligently prosecutes, such contest in good faith until a final determination is made by the applicable Governmental Authority.

(f) Release to Borrower.

Upon payment in full of all sums secured by the Security Instrument and this Master Agreement and release by Lender of the lien of the Security Instrument, Lender shall disburse to Borrower the balance of any Imposition Deposits then on deposit with Lender.

Article 13 REPLACEMENT RESERVE AND REPAIRS

Section 13.01 Covenants.

(a) Initial Deposits to Replacement Reserve Account and Repairs Escrow Account.

On the Effective Date, Borrower shall pay to Lender:

(1) the Initial Replacement Reserve Deposit for deposit into the Replacement Reserve Account; and

(2) the Repairs Escrow Deposit for deposit into the Repairs Escrow Account.

(b) Monthly Replacement Reserve Deposits.

Borrower shall deposit the applicable Monthly Replacement Reserve Deposit into the Replacement Reserve Account on each Payment Date.

(c) Payment for Replacements and Repairs.

Borrower shall:

(1) pay all invoices for the Replacements and Repairs, regardless of whether funds on deposit in the Replacement Reserve Account or the Repairs Escrow Account, as applicable, are sufficient, prior to any request for disbursement from the Replacement Reserve Account or the Repairs Escrow Account, as applicable (unless Lender has agreed to issue joint checks in connection with a particular Replacement or Repair);

(2) pay all applicable fees and charges of any Governmental Authority on account of the Replacements and Repairs, as applicable; and

(3) provide evidence satisfactory to Lender of completion of the Replacements and any Required Repairs (within the Completion Period or within such other period or by such other date set forth in the Required Repair Schedule and any Borrower Requested Repairs and Additional Lender Repairs (by the date specified by Lender for any such Borrower Requested Repairs or Additional Lender Repairs)).

(d) Assignment of Contracts for Replacements and Repairs.

Borrower shall collaterally assign to Lender as additional security any contract or subcontract for Replacements or Repairs, upon Lender's written request, on a form of assignment approved by Lender.

(e) Indemnification.

If Lender elects to exercise its rights under Section 14.03 (Additional Lender Rights; Forbearance) due to Borrower's failure to timely commence or complete any Replacements or Repairs, Borrower shall indemnify and hold Lender harmless for, from and against any and all actions, suits, claims, demands, liabilities, losses, damages, obligations, and costs or expenses, including litigation costs and reasonable attorneys' fees, arising from or in any way connected with the performance by Lender of the Replacements or Repairs or investment of the Reserve/Escrow Account Funds; provided that Borrower shall have no indemnity obligation if such actions, suits, claims, demands, liabilities, losses, damages, obligations, and costs or expenses, including litigation costs and reasonable attorneys' fees, arise as a result of the willful misconduct or gross negligence of Lender, Lender's agents, employees, or representatives as determined by a court of competent jurisdiction pursuant to a final non-appealable court order.

(f) Amendments to Loan Documents.

Subject to Section 5.02 (Advances – Covenants) Borrower shall execute and deliver to Lender, upon written request, an amendment to this Master Agreement, the Security Instrument, any other Loan Document deemed necessary or desirable to perfect Lender's lien upon any portion of each Mortgaged Property for which Reserve/Escrow Account Funds were expended.

(g) Administrative Fees and Expenses.

Borrower shall pay to Lender:

by the date specified in the applicable invoice, the Repairs Escrow Account Administrative Fee and the Replacement Reserve Account Administration Fee for Lender's services in administering the Repairs Escrow Account and Replacement Reserve Account and investing the funds on deposit in the Repairs Escrow Account and the Replacement Reserve Account, respectively;

(1) upon demand, a reasonable inspection fee, not exceeding the Maximum Inspection Fee, for each inspection of a Mortgaged Property by Lender in connection with a Repair or Replacement, plus all other reasonable costs and out-of-pocket expenses relating to such inspections; and

(2) upon demand, all reasonable fees charged by any engineer, architect, inspector or other person inspecting a Mortgaged Property on behalf of Lender for each inspection of such Mortgaged Property in connection with a Repair or Replacement, plus all other reasonable costs and out-of-pocket expenses relating to such inspections.

Section 13.02 Administration Matters Regarding Reserves.

(a) Accounts, Deposits, and Disbursements.

(1) Custodial Accounts.

(A) The Replacement Reserve Account shall be an interest-bearing account that meets the standards for custodial accounts as required by Lender from time to time. Lender shall not be responsible for any losses resulting from the investment of the Replacement Reserve Deposits or for obtaining any specific level or percentage of earnings on such investment. All interest, if any, earned on the Replacement Reserve Deposits shall be added to and become part of the Replacement Reserve Account; provided, however, if Applicable Law requires, and so long as no Event of Default has occurred and is continuing under any of the Loan Documents, Lender shall pay to Borrower the interest earned on the Replacement Reserve Account not less frequently than the Replacement Reserve Account Interest Disbursement Frequency. In no event shall Lender be obligated to disburse funds from the Reserve/Escrow Account if an Event of Default has occurred and is continuing.

(B) Lender shall not be obligated to deposit the Repairs Escrow Deposits into an interest-bearing account.

(2) Disbursements by Lender Only.

Only Lender or a designated representative of Lender may make disbursements from the Replacement Reserve Account and the Repairs Escrow Account. Except as provided in Section 13.02(a)(7) (Conditions to Disbursement), disbursements shall only be made upon Borrower request and after satisfaction of all conditions for disbursement.

(3) Adjustment to Deposits.

(A) **Mortgaged Properties in Collateral Pool over Ten (10) Years.**

If any Mortgaged Property is part of the Collateral Pool for ten (10) years or more, a property condition assessment shall be ordered by Lender for such Mortgaged Property at the expense of Borrower (which expense may be paid out of the Replacement Reserve Account if excess funds are available). The property condition assessment shall be performed no earlier than the sixth (6th) month and no later than the ninth (9th) month of the tenth (10th) year after such Mortgaged Property was added to the Collateral Pool (and of the twentieth (20th) year if applicable). After review of the property condition assessment, the amount of the Monthly Replacement Reserve Deposit may be adjusted by Lender for the remaining Facility Year by written notice to Borrower so that the Monthly Replacement Reserve Deposits are sufficient to fund the Replacements as and when required and/or the amount to be held in the Repairs Escrow Account may be adjusted by Lender so that the Repairs Escrow Deposit is sufficient to fund the Repairs as and when required.

(B) Transfers.

In connection with any Transfer of any Mortgaged Property, in connection with an assumption, any Transfer of the Facility Operating Agreement, or any Transfer of Ownership Interest(s) in a Borrower Entity or Affiliated Property Operator that requires Lender's consent, Lender may review the amounts on deposit, if any, in the Replacement Reserve Account or the Repairs Escrow Account, the amount of the Monthly Replacement Reserve Deposit for the applicable Mortgaged Property(ies) and the likely repairs and replacements required by such Mortgaged Property(ies), and the related contingencies which may arise during the remaining Term of this Master Agreement. Based upon that review, Lender may require an additional deposit to the Replacement Reserve Account or the Repairs Escrow Account, or an increase in the amount of the Monthly Replacement Reserve Deposit as a condition to Lender's consent to such Transfer.

(4) Insufficient Funds.

Lender may, upon thirty (30) days' prior written notice to Borrower, require an additional deposit(s) to the Replacement Reserve Account or Repairs Escrow Account, or an increase in the amount of the Monthly Replacement Reserve Deposit, if Lender determines that the amounts on deposit in either the Replacement Reserve Account or the Repairs Escrow Account are not sufficient to cover the costs for Required Repairs or Required Replacements or, pursuant to the terms of Section 13.02(a)(9) (Replacements and Repairs Other than Required Replacements or Required Repairs), not sufficient to cover the costs for Borrower Requested Repairs, Additional Lender Repairs, Borrower Requested Replacements, or Additional Lender Replacements. Borrower's agreement to complete the Replacements or Repairs as required by this Master Agreement shall not be affected by the insufficiency of any balance in the Replacement Reserve Account or the Repairs Escrow Account, as applicable.

(5) Disbursements for Replacements and Repairs.

(A) Disbursement requests may only be made after completion of the applicable Replacements and only to reimburse the applicable Borrower for the actual approved costs of the Replacements. Lender shall not disburse from the Replacement Reserve Account the costs of routine maintenance to any Mortgaged Property or for costs which are to be reimbursed from the Repairs Escrow Account or any similar account. Disbursement from the Replacement Reserve Account shall not be made more frequently than the Maximum Replacement Reserve Disbursement Interval for such Mortgaged Property. Other than in connection with a final request for disbursement, disbursements from the Replacement Reserve Account shall not be less than the Minimum Replacement Reserve Disbursement Amount for such Mortgaged Property.

(B) Disbursement requests may only be made after completion of the applicable Repairs and only to reimburse the applicable Borrower for the actual cost of the Repairs, up to the Maximum Repair Cost for such Mortgaged Property. Lender shall not disburse any amounts which would cause the funds remaining in the Repairs Escrow Account after any disbursement (other than with respect to the final disbursement) to be less than the Maximum Repair Cost of the then-current estimated cost of completing all remaining Repairs. Lender shall not disburse from the Repairs Escrow Account the costs of routine maintenance to any Mortgaged Property or for costs which are to be reimbursed from the Replacement Reserve Account or any similar account. Disbursement from the Repairs Escrow Account shall not be made more frequently than the Maximum Repair Disbursement Interval. Other than in connection with a final request for disbursement, disbursements from the Repairs Escrow Account shall not be less than the Minimum Repairs Disbursement Amount for such Mortgaged Property.

(6) Disbursement Requests.

Each request by Borrower for disbursement from the Replacement Reserve Account or the Repairs Escrow Account must be in writing, must specify the Replacement or Repair for which reimbursement is requested (provided that for any Borrower Requested Replacements, Borrower Requested Repairs, Additional Lender Replacements and Additional Lender Repairs, Lender shall have approved the use of the Reserve/Escrow Account Funds for such replacements or repairs pursuant to the terms of Section 13.02(a)(9) (Replacements and Repairs Other than Required Replacements or Required Repairs)), and must:

(A) if applicable, specify the quantity and price of the items or materials purchased, grouped by type or category;

(B) if applicable, specify the cost of all contracted labor or other services involved in the Replacement or Repair for which such request for disbursement is made;

(C) if applicable, include copies of invoices for all items or materials purchased and all contracted labor or services provided;

(D) include evidence of payment of such Replacement or Repair satisfactory to Lender (unless Lender has agreed to issue joint checks in connection with a particular Repair or Replacement as provided in this Master Agreement); and

(E) contain a certification by Borrower and, if applicable (and if reasonably requested by Lender), from Property Operator that the Repair or Replacement has been completed lien free and in a good and workmanlike manner, in accordance with any plans and specifications previously approved by Lender (if applicable) and in compliance with all Applicable Law, and otherwise in accordance with the provisions of this Master Agreement.

(7) Conditions to Disbursement.

Lender may require any or all of the following at the expense of Borrower as a condition to disbursement of funds from the Replacement Reserve Account or the Repairs Escrow Account (provided that for any Borrower Requested Replacements, Borrower Requested Repairs, Additional Lender Replacements, and Additional Lender Repairs, Lender shall have approved the use of the Reserve/Escrow Account Funds for such replacements or repairs pursuant to the terms of Section 13.02(a)(9) (Replacements and Repairs Other than Required Replacements or Required Repairs)):

(A) an inspection by Lender of the applicable Mortgaged Property and the applicable Replacement or Repair;

(B) an inspection or certificate of completion by an appropriate independent qualified professional (such as an architect, engineer or property inspector, depending on the nature of the Repair or Replacement) selected by Lender;

(C) either:

(i) a search of title to the applicable Mortgaged Property effective to the date of disbursement; or

(ii) a “date-down” endorsement to Lender’s Title Policy (or a new Lender’s Title Policy if a “date-down” is not available) extending the effective date of such policy to the date of disbursement, and showing no

Liens other than (1) Permitted Encumbrances, (2) liens which Borrower is diligently contesting in good faith that have been bonded off to the satisfaction of Lender, or (3) mechanics' or materialmen's liens which attach automatically under the laws of any Governmental Authority upon the commencement of any work upon, or delivery of any materials to, the Mortgaged Property and for which Borrower is not delinquent in the payment for any such work or materials; and

(D) an acknowledgement of payment, waiver of claims, and release of lien for work performed and materials supplied from each contractor, subcontractor or materialman in accordance with the requirements of Applicable Law and covering all work performed and materials supplied (including equipment and fixtures) for the applicable Mortgaged Property by that contractor, subcontractor, or materialman through the date covered by the disbursement request (or, in the event that payment to such contractor, subcontractor, or materialman is to be made by a joint check, the release of lien shall be effective through the date covered by the previous disbursement).

(8) Joint Checks for Periodic Disbursements.

Lender may, upon Borrower's written request, issue joint checks, payable to Borrower and the applicable supplier, materialman, mechanic, contractor, subcontractor or other similar party, if:

(A) the cost of the Replacement or Repair exceeds the Replacement Threshold or the Repair Threshold, as applicable, for such Mortgaged Property and the contractor performing such Replacement or Repair requires periodic payments pursuant to the terms of the applicable written contract;

(B) the contract for such Repair or Replacement requires payment upon completion of the applicable portion of the work;

(C) Borrower makes the disbursement request after completion of the applicable portion of the work required to be completed under such contract;

(D) the materials for which the request for disbursement has been made are on site at the applicable Mortgaged Property and are properly secured or installed;

(E) Lender determines that the remaining funds in the Replacement Reserve Account designated for such Replacement, or in the Repairs Escrow Account designated for such Repair, as applicable, are sufficient to pay such costs and the then-current estimated cost of completing all remaining Required Replacements or Required Repairs (at the Maximum Repair Cost), as applicable, and any other Borrower Requested Replacements, Borrower Requested Repairs,

Additional Lender Replacements, or Additional Lender Repairs that have been previously approved by Lender;

(F) each supplier, materialman, mechanic, contractor, subcontractor, or other similar party receiving payments shall have provided, if requested in writing by Lender, a waiver of liens with respect to amounts which have been previously paid to them; and

(G) all other conditions for disbursement have been satisfied.

(9) Replacements and Repairs Other than Required Replacements or Required Repairs.

(A) Borrower Requested Replacements and Borrower Requested Repairs.

Borrower may submit a disbursement request from the Replacement Reserve Account or the Repairs Escrow Account to reimburse Borrower for any Borrower Requested Replacement or Borrower Requested Repair. The disbursement request must be in writing and include an explanation for such request. Lender shall make disbursements for Borrower Requested Replacements or Borrower Requested Repairs if:

(i) they are of the type intended to be covered by the Replacement Reserve Account or the Repairs Escrow Account, as applicable;

(ii) the costs are commercially reasonable;

(iii) the amount of funds in the Replacement Reserve Account or Repairs Escrow Account, as applicable, is sufficient to pay such costs and the then-current estimated cost of completing all remaining Required Replacements or Required Repairs (at the Maximum Repair Cost), as applicable, and any other Borrower Requested Replacements, Borrower Requested Repairs, Additional Lender Replacements or Additional Lender Repairs that have been previously approved by Lender; and

(iv) all conditions for disbursement from the Replacement Reserve Account or Repairs Escrow Account, as applicable, have been satisfied.

Nothing in this Master Agreement shall limit Lender's right to require an additional deposit to the Replacement Reserve Account or an increase to the Monthly Replacement Reserve Deposit in connection with any such Borrower

Requested Replacements, or an additional deposit to the Repairs Escrow Account for any such Borrower Requested Repairs.

(B) Additional Lender Replacements and Additional Lender Repairs.

Lender may require, as set forth in Section 6.02(b) (Property Maintenance), Section 6.03(c) (Property Condition Assessment), or otherwise from time to time, upon written notice to Borrower, that Borrower make Additional Lender Replacements or Additional Lender Repairs. Lender shall make disbursements from the Replacement Reserve Account for Additional Lender Replacements or from the Repairs Escrow Account for Additional Lender Repairs, as applicable, if:

- (i) the costs are commercially reasonable;
- (ii) the amount of funds in the Replacement Reserve Account or the Repairs Escrow Account, as applicable, is sufficient to pay such costs and the then-current estimated cost of completing all remaining Required Replacements or Required Repairs (at the Maximum Repair Cost), as applicable, and any other Borrower Requested Replacements, Borrower Requested Repairs, Additional Lender Replacements or Additional Lender Repairs that have been previously approved by Lender; and
- (iii) all conditions for disbursement from the Replacement Reserve Account or Repairs Escrow Account, as applicable, have been satisfied.

Nothing in this Master Agreement shall limit Lender's right to require an additional deposit to the Replacement Reserve Account or an increase to the Monthly Replacement Reserve Deposit for any such Additional Lender Replacements or an additional deposit to the Repairs Escrow Account for any such Additional Lender Repair.

(10) Excess Costs.

In the event any Replacement or Repair exceeds the approved cost set forth on the Required Replacement Schedule for Replacements, or the Maximum Repair Cost for Repairs, Borrower may submit a disbursement request to reimburse Borrower for such excess cost. The disbursement request must be in writing and include an explanation for such request. Lender shall make disbursements from the Replacement Reserve Account or the Repairs Escrow Account, as applicable, if:

- (A) the excess cost is commercially reasonable;
- (B) the amount of funds in the Replacement Reserve Account or the Repairs Escrow Account, as applicable, is sufficient to pay such costs and the then-current estimated cost of completing all remaining

Required Replacements or Required Repairs (at the Maximum Repair Cost), as applicable, and any other Borrower Requested Replacements, Borrower Requested Repairs, Additional Lender Replacements, or Additional Lender Repairs that have been previously approved by Lender; and

(C) all conditions for disbursement from the Replacement Reserve Account or the Repairs Escrow Account have been satisfied.

(11) Final Disbursements.

Upon completion of all Repairs in accordance with this Master Agreement and so long as no Event of Default has occurred and is continuing, Lender shall disburse to Borrower any amounts then remaining in the Repairs Escrow Account. Upon payment in full of the Indebtedness and release by Lender of the lien of the Security Instrument, Lender shall disburse to Borrower any and all amounts then remaining in the Replacement Reserve Account and the Repairs Escrow Account (if not previously released).

(b) Approvals of Contracts; Assignment of Claims.

Lender retains the right to approve all contracts or work orders with materialmen, mechanics, suppliers, subcontractors, contractors, or other parties providing labor or materials in connection with the Replacements or Repairs. Notwithstanding Borrower's assignment in the Security Instrument (or Property Operator's assignment pursuant to the SASA) of its rights and claims against all Persons supplying labor or materials in connection with the Replacement or Repairs, Lender will not pursue any such right or claim unless an Event of Default has occurred and is continuing or as otherwise provided in Section 14.03(c) (Appointment of Lender as Attorney-In-Fact).

(c) Delays and Workmanship.

If any work for any Replacement or Repair has not timely commenced, has not been timely performed in a workmanlike manner, or has not been timely completed in a workmanlike manner, Lender may, without notice to Borrower:

- (1) withhold disbursements from the Replacement Reserve Account or Repairs Escrow Account for such unsatisfactory Replacement or Repair, as applicable;
- (2) proceed under existing contracts or contract with third parties to make or complete such Replacement or Repair;
- (3) apply the funds in the Replacement Reserve Account or Repairs Escrow Account toward the labor and materials necessary to make or complete such Replacement or Repair, as applicable; or

(4) exercise any and all other remedies available to Lender under this Master Agreement or any other Loan Document, including any remedies otherwise available upon an Event of Default pursuant to the terms of Section 14.02 (Remedies).

To facilitate Lender's completion or making of such Replacements or Repairs, Lender shall have the right to enter onto each Mortgaged Property and perform any and all work and labor necessary to make or complete the Replacements or Repairs and employ watchmen to protect such Mortgaged Property from damage. All funds so expended by Lender shall be deemed to have been advanced to Borrower, shall be part of the Indebtedness and shall be secured by the Security Instrument and this Master Agreement.

(d) Appointment of Lender as Attorney-In-Fact.

Borrower hereby authorizes and appoints Lender as attorney-in-fact pursuant to Section 14.03(c) (Appointment of Lender as Attorney-In-Fact).

(e) No Lender Obligation.

Nothing in this Master Agreement shall:

- (1) make Lender responsible for making or completing the Replacements or Repairs;
- (2) require Lender to expend funds, whether from the Replacement Reserve Account, the Repairs Escrow Account or otherwise, to make or complete any Replacement or Repair;
- (3) obligate Lender to proceed with the Replacements or Repairs; or
- (4) obligate Lender to demand from Borrower additional sums to make or complete any Replacement or Repair.

(f) No Lender Warranty.

Lender's approval of any plans for any Replacement or Repair, release of funds from the Replacement Reserve Account or Repairs Escrow Account, inspection of any Mortgaged Property by Lender or its agents, representatives, or designees, or other acknowledgment of completion of any Replacement or Repair in a manner satisfactory to Lender shall not be deemed an acknowledgment or warranty to any Person that the Replacement or Repair has been completed in accordance with applicable building, zoning or other codes, ordinances, statutes, laws, regulations or requirements of any Governmental Authority, such responsibility being at all times exclusively that of Borrower.

Article 14 DEFAULTS/REMEDIES

Section 14.01 Events of Default.

The occurrence of any one or more of the following in this Section 14.01 (Events of Default) shall constitute an Event of Default under this Master Agreement.

(a) Automatic Events of Default.

Any of the following shall constitute an automatic Event of Default:

- (1) any failure to pay or deposit when due any amount required by the Note, this Master Agreement or any other Loan Document;
- (2) any failure by Borrower to maintain the insurance coverage required by any Loan Document;
- (3) any failure by Borrower to comply with the provisions of Section 4.02(d) (Borrower Status – Covenants – Single Purpose Status) relating to its single asset status;
- (4) if any warranty, representation, certification, or statement of Borrower or Guarantor in this Master Agreement or any of the other Loan Documents is false, inaccurate, or misleading in any material respect when made;
- (5) fraud, gross negligence, willful misconduct or material misrepresentation or material omission by or on behalf of Borrower, Affiliated Property Operator, Guarantor or Key Principal or any of their officers, directors, trustees, partners, members, or managers in connection with:
 - (A) the application for, or creation of, the Indebtedness;
 - (B) any financial statement, rent roll, or other report or information provided to Lender during the Term of this Master Agreement; or
 - (C) any request for Lender's consent to any proposed action, including a request for disbursement of Reserve/Escrow Account Funds or Collateral Account Funds;
- (6) the occurrence of any Transfer not permitted by the Loan Documents;
- (7) the occurrence of a Bankruptcy Event of Borrower, Borrower's general partner, sole member, or managing member, SPE Owner or Guarantor;
- (8) the commencement of a forfeiture action or proceeding, whether civil or criminal, which, in Lender's reasonable judgment, could result in a forfeiture of any Mortgaged Property or otherwise materially impair the lien created by

this Master Agreement or the Security Instrument or Lender's interest in any Mortgaged Property;

(9) if Borrower, Affiliated Property Operator, Guarantor or Key Principal is a trust (other than a REIT), or if a Transfer of the Restricted Ownership Interest or a Change of Control occurs due to the termination or revocation of a trust, the termination or revocation of such trust, except as set forth in Section 11.03(d) (Termination or Revocation of Trust);

(10) any failure by Borrower to complete any Repair related to fire, life or safety issues in accordance with the terms of this Master Agreement within the Completion Period (or such other date set forth on the Required Repair Schedule or otherwise required by Lender in writing for such Repair);

(11) any exercise by the holder of any other debt instrument secured by a mortgage, deed of trust, or deed to secure debt on any Mortgaged Property of a right to declare all amounts due under that debt instrument immediately due and payable;

(12) a dissolution or liquidation for any reason (whether voluntary or involuntary) of Borrower Entity, Affiliated Property Operator, or any general partner, managing member, or sole member of any Borrower Entity or Affiliated Property Operator;

(13) amendment or modification of Facility Operating Agreement not permitted by the Loan Documents;

(14) any failure by Borrower or any Property Operator to comply with the use and License requirements set forth in any Loan Document or as required by any Applicable Law;

(15) a Transfer or change in the holder of the Licenses not permitted by the Loan Documents;

(16) a termination of any Facility Operating Agreement not permitted by the Loan Documents;

(17) (A) any loss by Borrower or any Property Operator of any License, or (i) any failure by Borrower or any Property Operator to comply strictly with any consent order or decree or to correct, within the time deadlines set by any federal, state, or local licensing agency, any deficiency where such failure results, or under Applicable Laws and regulations, is reasonably likely to result, in an action by such agency with respect to the Mortgaged Property that may have a Material Adverse Effect on Borrower, any Property Operator, or the management and operations of the Mortgaged Property or Borrower's or Property Operator's interest in the Mortgaged Property, including a termination, revocation, or suspension of any Licenses;

(18) if Borrower or any Property Operator:

(A) ceases to operate the Mortgaged Property as a Seniors Housing Facility or takes any action or permits to exist any condition that causes the Mortgaged Property to no longer be classified as a Seniors Housing Facility;

(B) ceases to provide such kitchens, separate bathrooms, and areas for eating, sitting, and sleeping in each independent living or assisted living unit or at a minimum, central bathing and dining facilities for Alzheimer's/dementia care, as are provided as of the Effective Date the Mortgaged Property is added to the Collateral Pool;

(C) ceases to provide other facilities and services normally associated with independent living or assisted living units including (i) central dining services providing up to three (3) meals per day, (ii) periodic housekeeping, (iii) laundry services, (iv) customary transportation services, and (v) social activities;

(D) provides or contracts for skilled nursing care for any of the units; or

(E) leases or holds available for lease to commercial tenants non-residential space (i.e., space other than the units, dining areas, activity rooms, lobby, parlors, kitchen, mailroom, marketing/management offices) exceeding ten percent (10%) of the net rental area;

(19) a default which continues beyond any applicable cure period under any Facility Operating Agreement; or

(20) an Event of Default under the SASA.

(b) Events of Default Subject to a Specified Cure Period.

Any of the following shall constitute an Event of Default subject to the cure period set forth in the Loan Documents:

(1) if Key Principal or Guarantor is a natural Person, the death of such individual, unless all requirements of Section 11.03(e) (Death of Key Principal or Guarantor; Restricted Ownership Interest/Controlling Interest Transfer Due to Death) are met;

(2) [intentionally deleted;]

(3) any failure by Borrower, Affiliated Property Operator, Key Principal, or Guarantor to comply with the provisions of Section 5.02(b) (Further Assurances) and Section 5.02(c) (Sale of Advances); and

(4) any failure by Borrower to perform any obligation under this Master Agreement or any Loan Document that is subject to a specified written notice and cure period, which failure continues beyond such specified written notice and cure period as set forth herein or in the applicable Loan Document.

(c) Events of Default Subject to Extended Cure Period or Release.

The following shall constitute an Event of Default if the existence of such condition or event, or such failure to perform or default in performance continues for a period of thirty (30) days after written notice by Lender to Borrower of the existence of such condition or event, or of such failure to perform or default in performance; provided, however, such period may be extended for up to an additional thirty (30) days if Borrower, in the discretion of Lender, is diligently pursuing a cure of such; provided further, however, no such written notice, grace period or extension shall apply if, in Lender's discretion, immediate exercise by Lender of a right or remedy under this Master Agreement or any Loan Document is required to avoid harm to Lender or impairment of the Indebtedness, the Mortgaged Property or any other security given to secure the Indebtedness:

(1) any failure by Borrower to perform any of its obligations under this Master Agreement or any Loan Document (other than those specified in Section 14.01(a) (Automatic Events of Default) or Section 14.01(b) (Events of Default Subject to a Specified Cure Period)) as and when required.

Notwithstanding anything to the contrary herein or in any other Loan Document, if an Event of Default shall occur hereunder or under any other Loan Document because a representation, warranty, affirmative covenant, negative covenant, or other provision hereunder or thereunder shall be breached or violated that in Lender's sole and exclusive judgment is with respect to a particular Mortgaged Property (other than any misappropriation of funds collected in respect thereof) (each, a "**Property-Specific Event of Default**"), such Event of Default shall be deemed cured if Borrower shall satisfy all of the conditions set forth in Section 2.10(b) (Right to Obtain Releases of Mortgaged Property) of this Master Agreement relating to the Release of such Mortgaged Property from the Collateral Pool within thirty (30) days of Borrower acquiring knowledge of such Event of Default (the "**Release Cure Period**"). During the Release Cure Period, Lender agrees that it shall not have the right to exercise the remedy set forth in Section 14.02 (Remedies) of this Master Agreement; provided, however, that the foregoing shall not impair Lender's right to exercise the remedies available to Lender under any of the other Loan Documents or at law or in equity or under Section 14.03(b) (No Waiver of Rights or Remedies) during such Release Cure Period. If Lender shall elect to exercise any such remedies during such period, and if Borrower releases such Mortgaged Property pursuant to the provisions of the Mortgaged Property Release Schedule as described in the preceding sentence and at the time of such release no other Event of Default has occurred and is continuing, Lender shall cease exercising such remedies with respect to the applicable Property-Specific Event of Default and discontinue any proceedings it may have initiated in connection therewith, and the parties shall be restored to their former positions and rights hereunder; provided, however, that if Borrower shall fail to satisfy all of the conditions set forth in the Mortgaged Property Release Schedule relating to the release of such Mortgaged Property from the Collateral Pool during the Release

Cure Period, Lender may thereafter exercise any and all remedies available to Lender under Article 14 (Defaults/Remedies) of this Master Agreement, including, without limitation, the remedies set forth in Section 14.02 (Remedies).

Section 14.02 Remedies.

(a) Acceleration; Foreclosure.

(1) If an Event of Default has occurred and is continuing, the entire unpaid principal balance of the Advances Outstanding, any Accrued Interest, interest accruing at the Default Rate, the Prepayment Premium (if applicable), and all other Indebtedness, at the option of Lender, shall immediately become due and payable, without any prior written notice to Borrower, unless Applicable Law requires otherwise (and in such case, after any required written notice has been given). Lender may exercise this option to accelerate regardless of any prior forbearance. In addition, Lender shall have all rights and remedies afforded to Lender hereunder and under the other Loan Documents, including, foreclosure on and/or the power of sale of any or all of the Mortgaged Properties, as provided in the Security Instrument, and any rights and remedies available to Lender at law or in equity (subject to Borrower's statutory rights of reinstatement, if any). Any proceeds of a Foreclosure Event may be held and applied by Lender as additional collateral for the Indebtedness pursuant to this Master Agreement. Notwithstanding the foregoing, the occurrence of any Bankruptcy Event of Borrower shall automatically accelerate the Indebtedness, which Indebtedness shall be immediately due and payable without written notice or further action by Lender.

(2) Lender may Accelerate any Note without the obligation, but the right to accelerate any other Note (if more than one). In the exercise of its rights and remedies under the Loan Documents, Lender may, except as provided in this Master Agreement, exercise and perfect any and all of its rights in and under the Loan Documents with regard to any Mortgaged Property without the obligation (but with the right) to exercise and perfect its rights and remedies with respect to any other Mortgaged Property. Any such exercise shall be without regard to the Allocable Facility Amount assigned to such Mortgaged Property. Lender may recover an amount equal to the full amount Outstanding in respect of any of the Notes in connection with such exercise. Any such amount shall be applied to the Obligations as determined by Lender.

(b) Loss of Right to Disbursements from Collateral Accounts.

If an Event of Default has occurred and is continuing, Borrower shall immediately lose all of its rights to receive disbursements from the Reserve/Escrow Accounts and any Collateral Accounts. During the continuance of any such Event of Default, Lender may use the Reserve/Escrow Account Funds and any Collateral Account Funds (or any portion thereof) for any purpose, including:

(1) repayment of the Indebtedness, including principal prepayments and the Prepayment Premium applicable to such full or partial prepayment, as applicable (however, such application of funds shall not cure or be deemed to cure any Event of Default);

(2) reimbursement of Lender for all losses and expenses (including reasonable legal fees) suffered or incurred by Lender as a result of such Event of Default;

(3) completion of the Replacement or Repair or for any other replacement or repair to a Mortgaged Property; and

(4) payment of any amount expended in exercising (and the exercise of) all rights and remedies available to Lender at law or in equity or under this Master Agreement or under any of the other Loan Documents.

Nothing in this Master Agreement shall obligate Lender to apply all or any portion of the Reserve/Escrow Account Funds or Collateral Account Funds on account of any Event of Default by Borrower or to repayment of the Indebtedness or in any specific order of priority.

(c) Remedies Cumulative.

Each right and remedy provided in this Master Agreement is distinct from all other rights or remedies under this Master Agreement or any other Loan Document or afforded by Applicable Law, and each shall be cumulative and may be exercised concurrently, independently or successively, in any order. Lender shall not be required to demonstrate any actual impairment of its security or any increased risk of additional default by Borrower in order to exercise any of its remedies with respect to an Event of Default.

(d) Operations upon Event of Default; Lockbox Account.

(1) If an Event of Default has occurred and is continuing:

(A) Borrower shall or shall cause each Property Operator to, at the option of Lender, continue to provide all necessary services required under each Facility Operating Agreement or applicable licensing or regulatory requirements to operate and manage the Mortgaged Property as a Seniors Housing Facility and shall fully cooperate with Lender and any receiver as may be appointed by a court, in performing these services and agrees to arrange for an orderly transition to a replacement property operator or provider of the necessary services, and to execute promptly all applications, assignments, consents, and documents requested by Lender to facilitate such transition; and

(B) Lender may cause the removal of Borrower or any Property Operator (as applicable) from any Mortgaged Property operations. Until such time as Lender has located a replacement property operator, Borrower or the acting Property Operator shall continue to provide all required services to maintain the

Mortgaged Property in full compliance with all License and regulatory requirements. Borrower acknowledges that its failure to perform or to cause the performance of this service shall constitute a form of waste of the Mortgaged Property, causing irreparable harm to Lender and the Mortgaged Property, and shall constitute sufficient cause for the appointment of a receiver.

(2) In addition to the remedies set forth herein and elsewhere in the Loan Documents, upon an Event of Default, Lender shall be entitled to mandate the use of a lockbox bank account or other depository account, to be maintained under the control and supervision of Lender, for all income of the Mortgaged Property, including Rents, service charges, insurance payments, and Third Party Payments.

Section 14.03 Additional Lender Rights; Forbearance.

(a) No Effect Upon Obligations.

Lender may, but shall not be obligated to, agree with Borrower, from time to time, and without giving notice to, or obtaining the consent of, or having any effect upon the obligations of any Property Operator, Guarantor, Key Principal, or other third party obligor, to take any of the following actions:

(1) the time for payment of the principal of or interest on the Indebtedness may be extended, or the Indebtedness may be renewed in whole or in part;

(2) the rate of interest on or period of amortization of the Advances or the amount of the Monthly Debt Service Payments payable under the Loan Documents may be modified;

(3) the time for Borrower's performance of or compliance with any covenant or agreement contained in any Loan Document, whether presently existing or hereinafter entered into, may be extended or such performance or compliance may be waived;

(4) any or all payments due under this Master Agreement or any other Loan Document may be reduced;

(5) any Loan Document may be modified or amended by Lender and Borrower in any respect, including an increase in the principal amount of the Advances;

(6) any amounts under this Master Agreement or any other Loan Document may be released;

(7) any security for the Indebtedness may be modified, exchanged, released, surrendered, or otherwise dealt with, or additional security may be pledged or mortgaged for the Indebtedness;

(8) the payment of the Indebtedness or any security for the Indebtedness, or both, may be subordinated to the right to payment or the security, or both, of any other present or future creditor of Borrower; or

(9) any other terms of the Loan Documents may be modified.

(b) No Waiver of Rights or Remedies.

Any waiver of an Event of Default or forbearance by Lender in exercising any right or remedy under this Master Agreement or any other Loan Document or otherwise afforded by Applicable Law, shall not be a waiver of any other Event of Default or preclude the exercise or failure to exercise of any other right or remedy. The acceptance by Lender of payment of all or any part of the Indebtedness after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Lender's right to require prompt payment when due of all other payments on account of the Indebtedness or to exercise any remedies for any failure to make prompt payment. Enforcement by Lender of any security for the Indebtedness shall not constitute an election by Lender of remedies so as to preclude the exercise or failure to exercise of any other right available to Lender. Lender's receipt of any insurance proceeds or amounts in connection with a Condemnation Action shall not operate to cure or waive any Event of Default.

(c) Appointment of Lender as Attorney-In-Fact.

Borrower hereby irrevocably makes, constitutes, and appoints Lender (and any officer of Lender or any Person designated by Lender for that purpose) as Borrower's true and lawful proxy and attorney-in-fact (and agent-in-fact) in Borrower's name, place, and stead, with full power of substitution, to:

- (1) use any of the funds in the Replacement Reserve Account or Repairs Escrow Account for the purpose of making or completing the Replacements or Repairs;
- (2) make such additions, changes, and corrections to the Replacements or Repairs as shall be necessary or desirable to complete the Replacements or Repairs;
- (3) employ such contractors, subcontractors, agents, architects, and inspectors as shall be required for such purposes;
- (4) pay, settle, or compromise all bills and claims for materials and work performed in connection with the Replacements or Repairs, or as may be necessary or desirable for the completion of the Replacements or Repairs, or for clearance of title;

- (5) adjust and compromise any claims under any and all policies of insurance required pursuant to this Master Agreement and any other Loan Document, subject only to Borrower's rights under this Master Agreement;
- (6) appear in and prosecute any action arising from any insurance policies;
- (7) collect and receive the proceeds of insurance, and to deduct from such proceeds Lender's expenses incurred in the collection of such proceeds;
- (8) commence, appear in, and prosecute, in Lender's or Borrower's name, any Condemnation Action;
- (9) settle or compromise any claim in connection with any Condemnation Action;
- (10) execute all applications and certificates in the name of Borrower which may be required by any of the contract documents;
- (11) prosecute and defend all actions or proceedings in connection with any Mortgaged Property or the rehabilitation and repair of any Mortgaged Property;
- (12) take such actions as are permitted in this Master Agreement and any other Loan Documents;
- (13) execute such financing statements and other documents and to do such other acts as Lender may require to perfect and preserve Lender's security interest in, and to enforce such interests in, the collateral; and
- (14) carry out any remedy provided for in this Master Agreement and any other Loan Documents, including endorsing Borrower's name to checks, drafts, instruments, and other items of payment and proceeds of the collateral, executing change of address forms with the postmaster of the United States Post Office serving the address of Borrower, changing the address of Borrower to that of Lender, opening all envelopes addressed to Borrower, and applying any payments contained therein to the Indebtedness.

Borrower hereby acknowledges that the constitution and appointment of such proxy and attorney-in-fact are coupled with an interest and are irrevocable and shall not be affected by the disability or incompetence of Borrower. Borrower specifically acknowledges and agrees that this power of attorney granted to Lender may be assigned by Lender to Lender's successors or assigns as holder of the Note (and the other Loan Documents). The foregoing powers conferred

on Lender under this Section 14.03(c) (Appointment of Lender as Attorney-In-Fact) shall not impose any duty upon Lender to exercise any such powers and shall not require Lender to incur any expense or take any action. Borrower hereby ratifies and confirms all that such attorney-in-fact may do or cause to be done by virtue of any provision of this Master Agreement and any other Loan Documents.

Notwithstanding the foregoing provisions, Lender shall not exercise its rights as set forth in this Section 14.03(c) (Appointment of Lender as Attorney-In-Fact) unless: (A) an Event of Default has occurred and is continuing or (B) Lender determines, in its discretion, that exigent circumstances exist or that such exercise is necessary or prudent in order to protect and preserve the Mortgaged Property, or Lender's lien priority and security interest in the Mortgaged Property.

(d) Borrower Waivers.

If more than one Person signs this Master Agreement as Borrower, each Borrower, with respect to any other Borrower, hereby agrees that Lender, in its discretion, may:

- (1) bring suit against Borrower, or any one or more of Borrower, jointly and severally, or against any one or more of them;
- (2) compromise or settle with any one or more of the persons constituting Borrower, for such consideration as Lender may deem proper;
- (3) release one or more of the persons constituting Borrower, from liability; or
- (4) otherwise deal with Borrower, or any one or more of them, in any manner, and no such action shall impair the rights of Lender to collect from any Borrower the full amount of the Indebtedness.

Section 14.04 Waiver of Marshaling.

Notwithstanding the existence of any other security interests in the Mortgaged Properties held by Lender or by any other party, Lender shall have the right to determine the order in which any or all of the Mortgaged Properties (or any part thereof) shall be subjected to the remedies provided in this Master Agreement, any other Loan Document or Applicable Law. Lender shall have the right to determine the order in which all or any part of the Indebtedness is satisfied from the proceeds realized upon the exercise of such remedies. Borrower and any party who now or in the future acquires a security interest in any Mortgaged Property and who has actual or constructive notice of this Master Agreement waives any and all right to require the marshaling of assets or to require that any of the Mortgaged Properties be sold in the inverse order of alienation or that any of the Mortgaged Properties be sold in parcels or as an entirety in connection with the exercise of any of the remedies permitted by Applicable Law or provided in this Master Agreement or any other Loan Documents.

Lender shall account for any moneys received by Lender in respect of any foreclosure on or disposition of collateral hereunder and under the other Loan Documents provided that Lender shall

not have any duty as to any collateral, and Lender shall be accountable only for amounts that it actually receives as a result of the exercise of such powers. NONE OF LENDER OR ITS AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, OR REPRESENTATIVES SHALL BE RESPONSIBLE TO BORROWER (a) FOR ANY ACT OR FAILURE TO ACT UNDER ANY POWER OF ATTORNEY OR OTHERWISE, EXCEPT IN RESPECT OF DAMAGES ATTRIBUTABLE SOLELY TO THEIR OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS FINALLY DETERMINED PURSUANT TO A FINAL, NON-APPEALABLE COURT ORDER BY A COURT OF COMPETENT JURISDICTION, OR (b) FOR ANY PUNITIVE, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES.

Section 14.05 Severed Loan Documents.

Lender shall have the right from time to time to sever the Note and the other Loan Documents into one or more separate notes, mortgages, and other security documents (the “**Severed Loan Documents**”) in such denominations as Lender shall determine in its discretion for purposes of evidencing and enforcing its rights and remedies provided hereunder, provided that:

- (a) the amount of Advances Outstanding immediately after the effective date of such modification equals the amount of Advances Outstanding immediately prior to such modification;
- (b) the weighted average of the interest rates for Advances Outstanding immediately after the effective date of such modification equals the weighted average of the interest rates for Advances Outstanding immediately prior to such modification;
- (c) each future principal payment shall be ratably allocated to each Advance based on the Outstanding principal balance of such Advance at the time of such modification and each future amortization payment shall be ratably paid in accordance with such allocation at all times;
- (d) there shall be no other change to the economic and/or other material terms, rights and obligations of Borrower under the Loan Documents; and
- (e) the Collateral and the revenue therefrom shall continue to secure, and be available to be applied against, the total Advances Outstanding.

Borrower shall execute and deliver to Lender from time to time, promptly after the request of Lender, a severance agreement and such other documents as Lender shall request in order to effect the severance described above, all in form and substance reasonably satisfactory to Lender. Borrower hereby absolutely and irrevocably appoints Lender as its true and lawful attorney, coupled with an interest, in its name and stead to make and execute all documents necessary or desirable to effect the aforesaid severance, Borrower ratifying all that its said attorney shall do by virtue thereof; provided, however, Lender shall not make or execute any such documents under such power until three (3) days after notice has been given to Borrower by Lender of Lender’s intent to exercise its rights under such power. Borrower shall be obligated to

pay any costs or expenses incurred in connection with the preparation, execution, recording, or filing of the Severed Loan Documents, and the Severed Loan Documents shall not contain any representations, warranties, or covenants not contained in the Loan Documents and any such representations and warranties contained in the Severed Loan Documents will be given by Borrower only as of the date last given.

Article 15 MISCELLANEOUS

Section 15.01 Choice of Law; Consent to Jurisdiction.

Notwithstanding anything in the Notes, the Security Documents, or any of the other Loan Documents to the contrary, each of the terms and provisions, and rights and obligations of Borrower under this Master Agreement and the Notes and the other Loan Documents, shall be governed by, interpreted, construed, and enforced pursuant to and in accordance with the laws of the District of Columbia (excluding the law applicable to conflicts or choice of law) except to the extent of procedural and substantive matters relating only to the creation, perfection, and foreclosure of liens and security interests, and enforcement of the rights and remedies, against the Mortgaged Properties, which matters shall be governed by the laws of the jurisdiction in which a Mortgaged Property is located, the perfection, the effect of perfection and non-perfection and foreclosure of security interests on personal property, which matters shall be governed by the laws of the jurisdiction determined by the choice of law provisions of the Uniform Commercial Code in effect for the jurisdiction in which any Borrower is organized. Borrower agrees that any controversy arising under or in relation to the Notes, the Security Documents (other than the Security Instruments), or any other Loan Document shall be, except as otherwise provided herein, litigated in the District of Columbia. The local and federal courts and authorities with jurisdiction in the District of Columbia shall, except as otherwise provided herein, have jurisdiction over all controversies which may arise under or in relation to the Loan Documents, including those controversies relating to the execution, jurisdiction, breach, enforcement, or compliance with the Notes, the Security Documents (other than the Security Instruments), or any other issue arising under, relating to, or in connection with any of the Loan Documents. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any litigation arising from the Notes, the Security Documents, or any of the other Loan Documents, and waives any other venue to which it might be entitled by virtue of domicile, habitual residence, or otherwise. Nothing contained herein, however, shall prevent Lender from bringing any suit, action, or proceeding or exercising any rights against Borrower and against the collateral in any other jurisdiction. Initiating such suit, action, or proceeding or taking such action in any other jurisdiction shall in no event constitute a waiver of the agreement contained herein that the laws of the District of Columbia shall govern the rights and obligations of Borrower and Lender as provided herein or the submission herein by Borrower to personal jurisdiction within the District of Columbia.

Section 15.02 Waiver of Jury Trial.

TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH OF BORROWER AND LENDER (a) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS MASTER

AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR THE RELATIONSHIP BETWEEN THE PARTIES AS BORROWER AND LENDER, THAT IS TRIABLE OF RIGHT BY A JURY AND (b) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL

Section 15.03 Notice.

(a) Process of Serving Notice.

Except as otherwise set forth herein or in any other Loan Document, all notices under this Master Agreement and any other Loan Document shall be:

- (1) in writing and shall be:
 - (A) delivered, in person;
 - (B) mailed, postage prepaid, either by registered or certified delivery, return receipt requested;
 - (C) sent by overnight courier; or
 - (D) sent by electronic mail with originals to follow by overnight courier;
- (2) addressed to the intended recipient at Borrower's Notice Address and Lender's Notice Address, as applicable; and
- (3) deemed given on the earlier to occur of:
 - (A) the date when the notice is received by the addressee; or
 - (B) if the recipient refuses or rejects delivery, the date on which the notice is so refused or rejected, as conclusively established by the records of the United States Postal Service or such express courier service.

(b) Change of Address.

Any party to this Master Agreement may change the address to which notices intended for it are to be directed by means of notice given to the other parties identified on the Summary of Master Terms in accordance with this Section 15.03 (Notice).

(c) Default Method of Notice.

Any required notice under this Master Agreement or any other Loan Document which does not specify how notices are to be given shall be given in accordance with this Section 15.03 (Notice).

(d) Receipt of Notices.

Neither Borrower nor Lender shall refuse or reject delivery of any notice given in accordance with this Master Agreement. Each party is required to acknowledge, in writing, the receipt of any notice upon request by the other party.

(e) Property Operator Notices.

Borrower acknowledges and agrees that Borrower solely shall be responsible for (1) causing Property Operator to comply with any notice received by Borrower from Lender, and (2) promptly providing Lender with copies of notices received by Borrower from Property Operator. Borrower's compliance with or failure to act as an intermediary as described in this Section 15.03(e) (Property Operator Notices) shall not relieve Borrower from its obligations under this Master Agreement, nor shall it constitute a defense or excuse for nonperformance by Borrower, Property Operator, or any Guarantor, as applicable. Lender shall have no obligation to provide any notice to Property Operator unless and until Lender has taken ownership or control of the Mortgaged Property, or in connection with Lender's exercise of the power of attorney granted herein, and then only as required by the Loan Documents or the Facility Operating Agreement.

Section 15.04 Successors and Assigns Bound; Sale of Advances.

(a) Binding Agreement.

This Master Agreement shall bind, and the rights granted by this Master Agreement shall inure to, the successors and assigns of Lender and the permitted successors and assigns of Borrower. However, a Transfer not permitted by this Master Agreement shall be an Event of Default and shall be void ab initio.

(b) Sale of Advances; Change of Servicer.

Nothing in this Master Agreement shall limit Lender's (including its successors and assigns) right to sell or transfer the Advances or any interest in the Advances. The Advances or a partial interest in the Advances (together with this Master Agreement and the other Loan Documents) may be sold one or more times without prior written notice to Borrower. A sale may result in a change of the Loan Servicer.

Section 15.05 Counterparts.

This Master Agreement may be executed in any number of counterparts with the same effect as if the parties hereto had signed the same document and all such counterparts shall be construed together and shall constitute one instrument.

Section 15.06 [Intentionally Deleted.]

Section 15.07 Relationship of Parties; No Third Party Beneficiary.

(a) Solely Creditor and Debtor.

The relationship between Lender and Borrower shall be solely that of creditor and debtor, respectively, and nothing contained in this Master Agreement shall create any other relationship between Lender and Borrower, nor between Lender and Property Operator. Nothing contained in this Master Agreement shall constitute Lender as a joint venturer, partner, or agent of Borrower or Property Operator, or render Lender liable for any debts, obligations, acts, omissions, representations, or contracts of Borrower or Property Operator.

(b) No Third Party Beneficiaries.

No creditor of any party to this Master Agreement and no other Person shall be a third party beneficiary of this Master Agreement or any other Loan Document or any account created or contemplated under this Master Agreement or any other Loan Document. Nothing contained in this Master Agreement shall be deemed or construed to create an obligation on the part of Lender to any third party nor shall any third party have a right to enforce against Lender any right that Borrower may have under this Master Agreement. Without limiting the foregoing:

- (1) any Servicing Arrangement between Lender and any Loan Servicer shall constitute a contractual obligation of such Loan Servicer that is independent of the obligation of Borrower for the payment of the Indebtedness;
- (2) Borrower shall not be a third party beneficiary of any Servicing Arrangement; and
- (3) no payment by the Loan Servicer under any Servicing Arrangement will reduce the amount of the Indebtedness.

Section 15.08 Severability; Entire Agreement; Amendments.

The invalidity or unenforceability of any provision of this Master Agreement or any other Loan Document shall not affect the validity or enforceability of any other provision of this Master Agreement or of any other Loan Document, all of which shall remain in full force and effect, including the Guaranty. This Master Agreement contains the complete and entire agreement among the parties as to the matters covered, rights granted and the obligations assumed in this Master Agreement. This Master Agreement may not be amended or modified except by written agreement signed by the parties hereto.

Section 15.09 Construction.

(a) The captions and headings of the sections of this Master Agreement and the Loan Documents are for convenience only and shall be disregarded in construing this Master Agreement and the Loan Documents.

(b) Any reference in this Master Agreement to an “Exhibit” or “Schedule” or a “Section” or an “Article” shall, unless otherwise explicitly provided, be construed as referring, respectively, to an Exhibit or Schedule attached to this Master Agreement or to a Section or Article of this Master Agreement.

(c) Any reference in this Master Agreement to a statute or regulation shall be construed as referring to that statute or regulation as amended from time to time.

(d) Use of the singular in this Master Agreement includes the plural and use of the plural includes the singular.

(e) As used in this Master Agreement, the term “including” means “including, but not limited to” or “including, without limitation,” and is for example only and not a limitation.

(f) Whenever Borrower’s knowledge is implicated in this Master Agreement or the phrase “to Borrower’s knowledge” or a similar phrase is used in this Master Agreement, Borrower’s knowledge or such phrase(s) shall be interpreted to mean to the best of Borrower’s knowledge after reasonable and diligent inquiry and investigation.

(g) Unless otherwise provided in this Master Agreement, if Lender’s approval, designation, determination, selection, estimate, action, or decision is required, permitted, or contemplated hereunder, such approval, designation, determination, selection, estimate, action, or decision shall be made in Lender’s sole and absolute discretion.

(h) All references in this Master Agreement to a separate instrument or agreement shall include such instrument or agreement as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(i) “Lender may” shall mean at Lender’s discretion, but shall not be an obligation.

(j) Any references in this Master Agreement to a Senior Housing Facility shall refer to the Mortgaged Property identified on the Summary of Master Terms including the Seniors Housing Facility Licensing Designation.

(k) Each reference to “tenant” or “tenants” in the Loan Documents shall be interpreted to mean “subtenant” or “subtenants” where the context so indicates.

Section 15.10 Loan Servicing.

All actions regarding the servicing of the Advances, including the collection of payments, the giving and receipt of notice, inspections of the Mortgaged Properties, inspections of books and records, and the granting of consents and approvals, may be taken by the Loan Servicer unless Borrower receives notice to the contrary. If Borrower receives conflicting notices regarding the identity of the Loan Servicer or any other subject, any such notice from Lender shall govern. The Loan Servicer may change from time to time (whether related or unrelated to a sale of the Advances). If there is a change of the Loan Servicer, Borrower will be given written notice of the change.

Section 15.11 Disclosure of Information.

Lender may furnish information regarding Borrower, Property Operator, Key Principal or Guarantor or the Mortgaged Properties to third parties with an existing or prospective interest in the servicing, enforcement, evaluation, performance, purchase, or securitization of the Advances, including trustees, master servicers, special servicers, rating agencies, and organizations maintaining databases on the underwriting and performance of multifamily mortgage loans. Borrower irrevocably waives any and all rights it may have under Applicable Law to prohibit such disclosure, including any right of privacy.

Section 15.12 Waiver; Conflict.

No specific waiver of any of the terms of this Master Agreement shall be considered as a general waiver. If any provision of this Master Agreement is in conflict with any provision of any other Loan Document, the provision contained in this Master Agreement shall control.

Section 15.13 [Intentionally Deleted.] Section 15.14 No Reliance.

Borrower acknowledges, represents, and warrants that:

- (a) it understands the nature and structure of the transactions contemplated by this Master Agreement and the other Loan Documents;
- (b) it is familiar with the provisions of all of the documents and instruments relating to such transactions;
- (c) it understands the risks inherent in such transactions, including the risk of loss of all or any part of any Mortgaged Property;
- (d) it has had the opportunity to consult counsel; and
- (e) it has not relied on Lender for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Master Agreement or any other Loan Document or otherwise relied on Lender in any manner in connection with interpreting,

entering into, or otherwise in connection with this Master Agreement, any other Loan Document, or any of the matters contemplated hereby or thereby.

Section 15.15 Subrogation.

If, and to the extent that, the proceeds of any Advance are used to pay, satisfy, or discharge any obligation of Borrower or Property Operator for the payment of money that is secured by a pre-existing mortgage, deed of trust, or other lien encumbering any Mortgaged Property, such proceeds shall be deemed to have been advanced by Lender at Borrower's request, and Lender shall be subrogated automatically, and without further action on its part, to the rights, including lien priority, of the owner or holder of the obligation secured by such prior lien, whether or not such prior lien is released.

Section 15.16 Counting of Days.

Except where otherwise specifically provided, any reference in this Master Agreement to a period of "days" means calendar days, not Business Days. If the date on which Borrower is required to perform an obligation under this Master Agreement is not a Business Day, Borrower shall be required to perform such obligation by the Business Day immediately preceding such date; provided, however, in respect of any Payment Date, or if the Maturity Date is other than a Business Day, Borrower shall be obligated to make such payment by the Business Day immediately following such date.

Section 15.17 Revival and Reinstatement of Indebtedness.

If the payment of all or any part of the Indebtedness by Borrower, Property Operator, Guarantor, or any other Person, or the transfer to Lender of any collateral or other property should for any reason subsequently be declared to be void or voidable under any state or federal law relating to creditors' rights, including provisions of the Insolvency Laws relating to a Voidable Transfer, and if Lender is required to repay or restore, in whole or in part, any such Voidable Transfer, or elects to do so upon the advice of its counsel, then the amount of such Voidable Transfer or the amount of such Voidable Transfer that Lender is required or elects to repay or restore, including all reasonable costs, expenses, and attorneys' fees incurred by Lender in connection therewith, and the Indebtedness shall be automatically revived, reinstated, and restored by such amount and shall exist as though such Voidable Transfer had never been made.

Section 15.18 Time is of the Essence.

Borrower agrees that, with respect to each and every obligation and covenant contained in this Master Agreement and the other Loan Documents, time is of the essence.

Section 15.19 Final Agreement.

THIS MASTER AGREEMENT ALONG WITH ALL OF THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

All prior

or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this Master Agreement and the other Loan Documents. This Master Agreement, the other Loan Documents, and any of their provisions may not be waived, modified, amended, discharged, or terminated except by an agreement in writing signed by the party against which the enforcement of the waiver, modification, amendment, discharge, or termination is sought, and then only to the extent set forth in that agreement.

Section 15.20 Survival.

The representations, warranties, and covenants made by Borrower in this Master Agreement shall survive the execution and delivery of this Master Agreement and other Loan Documents, regardless of any investigation made by Lender or Fannie Mae.

Section 15.21 Assignments; Third Party Rights.

Lender may assign its rights and/or obligations under this Master Agreement separately or together, without Borrower’s consent, only to Fannie Mae. Upon assignment to Fannie Mae, Fannie Mae shall be permitted to further assign its rights under this Master Agreement separately or together, without Borrower’s consent. Fannie Mae shall have the right to hold, sell, or securitize the Advances made hereunder without Borrower’s consent.

Section 15.22 Interpretation.

The parties hereto acknowledge that each party and their respective counsel have participated in the drafting and revision of this Master Agreement and the Loan Documents. Accordingly, the parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Master Agreement and the Loan Documents or any amendment or supplement or Exhibit hereto or thereto.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, Borrower and Lender have signed and delivered this Master Agreement under seal (where applicable) or have caused this Master Agreement to be signed and delivered under seal (where applicable) by their duly authorized representatives. Where Applicable Law so provides, Borrower and Lender intend that this Master Agreement shall be deemed to be signed and delivered as a sealed instrument.

BORROWER:

CSL BATESVILLE, LLC, CSL WHITE RIVER, LLC,
CSL KEYSTONE WOODS, LLC, CSL RIVERBEND IN, LLC
CSL MARION, LLC
CSL WYNNFIELD CROSSING, LLC CSL ASPEN GROVE, LLC
CSL LAURELHURST NC, LLC CSL ELKHORN, LLC
CSL HERITAGE, LLC CSL CHARDON, LLC CSL COLUMBUS, LLC CSL HAMILTON,
LLC
CSL SUMMIT POINT, LLC CSL NORTH POINTE SC, LLC CSL SUMMIT PLACE SC, LLC
CSL GRANBURY, LLC
CSL HARTFORD, LLC CSL WEST BEND, LLC
each a Delaware limited liability company.

By: 
Name: Gloria Holland
Title: Vice President

LENDER:

BERKADIA COMMERCIAL MORTGAGE LLC,
a Delaware limited liability company

By:  (SEAL)
Name: Linda Kershaw
Title: Authorized Signatory

SCHEDULES & EXHIBITS

Schedules

Schedule 1 Definitions Schedule – General Schedule 2 Summary of Master Terms
Schedule 3.1 Schedule of Advance Terms (\$150,781,500 Fixed Advance)
Schedule 3.2 Schedule of Advance Terms (\$50,260,500 Variable Advance)
Schedule 4.1 Prepayment Premium Schedule Form 6104.01
Schedule 4.2 Prepayment Premium Schedule Form 6104.11
Schedule 5 Required Replacement Schedule Schedule 6 Required Repair Schedule Schedule 7 General
Conditions Schedule
Schedule 8 Property-Related Documents Schedule Schedule 9 Conversion Schedule
Schedule 10 Mortgaged Property Release Schedule Schedule 11 Mortgaged Property Addition Schedule Schedule
12 INTENTIONALLY OMITTED
Schedule 13 Ownership Interests Schedule Schedule 14 Future Advance Schedule Schedule 15 Letter
of Credit Schedule
Schedule 16 Exceptions to Representations and Warranties Schedule Schedule 17 SPE Requirements Schedule
Schedule 18 Waiver of Imposition Deposits Form 6228 [modified] [04-12]
Schedule 19 New York Gap Note

Schedule 19	Addendum to Schedule 2—Summary of Loan Terms (New York Gap Note) (Fixed Rate)	Form 6102.19FR [07-11]
-A		
Schedule 20	Schedule 20 Tax	Form 6251 [12-17]

Exhibits

Exhibit A Mortgaged Properties Exhibit B Conversion Request Exhibit C Release Request
Exhibit D Addition Request
Exhibit E Future Advance Request Exhibit F Termination Request

Exhibit G Annual Certification (Borrower) Exhibit H Annual Certification (Guarantor) Exhibit
I Confirmation of Guaranty
Exhibit J Confirmation of Environmental Indemnity Agreement Exhibit K-1 Organizational Certificate (Borrower)
Exhibit K-2 Organizational Certificate (Guarantor) Exhibit L Confirmation of Obligations

**Master Credit Facility Agreement (Seniors Housing)
Schedules and Exhibits
Capital Senior Living/Berkadia**

**Form 6001.MCFA.SRS 04-18
(Last Rev. 09-13-18)**

**Page 2
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Borrower hereby acknowledges and agrees that the Schedules and Exhibits referenced above are hereby incorporated fully into this Master Agreement by this reference and each constitutes a substantive part of this Master Agreement.


Borrower Initials

**SCHEDULE 1 TO
MASTER CREDIT FACILITY AGREEMENT**

Definitions Schedule

Capitalized terms used in this Master Agreement have the meanings given to such terms in this Definitions Schedule.

“**Accounts**” has the meaning set forth in the Security Instrument.

“**Accrued Interest**” means unpaid interest, if any, on the Advances Outstanding that has not been added to the unpaid principal balance of the Advances pursuant to Section 2.03(b) (Capitalization of Accrued But Unpaid Interest) of this Master Agreement.

“**Actual Strike Rate**” means for each Variable Advance the actual strike rate for the Interest Rate Cap purchased with respect to such Variable Advance, as further set forth in the Cap Security Agreement applicable to such Variable Advance.

“**Acuity**” means the type of housing and services categorized as Independent Living, Assisted Living or Alzheimer’s/Dementia Care provided to residents at the Mortgaged Property.

“**Addition**” has the meaning set forth in Section 2.10(c) (Right to Add Additional Mortgaged Properties as Collateral).

“**Addition Request**” means a written request, substantially in the form of Exhibit D to this Master Agreement, to add Additional Mortgaged Properties to the Collateral Pool as set forth in Section 2.10(c) (Right to Add Additional Mortgaged Properties as Collateral).

“**Additional Borrower**” means the owner of an Additional Mortgaged Property, which entity has been approved by Lender and becomes a Borrower under this Master Agreement and the applicable Loan Documents, and its permitted successors and assigns, which owner must demonstrate to the satisfaction of Lender that:

- (a) Additional Borrower complies with the SPE Requirements;
- (b) the ownership structure of Additional Borrower satisfies the definition of Restricted Ownership Interests and Additional Borrower is Controlled and managed, directly and indirectly, by the same Person or group of Persons as Initial Borrower; and
- (c) Additional Borrower is not a Prohibited Person.

“**Additional Due Diligence Fee Deposit**” means the deposit made by Borrower to Lender with respect to each proposed Additional Mortgaged Property in an amount equal to \$25,706 per Additional Mortgaged Property. On or prior to the applicable Effective Date, Lender shall notify

Borrower of the actual amount of the Additional Due Diligence Fees and Borrower shall, on the Effective Date, pay to Lender the remainder of such Additional Due Diligence Fees (if the actual amount of the Additional Due Diligence Fees exceeds the deposit and the other amounts previously paid to Lender by Borrower) or Lender shall promptly refund to Borrower any amounts paid to Lender by Borrower in excess of the Additional Due Diligence Fees (if the actual amount of the Additional Due Diligence Fees is less than the deposit and the other amounts previously paid to Lender by Borrower).

“**Additional Due Diligence Fees**” means with respect to each proposed Additional Mortgaged Property an amount equal to the actual costs of Lender’s due diligence for such Additional Mortgaged Properties, including but not limited to third party reports required by Lender **plus** a non-refundable \$10,000 processing fee per Additional Mortgaged Property payable by Borrower to Lender. Borrower shall pay the Additional Due Diligence Fee Deposit towards the Additional Due Diligence Fees.

“**Additional Lender Repairs**” means repairs of the type listed on the Required Repair Schedule but not otherwise identified thereon that are determined advisable by Lender to keep the Mortgaged Property in good order and repair (ordinary wear and tear excepted) and in good marketable condition or to prevent deterioration of the Mortgaged Property.

“**Additional Lender Replacements**” means replacements of the type listed on the Required Replacement Schedule but not otherwise identified thereon that are determined advisable by Lender to keep the Mortgaged Property in good order and repair (ordinary wear and tear excepted) and in good marketable condition or to prevent deterioration of the Mortgaged Property.

“**Additional Mortgaged Property**” means each Multifamily Residential Property owned by Borrower or an Additional Borrower (either in fee simple or as tenant under a ground lease meeting all of the Underwriting and Servicing Requirements) and added to the Collateral Pool after the Initial Effective Date in connection with an Addition or a Substitution pursuant to Section 2.10(c) (Right to Add Additional Mortgaged Properties as Collateral) or Section 2.10(d) (Right to Substitutions).

“**Additional Origination Fee**” means, for any Future Advance, a one-time fee equal to the number of basis points determined by Lender at the time of funding of such Future Advance multiplied by the amount of such Future Advance.

“**Adjustable Rate**” has the meaning set forth in the applicable Schedule of Advance Terms. “**Advance**” means a Variable Advance and/or a Fixed Advance.

“**Advance Year**” has the meaning set forth in the applicable Schedule of Advance Terms.

“**Affiliated Property Operator**” means any Property Operator that is a Borrower Affiliate, as identified in the Summary of Master Terms.

“**Aggregate Debt Service Coverage Ratio**” means, for any specified period, the ratio (expressed as a percentage) of –

(a) the Net Cash Flow for the Mortgaged Properties for the preceding number of months as determined pursuant to the Underwriting and Servicing Requirements;

to

(b) the Facility Debt Service for the specified period.

“**Aggregate Loan to Value Ratio**” means, for any specified date, the ratio (expressed as a percentage) of –

(a) the Advances Outstanding on the specified date, to

(b) the sum of (1) the aggregate of the Valuations most recently obtained prior to the specified date for all of the Mortgaged Properties, plus (2) any Substitution Deposit being held by Lender as of such specified date.

“**Allocable Facility Amount**” means the most recently determined amount of the then Advances Outstanding allocated to a particular Mortgaged Property by Lender in accordance with the Underwriting and Servicing Requirements and as required by this Master Agreement.

“**Allowed Change in Use**” means a change during the Term of the Master Agreement in the unit or bed Acuity composition at the Mortgaged Property not to exceed fifteen percent (15%) of the total number of units or beds in place as of the date the Mortgaged Property was added to the Collateral Pool.

“**Alterations**” has the meaning set forth in Section 6.02(f) (Alterations to any Mortgaged Property).

“**Alternate Coverage and LTV Tests**” means each of the following financial tests:

(a) The Aggregate Debt Service Coverage Ratio is not less than 1.70:1.0 with respect to the amount of the Fixed Advances, and 1.40:1.0 with respect to the amount of the Variable Advances; and

(b) the Aggregate Loan to Value Ratio does not exceed fifty-five percent (55%). “**Amortization Period**” means the period of thirty (30) years.

“**Amortization Type**” has the meaning set forth in the applicable Schedule of Advance Terms.

“**Applicable Index**” means (a) with respect to any Variable Structured ARM Advance, either One Month LIBOR or Three Month LIBOR as set forth in the applicable Schedule of Advance Terms, or (b) with respect to any other Variable Advance, the index pursuant to which the Adjustable Rate is determined, as set forth in the applicable Schedule of Advance Terms.

“**Applicable Law**” means (a) all applicable provisions of all constitutions, statutes, rules, regulations and orders of all governmental bodies, all Governmental Approvals and all orders, judgments and decrees of all courts and arbitrators, (b) all zoning, building, environmental and other laws, ordinances, rules, regulations and restrictions of any Governmental Authority affecting the ownership, management, use, operation, maintenance or repair of the Mortgaged Properties, including the Americans with Disabilities Act (if applicable), the Fair Housing Amendment Act of 1988 and Environmental Laws, (c) any building permits or any conditions, easements, rights-of-way, covenants, restrictions of record or any recorded or unrecorded agreement affecting or concerning any Mortgaged Property, planned development permits, condominium declarations, and reciprocal easement and regulatory agreements with any Governmental Authority, (d) all laws, ordinances, rules and regulations, whether in the form of rent control, rent stabilization or otherwise, that limit or impose conditions on the amount of rent that may be collected from the units of a Mortgaged Property, and (e) requirements of insurance companies or similar organizations, affecting the operation or use of any Mortgaged Property or the consummation of the transactions to be effected by this Master Agreement or any of the other Loan Documents.

“**Appraisal**” means an appraisal of Multifamily Residential Property conforming to the Underwriting and Servicing Requirements.

“**Appraised Value**” means the value set forth in an Appraisal.

“**Bank Secrecy Act**” means the Bank Secrecy Act of 1970, as amended (e.g., 31 U.S.C. Sections 5311-5330).

“**Bankruptcy Code**” means Title 11 of the United States Code entitled “Bankruptcy” as now and hereafter in effect, or any successor statute.

“**Bankruptcy Event**” means any one or more of the following:

(a) the commencement, filing or continuation of a voluntary case or proceeding under one or more of the Insolvency Laws by any Person seeking to take advantage of any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, debt adjustment, winding up or composition or adjustment of debts;

(b) the acknowledgment in writing by any Person (other than to Lender in connection with a workout) that it is unable to pay its debts generally as they mature;

(c) the making of a general assignment for the benefit of creditors by any Person;

(d) the commencement, filing or continuation of an involuntary case or proceeding under one or more Insolvency Laws against any Person;

(e) the appointment of a receiver (other than a receiver appointed at the direction or request of Lender under the terms of the Loan Documents), liquidator, custodian, sequestrator, trustee or other similar officer who exercises Control over Borrower or any substantial part of the assets of any Person; or

(f) any action by a Person for the purpose of effecting any of the foregoing;

provided, however, that any proceeding or case under (d) or (e) above shall not be a Bankruptcy Event until the ninetieth (90th) day after filing (if not earlier dismissed) so long as such proceeding or case occurred without the consent, encouragement, active participation or the failure to object in a timely and appropriate manner by any Person (in which event such case or proceeding shall be a Bankruptcy Event immediately).

“**Borrow Up**” has the meaning set forth in Section 2.02(c)(2)(B) (Future Advances).

“**Borrower**” means individually (and jointly and severally if more than one), the Initial Borrower and any Additional Borrower becoming a party to this Master Agreement and any other Loan Documents, together with their permitted successors and assigns.

“**Borrower Affiliate**” means:

(a) any Person that owns any direct Ownership Interest in any Borrower Entity, Identified Party or Affiliated Property Operator but excluding any Person directly or indirectly owning any public stock of Guarantor with no other direct or indirect Ownership Interest in Borrower;

(b) any Person that indirectly owns, with the power to vote, twenty percent (20%) or more of the Ownership Interests in any Borrower Entity, Affiliated Property Operator, or Identified Party;

(c) any Person Controlled by, under common Control with, or which Controls, any Borrower Entity, Affiliated Property Operator, or Identified Party;

(d) any entity in which any Borrower Entity, Affiliated Property Operator, or Identified Party directly or indirectly owns, with the power to vote, twenty percent (20%) or more of the Ownership Interests in such entity; or

(e) any other individual that is related (to the third degree of consanguinity) by blood or marriage to any Borrower Entity, Affiliated Property Operator, or Identified Party.

“**Borrower Agent**” means Capital Senior Living Corporation.

“**Borrower Entity**” means, individually and collectively, Borrower, Guarantor and Key Principal.

“Borrower Requested Repairs” means repairs not listed on the Required Repair Schedule requested by Borrower to be reimbursed from the Repairs Escrow Account and determined advisable by Lender to keep the Mortgaged Property in good order and repair and in a good marketable condition or to prevent deterioration of the Mortgaged Property.

“Borrower Requested Replacements” means replacements not listed on the Required Replacement Schedule requested by Borrower to be reimbursed from the Replacement Reserve Account and determined advisable by Lender to keep the Mortgaged Property in good order and repair and in a good marketable condition or to prevent deterioration of the Mortgaged Property.

“Borrower’s General Business Address” has the meaning set forth in the Summary of Master Terms.

“Borrower’s Notice Address” has the meaning set forth in the Summary of Master Terms.

“Business Day” means any day other than (a) a Saturday, (b) a Sunday, (c) a day on which Lender is not open for business, or (d) a day on which the Federal Reserve Bank of New York is not open for business.

“Calendar Quarter” means, with respect to any year, any of the following three (3) month periods: (a) January-February-March; (b) April-May-June; (c) July-August-September; and (d) October-November-December.

“Calendar Year” means the twelve (12) month period from the first day of January to and including the last day of December, and each twelve (12) month period thereafter.

“Cap Security Agreement” means, individually and collectively, with respect to any Interest Rate Cap, a reserve, hedge assignment and security agreement between Borrower and Lender, for the benefit of Lender in the form required by Fannie Mae from time to time, which will be issued by Borrower to Lender concurrently with the funding of a Variable Advance requiring an Interest Rate Cap.

“Capitalization Rate” means, for each Mortgaged Property, a rate selected by Lender for use in determining the Valuations.

“Cash Collateral Account” means the cash collateral account established pursuant to the Cash Collateral Agreement.

“Cash Collateral Agreement” means a cash collateral pledge, security and custody agreement in the form approved by Fannie Mae by and among Fannie Mae, Borrower and a collateral agent for Fannie Mae, as the same may be amended, modified or supplemented from time to time.

“Change of Control” see “Control.”

“**Collateral**” means the Mortgaged Properties and other collateral from time to time or at any time encumbered by the Security Instruments, or any other property securing Borrower’s obligations under the Loan Documents.

“**Collateral Account**” means any account designated by Lender as such pursuant to a Collateral Agreement or as established pursuant to this Master Agreement, including the Reserve/Escrow Account and any Cash Collateral Account.

“**Collateral Account Funds**” means, collectively, the funds on deposit in any or all of the Collateral Accounts, including the Reserve/Escrow Account Funds and any funds in any Cash Collateral Account.

“**Collateral Agreement**” means any separate agreement between Borrower and Lender and any other party for the establishment of any other fund, reserve or account affecting the Advance.

“**Collateral Event**” means, individually and collectively, a Release, Substitution, Addition, Future Advance, and/or Conversion.

“**Collateral Pool**” means all of the Collateral.

“**Completion Period**” has the meaning set forth in the Summary of Master Terms. “**Condemnation Action**” has the meaning set forth in the Security Instrument.

“**Confirmation of Environmental Indemnity Agreement**” means a confirmation of the Environmental Indemnity Agreement executed by Borrower in connection with any Request after the Initial Effective Date, substantially in the form of Exhibit J to this Master Agreement.

“**Confirmation of Guaranty**” means a confirmation of the Guaranty executed by Guarantor in connection with any Request after the Initial Effective Date, substantially in the form of Exhibit I to this Master Agreement.

“**Confirmation of Obligations**” means a Confirmation of Obligations executed by Borrower and Guarantor in connection with any Request after the Initial Effective Date, pursuant to which Borrower and Guarantor confirm their obligations under the Loan Documents substantially in the form of Exhibit L to this Master Agreement.

“**Contract**” means any contract or other agreement for the provision of goods or services at or otherwise in connection with the operation, use or maintenance of the Mortgaged Property, excluding the Facility Operating Agreement and including cash deposited to secure performance by parties of their obligations.

“**Contribution Agreement**” means the Contribution Agreement by and among Initial Borrower and each Additional Borrower, required by Lender and satisfying Lender’s requirements, as the same may be amended, restated, modified or supplemented from time to time.

“Control” (including with correlative meanings, such as “Controlling,” “Controlled by” and “under common Control with”) means, as applied to any entity, the possession, directly or indirectly, of the power to direct or cause the direction of the management and operations of such entity, whether through the ownership of voting securities or other Ownership Interests, by contract or otherwise.

As used herein, a **“Change of Control”** means any of the below has occurred:

(a) Guarantor ceases to Control Borrower or Affiliated Property Operator or any Person that directly or indirectly Controls Borrower or Affiliated Property Operator; (b) the Ownership Interests of Guarantor cease to be publicly traded; (c) an Acquiring Person becomes (by acquisition, consolidation, merger or otherwise), directly or indirectly, the beneficial owner of more than twenty percent (20%) of the total Ownership Interest of Guarantor and any such Acquiring Person is a Prohibited Person; or (d) the replacement (other than solely by reason of retirement at age fifty-five (55) or older, death or disability) of more than fifty percent (50%) (or such lesser percentage as is required for decision-making by the board of directors or an equivalent governing body) of the members of the board of directors (or an equivalent governing body) of any Guarantor or Affiliated Property Operator over a one-year period from the directors who constituted such board of directors at the beginning of such period and such replacement shall not have been approved by a vote of at least a majority of the board of directors of any Guarantor then still in office who either were members of such board of directors at the beginning of such one-year period or whose election as members of the board of directors was previously so approved (it being understood and agreed that in the case of any entity governed by a trustee, board of managers, or other similar governing body, the foregoing clause (b) shall apply thereto by substituting such governing body and the members thereof for the board of directors and members thereof, respectively).

“Conversion” means the conversion of all or a portion of a Variable Note to a Fixed Note pursuant to the Conversion Schedule.

“Conversion Amendment” means an amendment to this Master Agreement and the appropriate Schedules reflecting the Conversion of all or any portion of a Variable Note to a Fixed Note as set forth in Section 2.10(a) (Conversion from Variable Note to Fixed Note).

“Conversion Availability Period” means with respect to a Conversion of any applicable Variable Advance, the date beginning on the first day of the month following the end of the Prepayment Lockout Period in respect of such Variable Advance and ending on the earlier of (a) the first day of the third month prior to the Maturity Date of such Variable Advance or (b) the first day of the month following the date ten (10) years after the Initial Effective Date.

“Conversion Documents” means the Conversion Amendment, together with an amendment to each Security Document if required by Lender and other applicable Loan Documents, in form and substance satisfactory to Lender, reflecting the Conversion of a Variable Note to a Fixed Note pursuant to Section 2.10(a) (Conversion from Variable Note to Fixed Note).

“**Conversion Fee**” means \$20,000 per each Request for Conversion.

“**Conversion Request**” means a written request, substantially in the form of Exhibit B to this Master Agreement, to convert all or any portion of a Variable Note to a Fixed Note pursuant to Section 2.10(a) (Conversion from Variable Note to Fixed Note).

“**Conversion Schedule**” means Schedule 9 attached to this Master Agreement.

“**Coverage and LTV Tests**” means, for any specified date, each of the following financial tests:

(a) The Aggregate Debt Service Coverage Ratio is not less than 1.40:1.0 with respect to the amount of the Fixed Advances, and 1.10:1.0 with respect to the amount of the Variable Advances.

(b) The Aggregate Loan to Value Ratio does not exceed seventy percent (70%).

“**Credit Score**” means a numerical value or a categorization derived from a statistical tool or modeling system used to measure credit risk and predict the likelihood of certain credit behaviors, including default.

“**Current Index**” has the meaning set forth in applicable Schedule of Advance Terms.

“**Debt Service Amounts**” means the Monthly Debt Service Payments and all other amounts payable under this Master Agreement, the Note, the Security Instrument or any other Loan Document.

“**Debt Service Coverage Ratio**” means, for any Mortgaged Property for any specified period, the ratio (expressed as a percentage) of –

(a) the Net Cash Flow for the specified period for the preceding number of months as determined pursuant to the Underwriting and Servicing Requirements;

to

(b) the Facility Debt Service for the specified period, assuming, for the purpose of calculating the Facility Debt Service of this definition, that Advances Outstanding shall be the Allocable Facility Amount, in each case, for the subject Mortgaged Property.

“**Default Rate**” means an interest rate equal to the lesser of:

(a) the sum of the Interest Rate plus four (4) percentage points; or

(b) the maximum interest rate which may be collected from Borrower under Applicable

Law.

“**Definitions Schedule**” means this Schedule 1 (Definitions Schedule – General) to this Master Agreement.

“**Depository Agreement**” means, individually and together the Government Receivables Depository Agreement and the Government Receivables Collection Account Agreement.

“**Economic Sanctions**” means any economic or financial sanction administered or enforced by the United States Government (including, without limitation, those administered by OFAC at <http://www.treasury.gov/about/organizational-structure/offices/Pages/Office-of-Foreign-Assets-Control.aspx>), the United States Department of Commerce, or the United States Department of State.

“**Effective Date**” means the Initial Effective Date and each date after the Initial Effective Date on which the funding or other transaction requested in a Request takes place.

“**Employee Benefit Plan**” means a plan described in Section 3(3) of ERISA, regardless of whether the plan is subject to ERISA.

“**Enforcement Costs**” has the meaning set forth in the Security Instrument.

“**Environmental Indemnity Agreement**” means that certain Environmental Indemnity Agreement dated as of the Effective Date made by Borrower to and for the benefit of Lender, as the same may be amended, restated, replaced, supplemented, or otherwise modified from time to time.

“**Environmental Inspections**” has the meaning set forth in the Environmental Indemnity Agreement.

“**Environmental Laws**” has the meaning set forth in the Environmental Indemnity Agreement.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended from time to time and the regulations promulgated thereunder.

“**ERISA Affiliate**” shall mean, with respect to Borrower, any entity that, together with Borrower, would be treated as a single employer under Section 414(b) or (c) of the Internal Revenue Code, or Section 4001(a)(14) of ERISA, or the regulations thereunder.

“**ERISA Plan**” means any employee pension benefit plan within the meaning of Section 3(2) of ERISA (or related trust) that is subject to the requirements of Title IV of ERISA, Sections 430 or 431 of the Internal Revenue Code, or Sections 302, 303, or 304 of ERISA, which is maintained or contributed to by Borrower or its ERISA Affiliates.

“**Event of Default**” means the occurrence of any event listed in Section 14.01 (Events of Default).

“**Exceptions to Representations and Warranties Schedule**” means that certain Schedule 16 (Exceptions to Representations and Warranties) to this Master Agreement.

“**Facility Debt Service**” means, as of any date, for all purposes other than determining the Maximum Calculated Strike Rate, the sum of the amount of interest and principal amortization that would be payable during the applicable period determined by Lender immediately succeeding the date of determination, except that:

(a) each Variable Structured ARM Advance to be obtained shall be deemed to require payments equal to the sum of (1) level monthly payments of principal and interest, with the interest rate calculated as (A) the Applicable Index, plus (B) the Margin (or until rate locked, the indicative pricing, as determined pursuant to the Underwriting and Servicing Requirements), plus (C) a stressed underwriting margin of 300 basis points (3.00%) or such lower stressed underwriting margin determined pursuant to the Underwriting and Servicing Requirements, in an amount necessary to fully amortize the original principal amount of the Variable Structured ARM Advance over the Amortization Period, plus (2) the Monthly Cap Escrow Payment;

(b) with respect to each Variable Structured ARM Advance Outstanding:

(1) where an amortizing Interest Rate Cap has been purchased and is then effective, such Advance shall be deemed to require payments equal to the sum of (A) level monthly payments of principal and interest, with the interest rate calculated as (i) the higher of the Facility Minimum Underwriting Strike Rate or the Actual Strike Rate applicable to such Advance, plus (ii) the Margin applicable to such Advance, in an amount necessary to fully amortize the original principal amount of the Variable Structured ARM Advance over the Amortization Period, plus (B) any Monthly Cap Escrow Payment applicable to such Advance; and

(2) where an interest-only Interest Rate Cap has been purchased and is then effective, such Advance shall be deemed to require payments equal to the sum of (A) level monthly payments of interest, with the interest rate calculated as (i) the higher of the Facility Minimum Underwriting Strike Rate or the Actual Strike Rate applicable to such Advance, plus (ii) the Margin applicable to such Advance, plus (B) any Monthly Cap Escrow Payment applicable to such Advance;

(c) intentionally deleted

(d) each Fixed Advance to be obtained or Variable Advance to be converted shall be deemed to require level monthly payments of principal and interest, at an interest rate equal to the sum of (1) the base United States Treasury Index Rate for securities having a maturity substantially similar to the maturity of the Fixed Advance, plus (2) the Fixed Fee (or until rate locked, the estimated Fixed Fee as determined pursuant to the Underwriting and Servicing Requirements), in an amount necessary to fully amortize the original principal amount of the Fixed Advance over the Amortization Period; and each Fixed Advance Outstanding shall be deemed to require level monthly payments of principal and interest, at the Interest Rate for such

Fixed Advance as set forth in the Schedule of Advance Terms, in an amount necessary to fully amortize the original principal amount of such Fixed Advance over the Amortization Period.

“**Facility Minimum Underwriting Strike Rate**” means the percentage determined by Lender pursuant to the Underwriting and Servicing Requirements as set forth on the Summary of Master Terms, as such percentage may be changed by Lender from time to time pursuant to the Underwriting and Servicing Requirements.

“**Facility Operating Agreement**” means, individually and collectively, any of an Operating Lease, Sublease, Management Agreement or any other agreement setting forth the responsibilities for the operation, management, maintenance or administration of the Mortgaged Property as a Seniors Housing Facility.

“**Facility Year**” means the twelve (12) month period from the first day of the first calendar month after the Initial Effective Date to and including the last day before the first anniversary of the Initial Effective Date, and each twelve (12) month period thereafter.

“**Fannie Mae**” means the corporation duly organized and existing under the laws of the United States.

“**Fifth Anniversary**” means the date that is the first day of the month following the date five (5) years after the Initial Effective Date.

“**First Anniversary**” means the date that is the first day of the month following the date one (1) year after the Initial Effective Date.

“**First Payment Date**” has the meaning set forth in the applicable Schedule of Advance Terms.

“**First Principal and Interest Payment Date**” has the meaning set forth in the applicable Schedule of Advance Terms.

“**Fixed Advance**” means a fixed rate loan made by Lender to Borrower under this Master Agreement evidenced by a Fixed Note.

“**Fixed Fee**” means, subject to the provisions of the Conversion Schedule, if applicable, for any Fixed Advance, the number of basis points per annum determined at the time of funding of such Fixed Advance by Lender as the Fixed Fee for such Fixed Advance.

“**Fixed Note**” means the promissory note (together with all schedules, riders, allonges, addenda, renewals, extensions, amendments and modifications thereto), which will be issued by Borrower to Lender, concurrently with the funding of each Fixed Advance, and which promissory note will be the same or substantially similar in form to the then current form of promissory note utilized by Fannie Mae for fixed rate loans with the applicable type of loan execution.

“**Fixed Monthly Principal Component**” has the meaning set forth in the applicable Schedule of Advance Terms.

“**Fixed Rate**” has the meaning set forth in the applicable Schedule of Advance Terms.

“**Fixtures**” has the meaning set forth in the Security Instrument.

“**Force Majeure**” shall mean acts of God, acts of war, civil disturbance, governmental action (including the revocation or refusal to grant licenses or permits, where such revocation or refusal is not due to the fault of Borrower), strikes, lockouts, fire, unavoidable casualties or any other causes beyond the reasonable control of Borrower (other than lack of financing), and of which Borrower shall have notified Lender in writing within ten (10) days after its occurrence.

“**Foreclosure Event**” means:

(a) foreclosure under the Security Instrument;

(b) any other exercise by Lender of rights and remedies (whether under the Security Instrument or under Applicable Law, including Insolvency Laws) as holder of the Note and/or the Security Instrument, as a result of which Lender (or its designee or nominee) or a third party purchaser becomes owner of a Mortgaged Property;

(c) delivery by Borrower to Lender (or its designee or nominee) of a deed or other conveyance of Borrower’s interest in a Mortgaged Property in lieu of any of the foregoing; or

(d) in Louisiana, any *dation en paiement*.

“**Future Advance**” means an Advance made after the Initial Effective Date pursuant to Section 2.02(c)(2) (Future Advances) including any Borrow Up and any refinance of an Advance.

“**Future Advance Request**” means a written request for a Future Advance, substantially in the form of Exhibit E to this Master Agreement.

“**Future Advance Schedule**” means Schedule 14 attached to this Master Agreement.

“**GAAP**” means generally accepted accounting principles in the United States in effect from time to time, consistently applied.

“**General Conditions**” means those conditions set forth on Schedule 7 attached hereto.

“**General Conditions Schedule**” means that certain Schedule 7 (General Conditions Schedule) to this Master Agreement.

“**Goods**” has the meaning set forth in the Security Instrument.

“**Government Receivables Collection Account Agreement**” means, if any, that certain Government Receivables Collection Account Agreement among Borrower, Lender, any applicable Property Operator and a depository bank executed in connection with this Master Agreement.

“Government Receivables Depository Agreement” means, if any, that certain Government Receivables Depository Agreement among Borrower, Lender, any applicable Property Operator and a depository bank executed in connection with this Master Agreement.

“Governmental Approval” means an authorization, permit, consent, approval, license, registration or exemption from registration or filing with, or report to, any Governmental Authority.

“Governmental Authority” means any court, board, commission, department or body of any municipal, county, state or federal governmental unit, or any subdivision of any court, board, commission, department or body of any municipal, county, state or federal governmental unit, that has or acquires jurisdiction over Borrower or the Mortgaged Property or the use, operation or improvement of the Mortgaged Property.

“Governmental Health Care Program” means any plan or program that provides health benefits, whether directly, through insurance, or otherwise, and that is funded directly, in whole or in part, by the United States Government or a state health care program.

“Gross Revenues” means, for any specified period, all income in respect of each Mortgaged Property as reflected on the certified operating statement for such specified period as adjusted to exclude unusual income (e.g., temporary or nonrecurring income), income not allowed by Lender pursuant to the Underwriting and Servicing Requirements (e.g., interest income, furniture income, etc.), and the value of any unreflected concessions.

“Guarantor” means, individually and collectively, any guarantor of the Indebtedness or any other obligation of Borrower under any Loan Document which must be a Key Principal.

“Guarantor’s General Business Address” has the meaning set forth in the Summary of Master Terms.

“Guarantor’s Notice Address” has the meaning set forth in the Summary of Master Terms.

“Guaranty” means, individually and collectively, any Payment Guaranty, Non-Recourse Guaranty or other guaranty executed by Guarantor in connection with this Master Agreement.

“Hedging Arrangement” means any interest rate swap, interest rate cap or other arrangement, contractual or otherwise, which has the effect of an interest rate swap or interest rate cap or which otherwise (directly or indirectly, derivatively or synthetically) hedges interest rate risk associated with being a debtor of variable rate debt or any agreement or other arrangement to enter into any of the above on a future date or after the occurrence of one or more events in the future.

“HIPAA” means the Health Insurance Portability and Accountability Act of 1996, Subtitle D of the Health Information Technology for Economic and Clinical Health Act of 2009, and all regulations

and other guidance promulgated under both laws by the United States Department of Health and Human Services, as may be amended from time to time.

“**HIPAA Business Associate**” means any entity that is a “business associate” as that term is defined in HIPAA, as identified on the Summary of Master Terms.

“**HIPAA Covered Entity**” means any entity that is a “covered entity” as that term is defined in HIPAA, as identified on the Summary of Master Terms.

“**Identified Party**” means, individually and collectively, (a) Borrower’s general partners, sole member, managing members and managers (if non-member managed), and (b) any Person Controlling Borrower, Guarantor, Key Principal or Borrower’s general partners, sole members, managing members or managers (if non-member managed) but excluding the individuals comprising the Board of Managers of Borrower or any Person Controlling Borrower and any Persons directly or indirectly owning any public stock of Guarantor with no other direct or indirect Ownership Interest in Borrower.

“**Immediate Family Members**” means a child, stepchild, grandchild, spouse, sibling, or parent, each of whom is not a Prohibited Person.

“**Imposition Deposits**” has the meaning set forth in the Security Instrument. “**Impositions**” has the meaning set forth in the Security Instrument. “**Improvements**” has the meaning set forth in the Security Instrument. “**Indebtedness**” has the meaning set forth in the Security Instrument.

“**Index**” has the meaning set forth in the applicable Schedule of Advance Terms. “**Individual Property Coverage and LTV Tests**” means each of the following tests:

- (a) For any Mortgaged Property containing more than 50% Independent Living units:
 - (i) the Debt Service Coverage Ratio for such Mortgaged Property is not less than 1.30:1.0 with respect to Fixed Advances and 1.05:1.0 with respect to Variable Advances, and (ii) the Loan to Value Ratio for such Mortgaged Property does not exceed seventy-five percent (75%);
- (b) For any Mortgaged Property containing 50% or more Assisted Living and Alzheimer’s units:
 - (i) the Debt Service Coverage Ratio for such Mortgaged Property is not less than 1.40:1.0 with respect to Fixed Advances and 1.10:1.0 with respect to Variable Advances, and (ii) the Loan to Value Ratio for such Mortgaged Property does not exceed seventy- five percent (75%); and

(c) For any Mortgaged Property containing 100% Alzheimer's units:

(i) the Debt Service Coverage Ratio for such Mortgaged Property is not less than 1.45:1.0 with respect to Fixed Advances and 1.25:1.0 with respect to Variable Advances, and (ii) the Loan to Value Ratio for such Mortgaged Property does not exceed seventy percent (70%).

"Initial Adjustable Rate" for an Advance has the meaning set forth in the applicable Schedule of Advance Terms.

"Initial Advance" means, collectively (i) the Fixed Advance made on the Initial Effective Date in the amount of \$150,781,500 and (ii) the Variable Advance made on the Initial Effective Date in the amount of \$50,260,500.

"Initial Allocable Facility Amount" means the initial Allocable Facility Amount for each of the Initial Mortgaged Properties as set forth in Exhibit A to this Master Agreement.

"Initial Borrower" means each Borrower under this Master Agreement as of the Initial Effective Date.

"Initial Effective Date" means the date of this Master Agreement.

"Initial Monthly Debt Service Payment" has the meaning set forth in the applicable Schedule of Advance Terms.

"Initial Mortgaged Properties" means the Multifamily Residential Properties described on Exhibit A to this Master Agreement and which represent the Mortgaged Properties that are made part of the Collateral Pool on the Initial Effective Date.

"Initial Replacement Reserve Deposit" has the meaning set forth in the Summary of Master Terms.

"Initial Valuation" means, when used with reference to specified Collateral, the Valuation initially performed for the Collateral as of the date on which the Collateral was added to the Collateral Pool. The Initial Valuation for each of the Initial Mortgaged Properties is as set forth in Exhibit A to this Master Agreement.

"Insolvency Laws" means the Bankruptcy Code, together with any other federal or state law affecting debtor and creditor rights or relating to the bankruptcy, insolvency, reorganization, arrangement, moratorium, readjustment of debt, dissolution, liquidation or similar laws, proceedings, or equitable principles affecting the enforcement of creditors' rights, as amended from time to time.

"Insolvent" means:

- (a) that the sum total of all of a specified Person's liabilities (whether secured or unsecured, contingent or fixed, or liquidated or unliquidated) is in excess of the value of such Person's non-exempt assets, i.e., all of the assets of such Person that are available to satisfy claims of creditors (provided that for the purposes of determining liability for each Borrower under this definition, liability for the Advances Outstanding under this Master Agreement shall mean the then current Allocable Facility Amount attributable to the Mortgaged Property owned by each Borrower); or
- (b) such Person's inability to pay its debts as they become due (provided that for the purposes of determining debt for each Borrower under this definition, liability for the Advances Outstanding under this Master Agreement shall mean the then current Allocable Facility Amount attributable to the Mortgaged Property owned by each Borrower).

"Insurance Policy" means, with respect to any Mortgaged Property, the insurance coverage and insurance certificates evidencing such insurance required to be maintained pursuant to this Master Agreement.

"Intended Prepayment Date" means the date upon which Borrower intends to make a prepayment on an Advance, as set forth in the Prepayment Notice, which date must be a Permitted Prepayment Date.

"Intercompany Loan" means an unsecured Loan made by either (i) Capital Senior Living Corporation to Borrower or (ii) Borrower to Capital Senior Living Corporation, in the ordinary course of business and in a manner which is adequately documented on terms customary for such loans.

"Interest Accrual Method" has the meaning set forth in the applicable Schedule of Advance Terms.

"Interest Only Term" has the meaning set forth in the applicable Schedule of Advance Terms.

"Interest Rate" means with respect to a Fixed Advance, the Fixed Rate, or with respect to a Variable Advance, the Initial Adjustable Rate and the Adjustable Rate, each as set forth in the applicable Schedule of Advance Terms.

"Interest Rate Cap" has the meaning set forth in Section 2.03(a)(2)(B)(vi) (Interest Accrual and Computation; Amortization; Interest Rate Cap).

"Interest Rate Cap Documents" means the Cap Security Agreement and any and all other documents required pursuant thereto or hereto or as Lender shall require from time to time in connection with Borrower's obligation to maintain an Interest Rate Cap when a Variable Advance is Outstanding.

"Interest Rate Type" has the meaning set forth in the applicable Schedule of Advance Terms. **"Internal Revenue Code"** means the Internal Revenue Code of 1986, as amended.

“**Investor**” means any Person to whom Lender intends to (a) sell, transfer, deliver or assign the Advances in the secondary mortgage market or (b) sell an MBS backed by the Advances.

“**Issuer**” means a financial institution satisfactory to Fannie Mae issuing a Letter of Credit.

“**Key Principal**” means, collectively:

(a) the natural Person(s) or entity that Controls Borrower that Lender determines is critical to the successful operation and management of Borrower and the Mortgaged Property, as identified as such in the Summary of Master Terms; or

(b) any natural Person or entity who becomes a Key Principal after the date of this Master Agreement and is identified as such in an assumption agreement, or another amendment or supplement to this Master Agreement.

“**Key Principal’s General Business Address**” has the meaning set forth in the Summary of Master Terms.

“**Key Principal’s Notice Address**” has the meaning set forth in the Summary of Master Terms. “**Land**” means the land described in Exhibit A to the Security Instrument.

“**Last Interest Only Payment Date**” has the meaning set forth in the applicable Schedule of Advance Terms.

“**Late Charge**” means an amount equal to the delinquent amount then due under the Loan Documents multiplied by five percent (5%).

“**Leases**” has the meaning set forth in the Security Instrument.

“**Lender**” means the entity identified as “Lender” in the first paragraph of this Master Agreement and its transferees, successors and assigns, or any subsequent holder of the Note.

“**Lender’s General Business Address**” has the meaning set forth in the Summary of Master Terms.

“**Lender’s Notice Address**” has the meaning set forth in the Summary of Master Terms. “**Lender’s Payment Address**” has the meaning set forth in the Summary of Master Terms.

“**Letter of Credit**” means a letter of credit issued by an Issuer satisfactory to Fannie Mae naming Fannie Mae as beneficiary, in form and substance approved by Lender and Fannie Mae.

“**Letter of Credit Schedule**” means Schedule 15 attached to this Master Agreement.

“**LIBOR**” means One Month LIBOR or Three Month LIBOR, as specified by the Current Index set forth in the applicable Schedule of Advance Terms.

“**License**” means any operating licenses, certificates of occupancy, health department licenses, food service licenses, certificates of need, business licenses, permits, registrations, certificates, authorizations, approvals, legal authority, and similar documents required by Applicable Law and regulations for the lawful operation of the Mortgaged Property as a Seniors Housing Facility in the Property Jurisdiction as of the date the Mortgaged Property is added to the Collateral Pool or during the Term of this Master Agreement, including renewals, replacements and additions to any of the foregoing.

“**Lien**” has the meaning set forth in the Security Instrument.

“**Loan Application**” means the application for the Advances submitted by Borrower to Lender. “**Loan Document Taxes**” has the meaning set forth in Section 5.02(f) (Loan Document Taxes).

“**Loan Documents**” means the Note, this Master Agreement, the Security Instrument, the SASA, the Environmental Indemnity Agreement, the Guaranty, all guaranties, all indemnity agreements, all Collateral Agreements, all O&M Plans, and any other documents now or in the future executed by Borrower, Property Operator, Guarantor, Key Principal, any other guarantor or any other Person in connection with the Advances, as such documents may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Loan Servicer**” means the entity that from time to time is designated by Lender to collect payments and deposits and receive notices under the Note, this Master Agreement, the Security Instrument and any other Loan Document, and otherwise to service the Advances for the benefit of Lender. Unless Borrower receives notice to the contrary, the Loan Servicer shall be Lender originally named on the Summary of Master Terms.

“**Loan to Value Ratio**” means, for a Mortgaged Property, for any specified date, the ratio (expressed as a percentage) of --

- (a) the Allocable Facility Amount of the subject Mortgaged Property on the specified date,
to
- (b) the Valuation most recently obtained prior to the specified date for the subject
Mortgaged Property

“**Managed Care Organization**” means a Person that has been certified by, and has entered into a contractual relationship with, a Governmental Authority in the Property Jurisdiction to make available to its members (including residents of the Mortgaged Property) certain long-term care and health care services through Medicaid Participant(s), which, as of the date the Mortgaged Property is added to the Collateral Pool, is the party identified on the Summary of Master Terms.

“**Management Agreement**” means, if applicable, any agreement for management services as amended, restated, replaced, supplemented, or otherwise modified from time to time, preapproved

in writing by Lender, under which daily management or operation with respect to the Mortgaged Property as a Seniors Housing Facility has been granted to any individual or entity other than Borrower.

“**Manager**” means the Person responsible for the operation or management of the Mortgaged Property pursuant to a Management Agreement, if any.

“**Margin**” means the “Margin” set forth in the applicable Schedule of Advance Terms, which includes the Variable Fee.

“**Master Agreement**” means this Master Credit Facility Agreement (Seniors Housing), as it may be amended, restated, supplemented or otherwise modified from time to time, including all Recitals, Schedules and Exhibits to this Master Agreement, each of which is hereby incorporated into this Master Agreement by this reference.

“**Material Adverse Effect**” means, with respect to any circumstance, act, condition or event of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singularly or in conjunction with any other event or events, act or acts, condition or conditions, or circumstance or circumstances, whether or not related, a material adverse change in or a materially adverse effect upon any of

(a) the business, operations, property or condition (financial or otherwise) of any Borrower Entity or Affiliated Property Operator, to the extent specifically referred to in the applicable provision of the applicable Loan Document;

(b) the present or future ability of Borrower to perform the obligations of Borrower under this Master Agreement and the other Loan Documents, or of Guarantor to perform its obligations under the Guaranty, as the case may be, to the extent specifically referred to in the applicable provision of the applicable Loan Document;

(c) the validity, priority, perfection or enforceability of this Master Agreement or any other Loan Document or the rights or remedies of Lender under any Loan Document; or

(d) the value of, or Lender’s ability to have recourse against, any Mortgaged Property. “**Material Commercial Lease**” means:

(a) any Lease that comprises five percent (5%) or more of the total gross income at any Mortgaged Property on an annualized basis; or

(b) regardless of the percentage of the total gross income at any Mortgaged Property that it comprises, any Lease relating to:

(1) solar power, thermal power generation, or co-power generation, or for the installation of solar panels or any other electrical power generation equipment, and any related power purchase agreement;

- (2) mineral rights or rights relating to subsurface oil and/or natural gas;
- (3) telecommunications or a cell tower; or

(4) any dwelling unit at the Mortgaged Property leased to Guarantor, Key Principal, Property Operator, Affiliated Property Operator, or another Borrower Affiliate.

For purposes of the Loan Documents, any Seniors Housing Facility Lease on the Mortgaged Property shall not be deemed either a “Material Commercial Lease” or a “non-Material Commercial Lease.”

“**Maturity Date**” for any Advance has the meaning set forth in the applicable Schedule of Advance Terms.

“**Maximum Calculated Strike Rate**” means:

(a) In determining the Maximum Calculated Strike Rate for new Interest Rate Caps (other than replacement Interest Rate Caps) purchased in connection with Future Advances that are Variable Advances made under this Master Agreement, the Maximum Calculated Strike Rate shall be the maximum percentage set forth in the Cap Security Agreement applicable to such Variable Advance, which shall be the percentage derived by taking:

- (1) the Net Cash Flow for all Mortgaged Properties, minus
- (A) the product of (i) 1.40 and (ii) the payment due on each Fixed Advance provided

that:

(i) each Fixed Advance to be obtained or Variable Advance to be converted shall be deemed to require level monthly payments of principal and interest, at an interest rate equal to the sum of (A) the base United States Treasury Index Rate for securities having a maturity substantially similar to the maturity of the Fixed Advance, plus (B) the Fixed Fee (or until rate locked, the estimated Fixed Fee as determined pursuant to the Underwriting and Servicing Requirements), in an amount necessary to fully amortize the original principal amount of the Fixed Advance over the Amortization Period; provided, however, if there are no principal payments due on a Fixed Advance during the Interest Rate Cap term for which the Maximum Calculated Strike Rate is being calculated, then the payments relating to such Fixed Advance shall not be required to include principal amortization for purposes of this calculation;

(ii) each Fixed Advance Outstanding shall be deemed to require level monthly payments of principal and interest, at the Interest Rate for such Fixed Advance as set forth in the Schedule of Advance Terms, in an amount necessary to fully amortize the original principal amount of such Fixed Advance over the Amortization Period; provided, however, if there are no principal payments due on a Fixed Advance during the Interest Rate Cap term for which the Maximum Calculated Strike Rate is being calculated, then the payments relating to such Fixed Advance shall not be required to include principal amortization for purposes of this calculation);

minus

(B) the product of (i) 1.10 and (ii) the payment due on each Variable Structured ARM Advance Outstanding, provided that each Variable Structured ARM Advance Outstanding shall be deemed to require payments equal to the sum of (1) monthly payments of principal and interest, with the interest rate calculated as (A) the weighted average of the higher of the Facility Minimum Underwriting Strike Rate or the Actual Strike Rate for all outstanding Interest Rate Caps plus (B) the Margin applicable to such non-replacement Interest Rate Caps, in an amount necessary to fully amortize the original principal amount of the Variable Structured ARM Advance over the Amortization Period, and the principal component of the Variable Structured ARM Advance payment(s) equal to the Fixed Monthly Principal Component as set forth in the Schedule of Advance Terms, plus (2) the Monthly Cap Escrow Payments, if any, for the succeeding twelve (12) month period; provided, however, if there are no principal payments due on a Variable Structured ARM Advance during the Interest Rate Cap term for which the Maximum Calculated Strike Rate is being calculated, then the payments relating to such Variable Structured ARM Advance shall not be required to include principal amortization for purposes of this calculation. Notwithstanding the foregoing, if there are Variable Structured ARM Advances Outstanding for which there are no Interest Rate Caps outstanding at the time of the calculation, then such Variable Advances shall be included in (3) below;

divided by

(2) 1.10

divided by

(3) the total of all Variable Advances to be obtained or Variable Advances Outstanding, that were not included in (a)(1)(B), at the time of the calculation of the Maximum Calculated Strike Rate

minus

(4) the amortization factor for all Variable Advances to be obtained or Variable Advances Outstanding if principal is to be paid during the Interest Rate Cap term

minus

(5) the Margin (or for Variable Structured ARM Advances to be obtained, until rate locked, the indicative pricing as determined pursuant to the Underwriting and Servicing Requirements)

minus

(6) the cap cost factor.

(b) The Maximum Calculated Strike Rate for any replacement Interest Rate Cap purchased in connection with this Master Agreement pursuant to the Cap Security Agreement

shall be the maximum percentage set forth in the Cap Security Agreement applicable to such Variable Advance, which shall be the percentage derived by taking:

(1) the Net Cash Flow for all Mortgaged Properties, minus

(A) the product of (i) 1.40 and (ii) the payment due on each Fixed Advance provided that each Fixed Advance Outstanding shall be deemed to require level monthly payments of principal and interest, at the Interest Rate for such Fixed Advance as set forth in the Schedule of Advance Terms, in an amount necessary to fully amortize the original principal amount of such Fixed Advance over the Amortization Period; provided, however, if there are no principal payments due on a Fixed Advance during the Interest Rate Cap term for which the Maximum Calculated Strike Rate is being calculated, then the payments relating to such Fixed Advance shall not be required to include principal amortization for purposes of this calculation

minus

(B) the product of (i) 1.10 and (ii) the payment due on each Variable Structured ARM Advance Outstanding where the applicable Interest Rate Cap is not being replaced in connection with the calculation of the Maximum Calculated Strike Rate, provided that each Variable Structured ARM Advance Outstanding shall be deemed to require payments equal to the sum of (1) monthly payments of principal and interest, with the interest rate calculated as (A) the weighted average of the higher of the Underwritten Strike Rate and the Actual Strike Rate for all outstanding Interest Rate Caps plus (B) the Margin applicable to such non-replacement Interest Rate Caps, in an amount necessary to fully amortize the original principal amount of the Variable Structured ARM Advance over the Amortization Period, and the principal component of the Variable Structured ARM Advance payment(s) equal to the Fixed Monthly Principal Component as set forth in the Schedule of Advance Terms, plus (2) the Monthly Cap Escrow Payments, if any, for the succeeding twelve (12) month period; provided, however, if there are no principal payments due on a Variable Structured ARM Advance during the Interest Rate Cap term for which the Maximum Calculated Strike Rate is being calculated, then the payments relating to such Variable Structured ARM Advance shall not be required to include principal amortization for purposes of this calculation. Notwithstanding the foregoing, if there are Variable Structured ARM Advances Outstanding for which there are no Interest Rate Caps outstanding at the time of the calculation, then such Variable Advances shall be included in (3) below

divided by

(2) 1.10

divided by

(3) the total of all Variable Advances Outstanding, that were not included in (b)(1)(B), at the time of the calculation

minus

(4) the amortization factor for all Variable Advances to be obtained or Variable Advances Outstanding if principal is to be paid during the Interest Rate Cap term

minus

(5) the Margin (or for Variable Structured ARM Advances to be obtained, until rate locked, the indicative pricing as determined pursuant to the Underwriting and Servicing Requirements)

minus

(6) the cap cost factor.

“**Maximum Inspection Fee**” has the meaning set forth in the Summary of Master Terms.

“**Maximum Permitted Equipment Financing**” has the meaning set forth in the Summary of Master Terms.

“**Maximum Repair Cost**” shall be the amount(s) set forth in the Required Repair Schedule, if any.

“**Maximum Repair Disbursement Interval**” has the meaning set forth in the Summary of Master Terms.

“**Maximum Replacement Reserve Disbursement Interval**” has the meaning set forth in the Summary of Master Terms.

“**MBS**” means an investment security that represents an undivided beneficial interest in a pool of mortgage loans or participation interests in mortgage loans held in trust pursuant to the terms of a governing trust document.

“**Medicaid**” means the medical assistance program established by Title XIX of the Social Security Act (42 U.S.C. Secs. 1396 et seq.) and any statutes succeeding thereto.

“**Medicaid Participant**” means a Person that has entered into a Medicaid Provider Agreement as identified on the Summary of Master Terms.

“**Medicaid Program**” means the Medicaid assisted living waiver program administered by a Governmental Authority under which certain benefits are available through a Governmental Authority or a Managed Care Organization.

“**Medicaid Provider Agreement**” means, individually and collectively, an agreement between Borrower or Property Operator and a Governmental Authority (or administered by a Governmental Authority, as applicable) or a Managed Care Organization to be a participating provider under the Medicaid Program, as further described in the Summary of Master Terms, as the same may be amended, restated, replaced, supplemented, or otherwise modified from time to time.

“**Mezzanine Debt**” means a loan to a direct or indirect owner of Borrower or Affiliated Property Operator secured by a pledge of such owner’s interest in an entity owning a direct or indirect interest in Borrower or Affiliated Property Operator.

“**Minimum Repairs Disbursement Amount**” has the meaning set forth in the Summary of Master Terms.

“**Minimum Replacement Reserve Disbursement Amount**” has the meaning set forth in the Summary of Master Terms.

“**Monthly Cap Escrow Payment**” shall have the same meaning as the term “Monthly Deposit” in the Cap Security Agreement.

“**Monthly Debt Service Payment**” has the meaning set forth in the applicable Schedule of Advance Terms.

“**Monthly Replacement Reserve Deposit**” has the meaning set forth in the Summary of Master Terms.

“**Moody’s**” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, if such successors and assigns shall continue to perform the functions of a securities rating agency.

“**Mortgaged Property**” individually has the meaning set forth in the Security Instrument and collectively means the Initial Mortgaged Properties and the Additional Mortgaged Properties, but excluding each Release Mortgaged Property from and after the date of its Release from the Collateral Pool.

“**Mortgaged Property Addition Schedule**” means Schedule 11 attached to this Master Agreement.

“**Mortgaged Property Release Schedule**” means Schedule 10 attached to this Master Agreement.

“**Multiemployer Plan**” shall mean a multiemployer plan within the meaning of Section 4001(a)(3) or Section 3(37) of ERISA (a) to which Borrower or any ERISA Affiliate is making or accruing an obligation to make contributions; (b) to which Borrower or any ERISA Affiliate has in the past made contributions; or (c) with respect to which Borrower or any ERISA Affiliate could incur liability.

“**Multifamily Project Address**” has the meaning set forth in the Summary of Master Terms.

“**Multifamily Residential Property**” means a Seniors Housing Facility located in the United States and conforming to the Underwriting and Servicing Requirements.

“**Net Cash Flow**” means, for any specified period, the total of (a) the net rental income for the Mortgaged Property, plus (b) other allowable income for the Mortgaged Property, if any, minus

(c) operating expenses for the Mortgaged Property, minus (d) the full amount underwritten for the Replacement Reserve Account (regardless of whether deposits have been or will be waived or reduced), and as adjusted for economic vacancy and other factors by Lender for the specific asset class or loan type.

“**Non-Recourse Guaranty**” means, if applicable, that certain Guaranty of Non-Recourse Obligations of even date herewith executed by Guarantor to and for the benefit of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Note**” means, individually and collectively, each Fixed Note and/or each Variable Note. “**O&M Plan**” has the meaning set forth in the Environmental Indemnity Agreement.

“**OFAC**” means the United States Treasury Department, Office of Foreign Assets Control, and any successor thereto.

“**One Month LIBOR**” means the ICE Benchmark Administration Limited (or any successor administrator) fixing of the London Inter-Bank Offered Rate for 1-month United States Dollar-denominated deposits as reported by Reuters through electronic transmission. If the foregoing index is no longer posted through electronic transmission, is no longer available or, in Lender’s determination, is no longer widely accepted or has been replaced as the index for similar financial instruments (regardless of whether the index continues to be posted electronically or available), Lender will choose a new Index taking into account general comparability to the previous Index and other factors and provide notice thereof to Borrower.

“**Operating Expenses**” means, for any period, all expenses in respect of any Mortgaged Property, as determined pursuant to the Underwriting and Servicing Requirements based on the certified operating statement for such specified period, as may be adjusted by Lender in its sole and absolute discretion to provide for the following:

(a) all appropriate types of expenses, including a management fee, deposits for the Replacements (whether funded or not), and deposits for Repairs are included in the total operating expense figure;

(b) upward adjustments to individual line item expenses to reflect market norms or actual costs and to correct any unusually low expense items, which could not be replicated by a different owner or manager (e.g., a market rate management fee will be included regardless of whether or not a management fee is charged, market rate payroll will be included regardless of whether shared payroll provides for economies, etc.); and

(c) downward adjustments to individual line item expenses to reflect unique or aberrant costs (e.g., non-recurring capital costs, non-operating borrower expenses, etc.).

“**Operating Lease**” means, if applicable, any operating lease, master lease, or similar document as amended, restated, replaced, supplemented, or otherwise modified from time to time,

preapproved in writing by Lender, under which control of the occupancy, use, operation, management, maintenance or administration of the Mortgaged Property as a Seniors Housing Facility has been granted by Borrower as lessor to any Person (other than Borrower) as lessee.

“**Operator**” means the Person responsible for the occupancy, use, operation, management, maintenance and administration of the Mortgaged Property pursuant to an Operating Lease, if any.

“**Operator Estoppel Certificate**” means a certificate of estoppel from Property Operator to Lender in a form required by Lender pursuant to the terms of Section 7.02(g)(2) (Seniors Housing Facility Lease Estoppel) of this Master Agreement.

“**Organizational Certificate**” means, collectively, certificates from Borrower and Guarantor to Lender, in the form of Exhibits K-1 and K-2 to this Master Agreement, certifying as to certain organizational matters with respect to each Borrower and Guarantor.

“**Organizational Documents**” means all certificates, instruments, other documents and any amendments thereto in effect on the Initial Effective Date and the applicable Effective Date pursuant to which any Person is organized, operates or is governed, including (a) with respect to a corporation, its articles of incorporation and bylaws, (b) with respect to a limited partnership, its limited partnership certificate and partnership agreement, (c) with respect to a general partnership or joint venture, its partnership or joint venture agreement, (d) with respect to a limited liability company, its articles of organization and operating agreement, in each case all amendments, supplements and modifications thereto, and (e) any other document that affects the Control of, or the ability to oversee the management and day-to-day operations of such Person.

“**Outstanding**” or “**outstanding**” means, when used in connection with promissory notes, other debt instruments or the Advances, for a specified date, promissory notes or other debt instruments which have been issued, or Advances which have been made, to the extent not repaid in full as of the specified date.

“**Ownership Interests**” means, with respect to any entity, any direct or indirect ownership interests in the entity and any economic rights (such as a right to distributions, net cash flow or net income) to which the owner of such ownership interests is entitled.

“**Ownership Interests Schedule**” means Schedule 13 attached to this Master Agreement.

“**Payment Change Date**” has the meaning set forth in the applicable Schedule of Advance Terms.

“**Payment Date**” means the First Payment Date and the first (1st) day of each month thereafter until the applicable Advance is fully paid.

“**Payment Guaranty**” means, if applicable, that certain Guaranty (Payment) of even date herewith executed by Guarantor to and for the benefit of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Permitted Encumbrance**” has the meaning set forth in the Security Instrument.

“**Permitted Equipment Financing**” means equipment lease or other purchase money financing incurred in the ordinary course for acquisition of additional or replacement equipment or other personal property, or to refinance Permitted Equipment Financing, in an amount not to exceed, at any time, the Maximum Permitted Equipment Financing.

“**Permitted Mezzanine Debt**” means Mezzanine Debt incurred by a direct or indirect owner or owners of Borrower or Affiliated Property Operator where the exercise of any of the rights and remedies by the holder or holders of the Mezzanine Debt would not in any circumstance cause (a) a change in Control in Borrower, Affiliated Property Operator, Key Principal, or Guarantor, or (b) a Transfer of a direct or indirect Restricted Ownership Interest in Borrower, Affiliated Property Operator, Key Principal, or Guarantor.

“**Permitted Preferred Equity**” means Preferred Equity that does not (a) require mandatory dividends, distributions, payments or returns (including at maturity or in connection with a redemption), or (b) provide the Preferred Equity owner with rights or remedies on account of a failure to receive any preferred dividends, distributions, payments or returns (or, if such rights are provided, the exercise of such rights do not violate the Loan Documents or are otherwise exercised with the prior written consent of Lender in accordance with Article 11 (Liens, Transfers and Assumptions) of this Master Agreement and the payment of all applicable fees and expenses as set forth in Section 11.03(g) (Further Conditions on Transfers Requiring Lender’s Consent) of this Master Agreement).

“**Permitted Prepayment Date**” means the last Business Day of a calendar month.

“**Person**” means an individual, an estate, a trust, a corporation, a partnership, a limited liability company or any other organization or entity (whether governmental or private).

“**Personal Property**” means the Goods, accounts, choses of action, chattel paper, documents, general intangibles (including Software), payment intangibles, instruments, investment property, letter of credit rights, supporting obligations, computer information, source codes, object codes, records and data, all telephone numbers or listings, claims (including claims for indemnity or breach of warranty), deposit accounts and other property or assets of any kind or nature related to the Land or the Improvements, including operating agreements, surveys, plans and specifications and contracts for architectural, engineering and construction services relating to the Land or the Improvements, and all other intangible property and rights relating to the operation of, or used in connection with, the Land or the Improvements, including all governmental permits relating to any activities on the Land.

“**Personalty**” has the meaning set forth in the Security Instrument.

“**Potential Event of Default**” means any event or circumstance that, with the giving of notice or the passage of time, or both, would constitute an Event of Default.

“Preferred Equity” means a direct or indirect equity Ownership Interest in, economic interests in, or rights with respect to, Borrower that provide an equity owner preferred dividend, distribution, payment, or return treatment relative to other equity owners.

“Prepayment Lockout Period” for any Advance has the meaning set forth in the applicable Schedule of Advance Terms.

“Prepayment Notice” means the written notice that Borrower is required to provide to Lender in accordance with Section 2.04 (Prepayment; Prepayment Lockout; Prepayment Premium) in order to make a prepayment on an Advance, which shall include, at a minimum, the Intended Prepayment Date.

“Prepayment Premium” means, individually, the amount payable by Borrower in connection with a prepayment of an Advance, as provided in Section 2.04 (Prepayment; Prepayment Lockout; Prepayment Premium) and calculated in accordance with the Prepayment Premium Schedule applicable to such Advance for such Advance, and, collectively, all amounts payable pursuant to all Prepayment Premium Schedules.

“Prepayment Premium Period End Date” or **“Yield Maintenance Period End Date”** for any Advance has the meaning set forth in the applicable Schedule of Advance Terms.

“Prepayment Premium Period Term” or **“Yield Maintenance Period Term”** for any Advance has the meaning set forth in the applicable Schedule of Advance Terms.

“Prepayment Premium Schedule” means, individually and collectively, Schedule 4 (Prepayment Premium) to this Master Agreement for each Advance.

“Prepayment Premium Term” for any Advance has the meaning set forth in the applicable Schedule of Advance Terms.

“Privacy Laws” mean any federal, state and local laws and regulations applicable to resident and tenant privacy, including but not limited to HIPAA.

“Prohibited Person” means:

(a) any Person with whom Lender or Fannie Mae is prohibited from doing business pursuant to any law, rule, regulation, judicial proceeding or administrative directive; or

(b) any Person identified on the United States Department of Housing and Urban Development’s “Limited Denial of Participation, HUD Funding Disqualifications and Voluntary Abstentions List,” or on the General Services Administration’s “System for Award Management (SAM)” exclusion list, each of which may be amended from time to time, and any successor or replacement thereof; or

(c) any Person that is determined by Fannie Mae to pose an unacceptable credit risk due to the aggregate amount of debt of such Person owned or held by Fannie Mae; or

(d) any Person that has caused any unsatisfactory experience of a material nature with Fannie Mae or Lender, such as a default, fraud, intentional misrepresentation, litigation, arbitration or other similar act.

“**Property Delivery Deadline**” has the meaning set forth in the Mortgaged Property Addition Schedule.

“**Property Jurisdiction**” has the meaning set forth in the Security Instrument.

“**Property Operator**” means individually and collectively, (a) any Operator (b) any Sublessee, and (c) any Manager, as identified in the Summary of Master Terms.

“**Property Operator Business Information**” has the meaning set forth in Section 7.02(g)(1)(D) (Seniors Housing Facility Lease) of this Master Agreement.

“**Property Operator’s General Business Address**” means, as applicable, the Manager’s General Business Address, the Operator’s General Business Address, and/or the Sublessee’s General Business Address.

“**Property-Related Documents**” has the meaning set forth on Schedule 8 attached to this Master Agreement.

“**Property-Related Documents Schedule**” means Schedule 8 attached to this Master Agreement.

“**Publicly-Held Corporation**” means a corporation, the outstanding voting stock of which is registered under Sections 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended.

“**Publicly-Held Trust**” means a real estate investment trust, the outstanding voting shares or beneficial interests of which are registered under Sections 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended.

“**Rate Change Date**” has the meaning set forth in the applicable Schedule of Advance Terms.

“**Release**” has the meaning set forth in Section 2.10(b) (Right to Obtain Releases of Mortgaged Property).

“**Release Documents**” mean instruments releasing the applicable Security Instrument as a Lien on a Mortgaged Property, and UCC-3 Termination Statements terminating the UCC-1 Financing Statements, and such other documents and instruments to evidence the Release of such Mortgaged Property from the Collateral Pool.

“**Release Fee**” means with respect to any Release effected in accordance with Section 2.10(b) (Right to Obtain Releases of Mortgaged Property), a fee in the amount of \$20,000 per Release Request.

“**Release Mortgaged Property**” means the Mortgaged Property to be released pursuant to Section 2.10(b) (Right to Obtain Releases of Mortgaged Property).

“**Release Price**” has the meaning set forth in the Mortgaged Property Release Schedule.

“**Release Request**” means a written request, substantially in the form of Exhibit C to this Master Agreement, to obtain a Release of Mortgaged Property from the Collateral Pool pursuant to Section 2.10(b) (Right to Obtain Releases of Mortgaged Property).

“**Remaining Amortization Period**” has the meaning set forth in the applicable Schedule of Advance Terms.

“**Remaining Mortgaged Properties**” has the meaning set forth in the Mortgaged Property Release Schedule.

“**Rent Roll**” means, with respect to any Mortgaged Property, a rent roll prepared and certified by the owner of such Mortgaged Property, on a form approved by Lender.

“**Rents**” has the meaning set forth in the Security Instrument.

“**Repair Threshold**” has the meaning set forth in the Summary of Master Terms.

“**Repairs**” means, individually and collectively, the Required Repairs, Borrower Requested Repairs, and Additional Lender Repairs.

“**Repairs Escrow Account**” means the account established by Lender into which the Repairs Escrow Deposit is deposited to fund the Repairs.

“**Repairs Escrow Account Administrative Fee**” has the meaning set forth in the Summary of Master Terms.

“**Repairs Escrow Deposit**” has the meaning set forth in the Summary of Master Terms.

“**Replacement Reserve Account**” means the account established by Lender into which the Replacement Reserve Deposits are deposited to fund the Replacements.

“**Replacement Reserve Account Administration Fee**” has the meaning set forth in the Summary of Master Terms.

“**Replacement Reserve Account Interest Disbursement Frequency**” has the meaning set forth in the Summary of Master Terms.

“Replacement Reserve Deposits” means the Initial Replacement Reserve Deposit, Monthly Replacement Reserve Deposits and any other deposits to the Replacement Reserve Account required by this Master Agreement.

“Replacement Threshold” has the meaning set forth in the Summary of Master Terms.

“Replacements” means, individually and collectively, the Required Replacements, Borrower Requested Replacements and Additional Lender Replacements.

“Request” means a Future Advance Request, an Addition Request, a Release Request, or a Conversion Request.

“Request Opinion” means a favorable opinion of counsel (including local counsel, as applicable) to Borrower, as to the due organization and qualification of Borrower, the due authorization, execution, delivery and enforceability of each Loan Document executed in connection with the applicable Request and such other matters as Lender may reasonably require, each dated as of the Effective Date for the Request, in form and substance satisfactory to Lender in all respects.

“Required Repair Schedule” means that certain Schedule 6 (Required Repair Schedule) to this Master Agreement.

“Required Repairs” means those items listed on the Required Repair Schedule.

“Required Replacement Schedule” means that certain Schedule 5 (Required Replacement Schedule) to this Master Agreement.

“Required Replacements” means those items listed on the Required Replacement Schedule.

“Rescinded Payment” has the meaning set forth in Section 3.12 (Preferences, Fraudulent Conveyances, Etc.) of this Master Agreement.

“Reserve/Escrow Account Funds” means, collectively, the funds on deposit in the Reserve/Escrow Accounts.

“Reserve/Escrow Accounts” means, together, the Replacement Reserve Account and the Repairs Escrow Account.

“Residential Lease” means a Lease of an individual dwelling unit but not a Seniors Housing Facility Lease.

“Restoration” means restoring and repairing the applicable Mortgaged Property to the equivalent of its physical condition immediately prior to the casualty or to a condition approved by Lender following a casualty.

“**Restricted Ownership Interest**” means all of the below:

- (1) Borrower is wholly owned directly or indirectly by Guarantor;
- (2) Affiliate Property Manager is wholly owned directly or indirectly by Guarantor;

and

- (3) Guarantor owns, directly or indirectly, at least 90% of Affiliate Operator.

“**Re-Underwriting Fee**” means a non-refundable fee of \$6,000 per Mortgaged Property then in the Collateral Pool in connection with any Future Advance Request.

“**Review Fee**” means the non-refundable fee of \$6,000 payable to Lender.

“**S&P**” means Standard & Poor’s Credit Markets Services, a division of The McGraw-Hill Companies, Inc., a New York corporation, and its successors and assigns, if such successors and assigns shall continue to perform the functions of a securities rating agency.

“**Sanctioned Country**” means a country subject to either a targeted or comprehensive country-wide sanctions program administered and enforced by OFAC, which list is updated from time to time.

“**Sanctioned Person**” means (a) a Person named on the list of “Specially Designated Nationals and Blocked Persons” maintained by OFAC, available at <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>, or as otherwise published from time to time; (b) (1) an agency of the government of a Sanctioned Country, (2) an organization controlled by a Sanctioned Country, or (3) a Person resident in a Sanctioned Country, to the extent any Person described in clauses (1), (2) or (3) is the subject of a sanctions program administered by OFAC; and, (c) a Person whose property and interests in property are blocked pursuant to an Executive Order or regulations administered by OFAC consistent with the guidance issued by OFAC.

“**SASA**” means a Subordination, Assignment and Security Agreement in a form approved by Lender affecting the Mortgaged Property executed and delivered to Lender by Borrower and any Property Operator as the same may be amended, restated, replaced, supplemented, or otherwise modified from time to time.

“**Schedule of Advance Terms**” means, individually and collectively as the context may require the Schedule(s) of Advance Terms attached to this Master Agreement as Schedule 3 as of the Initial Effective Date and as such Schedule shall be amended or supplemented with respect to any Future Advance.

“**Second Anniversary**” means the date that is the first day of the month following the date two (2) years after the Initial Effective Date.

“**Security Documents**” means the Security Instruments and any other documents executed by Borrower or Guarantor from time to time to secure any of Borrower’s or Guarantor’s obligations under the Loan Documents, as the same may be amended, restated, modified or supplemented from time to time.

“**Security Instrument**” means for each Mortgaged Property, a Multifamily Mortgage, Deed of Trust or Deed to Secure Debt, Assignment of Leases and Rents and Security Agreement given by a Borrower to or for the benefit of Lender to secure the obligations of Borrower under the Loan Documents. With respect to each Mortgaged Property owned by a Borrower, the Security Instrument shall be substantially in the form published by Fannie Mae for use in the state in which the Mortgaged Property is located. The amount secured by the Security Instrument shall be equal to the aggregate original principal amount of all Advances Outstanding in effect from time to time.

“**Selected Advance**” has the meaning set forth in Section (d) (Application of Release Price) of the Mortgaged Property Release Schedule.

“**Senior Management**” means Gloria Holland and David Brickman, officers of Borrower and Guarantor.

“**Seniors Housing Facility**” means a residential housing facility which qualifies as “housing for older persons” under the Fair Housing Amendments Act of 1988 and the Housing for Older Persons Act of 1995, and conforms to the Underwriting and Servicing Requirements, and with respect to any Mortgaged Property, is comprised of and licensed for use as identified on the Summary of Master Terms.

“**Seniors Housing Facility Lease**” if applicable, means, individually and together, any Operating Lease or Sublease.

“**Seniors Housing Facility Lease Request**” has the meaning set forth in Section 7.02(g)(1) (Seniors Housing Facility Lease) of this Master Agreement.

“**Seniors Housing Facility Licensing Designation**” means the licensing designation under the laws of the Property Jurisdiction, if applicable, for the Seniors Housing Facility as set forth on the Summary of Master Terms.

“**Servicing Arrangement**” means any arrangement between Lender and the Loan Servicer for loss sharing or interim advancement of funds.

“**Single Purpose**” means compliance with Section 4.01(h) (Borrower Status – Representations and Warranties – Single Purpose Status) and Section 4.02(d) (Borrower Status – Covenants – Single Purpose Status) of this Master Agreement.

“**SPE Owner**” means the entities identified on the Ownership Interests Schedule that comply with the provisions of Section 4.02(d) (Borrower Status – Covenants – Single Purpose Status) and the SPE Requirements, as such schedule may be updated with the Addition of new Borrowers to this Master Agreement.

“**SPE Requirements**” means those provisions set forth on the SPE Requirements Schedule.

“**SPE Requirements Schedule**” means Schedule 17 attached to this Master Agreement.

“**Staggered Substitution**” means a Substitution of Additional Mortgaged Property that occurs subsequent to the release of the Release Mortgaged Property.

“**Sublease**” means, if applicable, any sublease or similar document as amended, restated, replaced, supplemented or otherwise modified from time to time, preapproved in writing by Lender, pursuant to which control of the occupancy, use, operation, maintenance and administration of the Mortgaged Property as a Seniors Housing Facility has been granted by an Operator as sub-lessor to any Person (other than Borrower or Operator) as Sublessee.

“**Sublessee**” means the Person responsible for the operation and management of the Mortgaged Property pursuant to any Sublease.

“**Substitution**” has the meaning set forth in Section 2.10(d) (Right to Substitutions).

“**Substitution Cost Deposit**” has the meaning set forth in the Mortgaged Property Release Schedule.

“**Substitution Costs**” has the meaning set forth in the Mortgaged Property Release Schedule. “**Substitution Deposit**” has the meaning set forth in the Mortgaged Property Release Schedule.

“**Substitution Fee**” means with respect to any Substitution effected in accordance with Section 2.10(d) (Right to Substitutions), a fee in the amount which is the greater of (a) 50 basis points multiplied by the Allocable Facility Amount of the Mortgaged Property being added in connection with the Substitution, and (b) \$50,000.

“**Summary of Master Terms**” means that certain Schedule 2 (Summary of Master Terms) to this Master Agreement.

“**Survey**” means the as-built survey of each Mortgaged Property prepared in accordance with the Underwriting and Servicing Requirements.

“**Taxes**” has the meaning set forth in the Security Instrument.

“**Term of this Master Agreement**” means the period beginning on the Initial Effective Date and ending on the Termination Date.

“**Termination Date**” means the earlier of (a) the date this Master Agreement is terminated pursuant to a Termination Request and (b) at any time during which Advances are Outstanding, the latest Maturity Date for any Advance Outstanding.

“**Termination Documents**” means the instruments releasing the Security Instruments as liens on the Mortgaged Properties, UCC-3 Termination Statements terminating the UCC-1 Financing Statements in favor of Lender, and such other documents and instruments necessary to evidence the release of

the Collateral from any Lien securing the Indebtedness, and the Notes, all in connection with the termination of this Master Agreement pursuant to Section 2.11 (Termination of Master Agreement).

“**Termination Request**” means a written request, substantially in the form of Exhibit F to this Master Agreement, to terminate this Master Agreement pursuant to Section 2.11 (Termination of Master Agreement).

“**Third Party Payments**” means all payments and the rights to receive such payments from Medicaid or other federal, state or local programs, boards, bureaus or agencies, and from residents, private insurers or others relating to the Mortgaged Property.

“**Three Month LIBOR**” means the ICE Benchmark Administration Limited (or any successor administrator) fixing of the London Inter-Bank Offered Rate for 3-month United States Dollar-denominated deposits as reported by Reuters through electronic transmission. If the foregoing index is no longer posted through electronic transmission, is no longer available or, in Lender’s determination, is no longer widely accepted or has been replaced as the index for similar financial instruments (regardless of whether the index continues to be posted electronically or available), Lender will choose a new Index taking into account general comparability to the previous Index and other factors and provide notice thereof to Borrower.

“**Title Company**” means the title company which provides title insurance for the Mortgaged Property.

“**Title Policy**” means, individually and collectively, the mortgagee’s loan policies of title insurance issued by the Title Company from time to time in connection with the Advances and insuring the lien of the Security Instrument as set forth therein, as approved by Lender, including any endorsements attached thereto.

“**Transfer**” means:

- (a) as used with respect to Ownership Interests, (1) a sale, assignment, pledge, grant or creation of a lien, encumbrance or security interest, transfer or other disposition (whether voluntary, involuntary, or by operation of law) in any right, title or interest in any Ownership Interest in a Borrower Entity, Affiliated Property Operator, or Identified Party, or (2) the issuance or other creation of new Ownership Interests in a Borrower Entity or Affiliated Property Operator, or (3) a merger or consolidation of Borrower Entity, Affiliated Property Operator, or Identified Party into another entity or of another entity into Borrower Entity or Identified Party as the case may be, or (4) the conversion of a Borrower Entity, Affiliated Property Operator, or Identified Party from one type of entity to another type of entity, or (5) the amendment, modification or any other change in the governing instrument or instruments of Borrower Entity, Affiliated Property Operator, or Identified Party which has the effect of changing the relative powers, rights, privileges, voting rights or economic interests of the Ownership Interests in such Borrower Entity, Affiliated Property Operator, or Identified Party; or (6) the withdrawal, removal or involuntary resignation of any owner or manager of any Borrower Entity, Affiliated Property Operator, or Identified Party;

(b) as used with respect to a Mortgaged Property, (1) a sale, assignment, lease, pledge, transfer or other disposition (whether voluntary or by operation of law) other than Residential Leases, Material Commercial Leases or non-Material Commercial Leases permitted by this Master Agreement, or (2) a grant, pledge, creation or attachment of a lien (other than a Permitted Encumbrance), encumbrance or security interest (whether voluntary, involuntary, or by operation of law) in, any estate, rights, title or interest in the Mortgaged Property, or any portion thereof.

“**Transfer Fee**” means a fee equal to one percent (1%) of the unpaid principal balance of the Advances Outstanding (or such lesser amount as determined by Lender) payable to Lender.

“**Treasury Regulations**” means regulations, revenue rulings and other public interpretations of the Internal Revenue Code by the Internal Revenue Service, as such regulations, rulings and interpretations may be amended or otherwise revised from time to time.

“**UCC**” has the meaning set forth in the Security Instrument.

“**UCC Collateral**” has the meaning set forth in the Security Instrument.

“**Underwriting and Servicing Requirements**” means Lender’s overall requirements for Seniors Housing Facilities in connection with similar loans sold or anticipated to be sold to Fannie Mae, pursuant to Fannie Mae’s then current guidelines, including, requirements relating to appraisals, property condition assessments, environmental site assessments, and servicing and asset management, as such requirements may be amended, modified, updated, superseded, supplemented or replaced from time to time.

“**Valuation**” means, for any specified date, with respect to a Multifamily Residential Property, (a) if an Appraisal of the Multifamily Residential Property was more recently obtained by Lender than a Capitalization Rate for the Multifamily Residential Property, the Appraised Value of such Multifamily Residential Property, or (b) if a Capitalization Rate for the Multifamily Residential Property was more recently obtained by Lender than an Appraisal of the Multifamily Residential Property, the value derived by dividing—

- (1) the Net Cash Flow of such Multifamily Residential Property, by
- (2) the most recent Capitalization Rate determined by Lender.

Notwithstanding the foregoing, any Valuation for a Multifamily Residential Property calculated for a date occurring before the first anniversary of the date on which the Multifamily Residential Property becomes a part of the Collateral Pool shall equal the Appraised Value of such Multifamily Residential Property, unless Lender determines that changed market or property conditions warrant that the value be determined as set forth in the preceding sentence.

“**Variable Advance**” means any variable rate execution approved by Lender evidenced by a Variable Note.

“**Variable Fee**” means for any Variable Advance, the number of basis points per annum determined at the time of funding of such Variable Advance by Lender as the Variable Fee for such Variable Advance.

“**Variable Note**” means the promissory note (together with all schedules, riders, allonges, addenda, renewals, extensions, amendments and modifications thereto), which will be issued by Borrower to Lender, concurrently with the funding of each Variable Advance, and which promissory note will be the same or substantially similar in form to the then current form of promissory note utilized by Fannie Mae for variable rate loans with the applicable type of loan execution.

“**Variable Structured ARM Advance**” means a loan made by Lender to Borrower that is anticipated to be sold to Fannie Mae under the Fannie Mae Structured Adjustable Rate Mortgage Program.

“**Voidable Transfer**” means any fraudulent conveyance, preference or other voidable or recoverable payment of money or transfer of property.

“**Yield Maintenance Period End Date**” or “**Prepayment Premium Period End Date**” for any Advance has the meaning set forth in the applicable Schedule of Advance Terms.

“**Yield Maintenance Period Term**” or “**Prepayment Premium Period Term**” for any Advance has the meaning set forth in the applicable Schedule of Advance Terms.

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**SCHEDULE 2 TO
MASTER CREDIT FACILITY AGREEMENT**

Summary of Master Terms

I. GENERAL PARTY AND MULTIFAMILY PROJECT INFORMATION	
Borrower	CSL Batesville, LLC CSL White River, LLC CSL Keystone Woods, LLC CSL Riverbend IN, LLC CSL Marion, LLC CSL Wynnfield Crossing, LLC CSL Aspen Grove, LLC CSL Laurelhurst NC, LLC CSL Elkhorn, LLC CSL Heritage, LLC CSL Chardon, LLC CSL Columbus, LLC CSL Hamilton, LLC CSL Summit Point, LLC CSL North Pointe SC, LLC CSL Summit Place SC, LLC CSL Granbury, LLC CSL Hartford, LLC CSL West Bend, LLC Each a Delaware limited liability company
Lender	Berkadia Commercial Mortgage LLC, a Delaware limited liability company
Key Principal	Capital Senior Living Corporation

Guarantor	Capital Senior Living Corporation
Multifamily Project	Chateau of Batesville Country Charm Keystone Woods Riverbend The Wellington at South Port Wynnfield Crossing Aspen Grove LaurelHurst and LaurelWoods Marquis Place of Elkhorn Heritage at The Plains at Parish Homestead The Residence of Chardon The Woodlands of Columbus The Woodlands of Hamilton Summit Point North Pointe Summit Place Courtyards at Lake Granbury The Waterford at Hartford The Waterford at West Bend
THE RESIDENCE OF CHARDON	
Type of Property	ASSISTED LIVING
Seniors Housing Facility Licensing Designation	RESIDENTIAL CARE FACILITY
HIPAA Covered Entity	Borrower/Operator Yes <input type="checkbox"/> No Manager <input type="checkbox"/> Yes No

**FIRST AMENDMENT TO MASTER CREDIT FACILITY AGREEMENT
(Repairs)**

This FIRST AMENDMENT TO MASTER CREDIT FACILITY AGREEMENT (this “**Amendment**”) dated as of June 18, 2019, is executed by and among THE PARTIES LISTED ON SCHEDULE 1 ATTACHED HERETO (“**Borrower**”) and **FANNIE MAE**, a corporation duly organized under the Federal National Mortgage Association Charter Act, as amended, 12 U.S.C. §1716 et seq. and duly organized and existing under the laws of the United States (“**Fannie Mae**”).

RECITALS:

A. Pursuant to that certain Master Credit Facility Agreement dated as of December 18, 2018 (the “**Effective Date**”), executed by and between Borrower and **Berkadia Commercial Mortgage LLC**, a Delaware limited liability company (“**Prior Lender**”) (as amended, restated, replaced, supplemented, or otherwise modified from time to time, the “**Agreement**”), Prior Lender made loans to Borrower in the original principal amount of One Hundred Fifty Million Seven Hundred Eighty One Thousand Five Hundred (Fixed Advance) and 00/100 Dollars (\$150,781,500.00), and Fifty Million Two Hundred Sixty Thousand Five Hundred (Variable Advance) and 00/100 Dollars (\$50,260,500.00) (the “**Advance**”), as evidenced by certain Multifamily Notes dated as of the Effective Date, executed by Borrower and made payable to Prior Lender in the amount of the Mortgage Loan (as amended, restated, replaced, supplemented, or otherwise modified from time to time, the “**Note**”).

B. In addition to the Agreement, the Mortgage Loan and the Note are also secured by, among other things, certain Multifamily Mortgages, Deeds of Trust, or Deeds to Secure Debt dated as of the Effective Date (as amended, restated, replaced, supplemented or otherwise modified from time to time, the “**Security Instrument**”).

C. Fannie Mae is the successor-in-interest to the Prior Lender under the Agreement, the holder of the Note and the mortgagee or beneficiary under the Security Instrument.

D. Berkadia Commercial Mortgage LLC, a Delaware limited liability company services the Mortgage Loan on behalf of Fannie Mae.

E. The parties are executing this Amendment pursuant to the Agreement to modify the Completion Period for Required Repairs for Wynnfield Crossing and Marquis Place at Elkhorn as shown on the Required Repair Schedule to the Agreement.

NOW, THEREFORE, in consideration of the mutual promises contained in this Amendment and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower and Fannie Mae agree as follows:

AGREEMENTS:

Section 1. Recitals.

The recitals set forth above are incorporated herein by reference as if fully set forth in the body of this Amendment.

Section 2. Defined Terms.

Capitalized terms used and not specifically defined herein shall have the meanings given to such terms in the Agreement.

Section 3. Restatement of Required Repair Schedule.

The Required Repair Schedule is hereby amended only as to the section that refers to Wynnfield Crossing and Marquis Place at Elkhorn and replaced with the attached language on the attached Supplemental Schedule 6. All other language in the Required Repair Schedule remains unchanged.

Section 4. Authorization.

Borrower represents and warrants to Fannie Mae that Borrower is duly authorized to execute and deliver this Amendment and is and will continue to be duly authorized to perform its obligations under the Agreement, as amended hereby.

Section 5. Compliance with Loan Documents.

The representations and warranties set forth in the Loan Documents, as amended hereby, are true and correct with the same effect as if such representations and warranties had been made on the date hereof, except for such changes as are specifically permitted under the Loan Documents. In addition, Borrower has complied with and is in compliance with all of the covenants set forth in the Loan Documents, as amended hereby.

Section 6. No Event of Default.

Borrower represents and warrants that, as of the date hereof, no Event of Default under the Loan Documents, as amended hereby, or event or condition which, with the giving of notice or the passage of time, or both, would constitute an Event of Default, has occurred and is continuing.

Section 7. Costs.

Borrower agrees to pay all fees and costs (including attorneys' fees) incurred by Fannie Mae and any Loan Servicer in connection with this Amendment.



Section 8. Continuing Force and Effect of Loan Documents.

Except as specifically modified or amended by the terms of this Amendment, all other terms and provisions of the Agreement and the other Loan Documents are incorporated by reference herein and in all respects shall continue in full force and effect. Borrower, by execution of this Amendment, hereby reaffirms, assumes and binds itself to all of the obligations, duties, rights, covenants, terms and conditions that are contained in the Agreement and the other Loan Documents, including Section 15.01 (Choice of Law; Consent to Jurisdiction), Section 15.05 (Counterparts), Section 15.08 (Severability; Entire Agreement; Amendments) and Section 15.09 (Construction) of the Agreement.

Section 9. Counterparts.

This Amendment may be executed in any number of counterparts with the same effect as if the parties hereto had signed the same document and all such counterparts shall be construed together and shall constitute one instrument.

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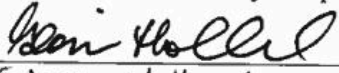


IN WITNESS WHEREOF, Borrower and Fannie Mae have signed and delivered this Amendment under seal (where applicable) or have caused this Amendment to be signed and delivered under seal (where applicable) by their duly authorized representatives. Where applicable law so provides, Borrower and Fannie Mae intend that this Amendment shall be deemed to be signed and delivered as a sealed instrument.

BORROWER

CSL BATESVILLE, LLC,
CSL WHITE RIVER, LLC,
CSL KEYSTONE WOODS, LLC,
CSL RIVERBEND IN, LLC
CSL MARION, LLC
CSL WYNNFIELD CROSSING, LLC
CSL ASPEN GROVE, LLC
CSL LAURELHURST NC, LLC
CSL ELKHORN, LLC
CSL HERITAGE, LLC
CSL CHARDON, LLC
CSL COLUMBUS, LLC
CSL HAMILTON, LLC
CSL SUMMIT POINT, LLC
CSL NORTH POINTE SC, LLC
CSL SUMMIT PLACE SC, LLC
CSL GRANBURY, LLC
CSL HARTFORD, LLC
CSL WEST BEND, LLC

each a Delaware limited liability company

By:  (SEAL)
Name: Gloria Holland
Title: Vice President of Finance



FANNIE MAE

By: BERKADIA COMMERCIAL MORTGAGE
LLC, a Delaware limited liability company, its
Attorney-in-Fact

By:  _____
Authorized Representative

Name: Ryan Haines
Title: Vice President



SCHEDULE 1

Borrowers

CSL Batesville, LLC,
CSL White River, LLC,
CSL Keystone Woods, LLC,
CSL Riverbend IN, LLC
CSL Marion, LLC
CSL Wynnfield Crossing, LLC
CSL Aspen Grove, LLC
CSL Laurelhurst NC, LLC
CSL Elkhorn, LLC
CSL Heritage, LLC
CSL Chardon, LLC
CSL Columbus, LLC
CSL Hamilton, LLC
CSL Summit Point, LLC
CSL North Pointe SC, LLC
CSL Summit Place SC, LLC
CSL Granbury, LLC
CSL Hartford, LLC
CSL West Bend, LLC
Each a Delaware limited liability company



**SUPPLEMENTAL SCHEDULE 6 TO
MASTER CREDIT FACILITY AGREEMENT**

Required Repair Schedule

Wynnfield Crossing

- Immediate repairs escrow - \$0

Description of Repair	Repair Type	Estimate Cost	Holdback %	Holdback Amount	Recommended Completion Time frame (months)
provide accessible parking space	CR	\$ 500	0.0%	\$ -	December 18, 2019
provide lavatory sink with knee space	CR	\$ 6,000	0.0%	\$ -	December 18, 2019
Totals		\$ 6,500	0.0%	\$ -	

Marquis Place at Elkhorn

- Immediate repairs escrow - \$0

Description of Repair	Repair Type	Estimate Cost	Holdback %	Holdback Amount	Recommended Completion Time frame (months)
repair sidewalks	CR	\$ 3,500	0.0%	\$ -	December 18, 2019
smoke & fire detection system inspection	CR	\$ 1,500	0.0%	\$ -	December 18, 2019
provide van accessible parking space & signage	CR	\$ 150	0.0%	\$ -	December 18, 2019
repair curbing	DM	\$ 2,500	0.0%	\$ -	December 18, 2019
replace windows between AL and MC wings	DM	\$ 500	0.0%	\$ -	December 18, 2019
Totals		\$ 8,150	0.0%	\$ -	


 Borrower Initials



**SECOND AMENDMENT TO MASTER CREDIT FACILITY AGREEMENT
(Repairs)**

This SECOND AMENDMENT TO MASTER CREDIT FACILITY AGREEMENT (this “**Amendment**”) dated as of July 30, 2019, is executed by and among THE PARTIES LISTED ON SCHEDULE 1 ATTACHED HERETO (“**Borrower**”) and **FANNIE MAE**, a corporation duly organized under the Federal National Mortgage Association Charter Act, as amended, 12 U.S.C. §1716 et seq. and duly organized and existing under the laws of the United States (“**Fannie Mae**”).

RECITALS:

A. Pursuant to that certain Master Credit Facility Agreement dated as of December 18, 2018 (the “**Effective Date**”), executed by and between Borrower and **Berkadia Commercial Mortgage LLC**, a Delaware limited liability company (“**Prior Lender**”) and that certain First Amendment to the Master Credit Facility Agreement dated as of June 18, 2019 (as amended, restated, replaced, supplemented, or otherwise modified from time to time, the “**Agreement**”), Prior Lender made loans to Borrower in the original principal amount of One Hundred Fifty Million Seven Hundred Eighty One Thousand Five Hundred (Fixed Advance) and 00/100 Dollars (\$150,781,500.00), and Fifty Million Two Hundred Sixty Thousand Five Hundred (Variable Advance) and 00/100 Dollars (\$50,260,500.00) (the “**Advance**”), as evidenced by certain Multifamily Notes dated as of the Effective Date, executed by Borrower and made payable to Prior Lender in the amount of the Mortgage Loan (as amended, restated, replaced, supplemented, or otherwise modified from time to time, the “**Note**”).

B. In addition to the Agreement, the Mortgage Loan and the Note are also secured by, among other things, certain Multifamily Mortgages, Deeds of Trust, or Deeds to Secure Debt dated as of the Effective Date (as amended, restated, replaced, supplemented or otherwise modified from time to time, the “**Security Instrument**”).

C. Fannie Mae is the successor-in-interest to the Prior Lender under the Agreement, the holder of the Note and the mortgagee or beneficiary under the Security Instrument.

D. Berkadia Commercial Mortgage LLC, a Delaware limited liability company services the Mortgage Loan on behalf of Fannie Mae.

E. The parties are executing this Amendment pursuant to the Agreement to modify the Completion Period for Required Repairs for The Woodlands of Hamilton as shown on the Required Repair Schedule to the Agreement.

NOW, THEREFORE, in consideration of the mutual promises contained in this Amendment and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower and Fannie Mae agree as follows:

AGREEMENTS:

Section 1. Recitals.

The recitals set forth above are incorporated herein by reference as if fully set forth in the body of this Amendment.

Section 2. Defined Terms.

Capitalized terms used and not specifically defined herein shall have the meanings given to such terms in the Agreement.

Section 3. Restatement of Required Repair Schedule.

The Required Repair Schedule is hereby amended only as to the section that refers to The Woodlands of Hamilton and replaced with the attached language on the attached Supplemental Schedule 6. All other language in the Required Repair Schedule remains unchanged.

Section 4. Authorization.

Borrower represents and warrants to Fannie Mae that Borrower is duly authorized to execute and deliver this Amendment and is and will continue to be duly authorized to perform its obligations under the Agreement, as amended hereby.

Section 5. Compliance with Loan Documents.

The representations and warranties set forth in the Loan Documents, as amended hereby, are true and correct with the same effect as if such representations and warranties had been made on the date hereof, except for such changes as are specifically permitted under the Loan Documents. In addition, Borrower has complied with and is in compliance with all of the covenants set forth in the Loan Documents, as amended hereby.

Section 6. No Event of Default.

Borrower represents and warrants that, as of the date hereof, no Event of Default under the Loan Documents, as amended hereby, or event or condition which, with the giving of notice or the passage of time, or both, would constitute an Event of Default, has occurred and is continuing.

Section 7. Costs.

Borrower agrees to pay all fees and costs (including attorneys' fees) incurred by Fannie Mae and any Loan Servicer in connection with this Amendment.



Section 8. Continuing Force and Effect of Loan Documents.

Except as specifically modified or amended by the terms of this Amendment, all other terms and provisions of the Agreement and the other Loan Documents are incorporated by reference herein and in all respects shall continue in full force and effect. Borrower, by execution of this Amendment, hereby reaffirms, assumes and binds itself to all of the obligations, duties, rights, covenants, terms and conditions that are contained in the Agreement and the other Loan Documents, including Section 15.01 (Choice of Law; Consent to Jurisdiction), Section 15.05 (Counterparts), Section 15.08 (Severability; Entire Agreement; Amendments) and Section 15.09 (Construction) of the Agreement.

Section 9. Counterparts.

This Amendment may be executed in any number of counterparts with the same effect as if the parties hereto had signed the same document and all such counterparts shall be construed together and shall constitute one instrument.

[Remainder of Page Intentionally Blank]



Gen. Khalid
Abu ~~_____~~
vice president









SONIDA SENIOR LIVING, INC.

Policy on Insider Trading

As Sonida Senior Living, Inc. (the “Company”) is a public company, employees, officers, directors and consultants of the Company and its subsidiaries have responsibilities under federal securities laws regarding trading the Company’s stock and the disclosure of material information about the Company that is not known by the public. It is unlawful to buy or sell securities while in possession of material, non-public information concerning the Company or concerning another company where the information was obtained through Company sources. It also is unlawful to pass such information to others who then trade in the Company’s stock. The Securities and Exchange Commission (the “SEC”) aggressively prosecutes persons who trade on the basis of material non-public information. In addition, the disclosure of material, non-public information by a person acting on behalf of the Company can result in a violation of Regulation FD, promulgated by the SEC (“Regulation FD”).

THE CONSEQUENCES

The consequences of insider trading violations can be severe. For individuals who trade on on the basis of material non-public information (or disclose material non-public information to others who then trade in the Company’s securities), punishment could include significant fines and imprisonment. A company (as well as possibly any supervisory person) that fails to take appropriate steps to prevent illegal trading could also be subject to potential liability, including civil and criminal penalties.

In addition, if an employee fails to comply with the Company’s insider trading policy, Company-imposed sanctions, including dismissal for cause, could result, whether or not the failure to comply results in a violation of law.

THE COMPANY’S POLICY

If an employee, consultant, director or officer of the Company or its subsidiaries has material, non-public information relating to the Company, it is the Company’s policy that neither that person nor any related person may engage in any transaction involving the Company’s securities, including any gift, offer to purchase or offer to sell stock of the Company or engage in any other action to take advantage of, or pass on to others, that information. A gift includes any transfer of the Company’s securities in which a person other than the donor acquires a beneficial ownership interest in the securities.

In addition, it is the policy of the Company that no director, officer or other employee of the Company (or any other person designated as subject to this policy) who, in the course of working for the Company, learns of material non-public information about a company (1) with which the Company does business, such as the Company’s distributors, vendors, customers and suppliers, or (2) that is involved in a potential transaction or business relationship with the Company, may engage in transactions in that company’s securities until the information becomes public or is no longer material.

Unless clearly demonstrated otherwise, you should presume that information is material and that it has not been disclosed to the public.

The Company has adopted as corporate policy that only the Chief Executive Officer, Chief Financial Officer or other persons specifically designated by them are authorized to speak to the financial community regarding the Company's financial condition, results of operations or strategic or other business matters. In addition, disclosure of material, non-public information concerning the Company by anyone acting on its behalf (which will generally include directors, officers and employees) can result in a violation of Regulation FD. Violations of Regulation FD can result in sanctions against the disclosing party as well as the Company itself.

Transactions and disclosures that may be necessary or justifiable for independent or personal reasons are not exceptions to these policies. **Even the appearance of an improper transaction or disclosure must be avoided to preserve the Company's reputation for adhering to the highest standards of conduct.** If you have any questions about the Company's policies, you should contact the Chief Legal Officer of the Company to assist in interpreting these standards.

Material Information. In general, information is "material" if its disclosure to the public could affect a reasonable investor's decisions to purchase, hold or sell the Company's stock. **In short, any information that reasonably could be expected to affect the price of the stock, whether positively or negatively, should be considered material. However, other circumstances may exist (particularly under Regulation FD) where the price of the Company's securities is irrelevant as to whether the information in question is material.**

Information, whether positive or negative, relating to the following topics often is deemed to be material. Such information includes, but is not limited to:

- projections of future earnings or losses, or other earnings guidance;
- changes in previously disclosed financial information or earnings guidance;
- news of a pending or proposed joint venture, merger, acquisition, divestiture or tender offer;
- news of a significant purchase or sale of assets or of a potential purchase or sale;
- the disposition of a subsidiary;
- changes in dividend policies;
- the proposed offering or issuance of new securities;
- recapitalizations;
- issuer tender offers;
- changes in management, including board changes;
- significant changes in operations;
- substantial changes in accounting methods;
- labor disputes, including strikes or lock-outs;
- significant increases or declines in backlog orders or the award of a significant contract;
- the gain or loss of or disputes with a substantial customer or supplier;
- significant new products, services or discoveries;
- extraordinary borrowings;
- major litigation;

- criminal indictments or government investigations;
- financial liquidity problems;
- write-downs or write-offs of assets; and
- additions to reserves for bad debt or contingent liabilities.

Please note that these are only examples. Any other information, positive or negative, that could reasonably affect the price of stock also is material.

If your stock transactions become the subject of an investigation, they will be viewed after-the-fact with the benefit of hindsight. Thus, before engaging in any transaction, you should carefully consider how the SEC and others might view your transaction in hindsight.

When Information is Public. Non-public information is information that generally has not been made available to investors. Information received under circumstances where it is not yet in general circulation or where the recipient knows or should know that only an insider could have provided the information is also deemed non-public information.

For non-public information to become public information, it must be disseminated through recognized channels of distribution designed to reach the securities marketplace with sufficient time to be assessed by the marketplace in general rather than a particular segment of the market. Once material, non-public information has been released to the investing public, it is still necessary to provide the investing public with sufficient time to absorb the information.

Material, non-public information is not made public by selective dissemination. Material, non-public information improperly disclosed only to a particular institutional investor or group of investors or to a particular analyst or group of analysts is a violation of this policy as well as Regulation FD. Such disclosures can also result in a violation of the SEC's insider trading rules. Similarly, partial disclosure does not constitute public dissemination. When any material component of the non-public information possessed by the Company or an affiliate has yet to be publicly disclosed, the information is deemed non-public and may not be misused.

To show that material information is public, you should be able to point to some fact that verifies the information has become generally available from the Company itself. For example, disclosure must have been made by the Company via a national business and financial wire service (BusinessWire, PR Newswire or Dow Jones), a national news service (Reuters, Associated Press or United Press International), a national newspaper of record (*The Wall Street Journal* or *The New York Times*), or a publicly disseminated Company disclosure document (Form 8-K, Form 10-Q, Form 10-K, proxy statement or prospectus). The circulation of rumors or talk on the street, even if accurate, widespread and/or reported in the media, does not constitute the requisite public disclosure by the Company.

It is improper for an employee, consultant, director or officer, or their spouses or immediate family members, to enter a trade immediately after the Company has made a public announcement of material information, including earnings releases. Because the Company's shareholders and the investing public should be given time to receive the information and act upon it, as a general rule you should not buy or sell any Company stock until after the first business (trading) day following the release of the material information. Thus, if an announcement is made on a Monday, you should

not trade before Wednesday. If an announcement is made on a Friday, you should not trade before Tuesday.

HEDGING TRANSACTIONS

Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such hedging transactions may permit a director, officer or employee to continue to own securities of the Company obtained through the Company's incentive plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the director, officer or employee may no longer have the same objectives as the Company's other stockholders. Therefore, directors, officers and employees are prohibited from engaging in any such transactions.

MARGIN ACCOUNTS AND PLEDGING COMPANY SECURITIES

Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledger is aware of material non-public information or otherwise is not permitted to trade in the Company's securities, directors, officers, and other employees are prohibited from holding securities of the Company in a margin account and also are prohibited from pledging securities of the Company as collateral for a loan unless such pledging has been disclosed to the Board of Directors of the Company (the "Board") and pre-approved by the Board.

TRANSACTIONS UNDER COMPANY PLANS

This policy does not apply in the case of the following transactions, except as specifically noted:

Stock Option Exercises. This policy does not apply to the exercise of an employee stock option acquired pursuant to the Company's incentive plans. This policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

Restricted Stock Awards. This policy does not apply to the vesting of restricted stock. This policy does apply, however, to any market sale of restricted stock.

RULE 10B5-1 TRADING PLANS

Notwithstanding anything else contained in the Company's Policy on Insider Trading, officers and directors shall be entitled to execute transactions in accordance with a trading plan that is adopted in accordance with Rule 10b5-1 promulgated by the SEC. As a general rule, such plans cannot be established during the pendency of a Company blackout period or at any other time during which the party establishing the plan is in possession of material, non-public information concerning the Company.

POST-TERMINATION TRANSACTIONS

This policy continues to apply to transactions in Company stock even after termination of employment to the Company. If an individual is in possession of material, non-public information when his or her employment terminates, that individual may not trade in Company stock until that information has become public or is no longer material. The preclearance procedures specified in Rule 1 below, however, will cease to apply to transactions in Company stock upon the expiration of any blackout period or other Company-imposed trading restrictions applicable at the time of the termination of employment.

RULES OF TRADING

Following are certain rules prohibiting the misuse of inside information. No Company employee, consultant, director or officer may violate these rules or authorize or allow any violation of these rules. Any Company employee, consultant, director or officer who knows or has reason to suspect that these rules have or may be violated shall bring such actual or potential violation to the immediate attention of the Company's Chief Legal Officer and may not be retaliated against for disclosing such actual or potential violations.

Rule 1. All transactions in Company stock (purchases, sales, transfers, gifts, etc.) by the Company's directors and officers and persons designated by the Company's Chief Legal Officer as being subject to these procedures from time to time, as well as their spouses and members of their immediate family residing with such person, must be pre-approved. If any such person is considering entering into a transaction involving the Company's stock, they should contact the Company's Chief Executive Officer or Chief Legal Officer in advance. This requirement applies to stock option exercises as well as market sales of stock received by stock option exercises, market sales of restricted stock, open market purchases of sales and trades for accounts where a such person or a related entity has discretionary authority.

Rule 2. No transactions in Company stock will be permitted by the Company's directors or officers or any other person designated by the Company's Chief Legal Officer as being subject to this restriction from time to time during a "trading blackout period." The Company has established quarterly trading blackout periods beginning on the fifteenth day of the last month of each quarter (i.e., March 15, June 15, September 15 and December 15) and ending on the first full trading day following the day the Company publishes its earnings press release for that quarter. The Chief Legal Officer may institute additional trading blackout periods as appropriate. No transactions in Company stock will be permitted during any trading blackout period established by the Company by those persons to whom such trading blackout period applies.

Rule 3. Under SEC Rule 16(b), sales and purchases, or purchases and sales, of Company shares during any six-month period can result in "short-swing profit" liability to any buying or selling directors and Section 16 officers of the Company. As a result, under this policy, the shares any director and Section 16 officer of the Company purchases must be held for a minimum of six months and a day before those shares or any other shares of the Company can be sold. Likewise, directors and Section 16 officers of the Company cannot have a purchase of shares of Company stock within six months after a prior sale of Company stock. Section 16(b) liability can attach even if no actual economic profit is realized.

Rule 4. No employee, consultant, director or officer of the Company, while in possession of non-public information relevant to a security, shall purchase, sell, recommend or direct the purchase or sale of that security for himself/herself, his/her friends or family, the Company, any affiliate or any third party including any account over which he/she or a related entity has investment authority.

Rule 5. No employee, consultant, director or officer of the Company shall utilize or take advantage of inside information to purchase or sell or recommend or direct the purchase or sale of a security for his/her own account or for any account over which he/she has a direct or indirect beneficial interest, including an account held by or for any family member (e.g., custodial account for a minor child), or for any other account over which he/she has discretionary investment authority or power of attorney (e.g., a spouse's account or elderly parent's account) or an account for which he/she or a related entity serves as an investment advisor.

Rule 6. No employee, consultant, director or officer of the Company shall disclose inside information to any person unless such disclosure is both authorized by the Company under its stated policies and necessary to effectively carry out the project or transaction for which the Company has been approached or engaged.

Rule 7. No employee, consultant, director or officer of the Company shall engage in "tipping" or solicit or recommend, whether formally, informally, orally or in writing, the purchase or sale of any security based on inside information relevant to that security.

Rule 8. No employee, consultant, director or officer of the Company shall misappropriate confidential information held by the Company in connection with the purchase or sale of securities.

Rule 9. The foregoing prohibitions apply not only to all securities directly affected by the inside information, including any options related to those securities, such as puts, calls or index securities, but also to any other securities including debt securities that may be reasonably expected to be indirectly affected by the public disclosure of the inside information.

Rule 10. No employee, consultant, director or officer of the Company shall make purchases of Company stock on margin or engage in short sales.

Rule 11. No employee, consultant, director or officer of the Company shall engage in the purchase or sale of puts, calls or index securities that violate any of the foregoing rules.

Rule 12. The very same restrictions that apply to employees, consultants, directors and officers apply to their family members and any others living in their household. Family members include spouses, children, stepchildren, grandchildren, parents, grandparents, siblings, and in-laws as well as all persons (whether or not related to the employee, consultant, director or officer) who are financially dependent on the employee, consultant, director or officer, or whose investments are controlled by the employee, consultant, director or officer. Employees are expected to be responsible for seeing that members of their immediate family and personal household comply with these restrictions. In addition, these restrictions apply to any entities influenced or controlled by employees, consultant, directors and officers, including any corporations,

partnerships or trusts (collectively referred to as “Controlled Entities”), and transactions by these Controlled Entities should be treated as if they were for such employee’s, consultant’s, director’s and officer’s own account.

Rule 13. When information about the Company is proprietary or could have an impact on the Company’s stock price, employees, consultants, directors and officers must not pass the information on to others. The aforementioned penalties apply, whether or not you get any benefit from another’s actions.

To reduce the chances of inadvertent tipping of non-public information, any non-public information that might be considered should not be discussed with any person outside the Company. In addition, employees, consultants, directors and officers should avoid recommending to any person the purchase or sale of the Company’s stock.

Caution must especially be used when receiving inquiries from securities analysts, investors, prospective investors, companies in the same business as the Company and members of the press. All such inquiries should be referred to the Company’s Chief Legal Officer. In addition, the Company has adopted Corporate Governance Guidelines that specify that only certain authorized persons in management should speak to the financial community regarding the Company’s financial condition, results of operations or strategic or other business matters. Disclosure of material, non-public information concerning the Company by anyone acting on its behalf (which will generally include directors, officers and employees) can result in a violation of Regulation FD. Violations of Regulation FD can result in sanctions against the disclosing party as well as the Company itself.

Rule 14. Any person who has any questions about specific transactions may obtain additional guidance from the Company’s Chief Legal Officer; however, please remember that the ultimate responsibility for adhering to this Policy on Insider Trading and avoiding improper transactions rests with the employee, consultant, director or officer.

Sonida Senior Living, Inc.
SUBSIDIARIES

Name	Jurisdiction of Organization	Percentage Ownership
Capital Senior Living, Inc.	Texas	100 %
Capital Senior Development, Inc.	Texas	100 %
Capital Senior Management 1, Inc.	Texas	100 %
Capital Senior Management 2, Inc.	Texas	100 %
Capital Senior Management AC, Inc.	Delaware	100 %
Capital Senior Peoria, LLC	Delaware	100 %
Capital Senior Living Properties, Inc.	Texas	100 %
Capital Senior Living Properties 2, Inc.	Texas	100 %
Capital Senior Living Properties 2 - Gramercy, Inc.	Delaware	100 %
Capital Senior Living Properties 2 – NHPT, Inc.	Delaware	100 %
Capital Senior Living Properties 3, Inc.	Delaware	100 %
Capital Senior Living Properties 4, Inc.	Delaware	100 %
Capital Senior Living Properties 5, Inc.	Delaware	100 %
Capital Senior Living Properties 6, Inc.	Delaware	100 %
Capital Senior Living A, Inc.	Delaware	100 %
Capital Senior Living, ILM-A, Inc.	Delaware	100 %
Capital Senior Living P-B, Inc.	Delaware	100 %
Capital Senior Living ILM-B, Inc.	Delaware	100 %
Capital Senior Living P-C, Inc.	Delaware	100 %
Capital Senior Living ILM-C, Inc.	Delaware	100 %
Sonida Acquisition, LLC (formerly Capital Senior Living Acquisition, LLC)	Delaware	100 %
CGI Management, Inc.	Delaware	100 %
Quality Home Care, Inc.	Indiana	100 %
Triad Senior Living I, L.P.	Texas	100 %
Triad Senior Living II, L.P.	Texas	100 %
Triad Senior Living III, L.P.	Texas	100 %
Triad Senior Living IV, L.P.	Texas	100 %
Triad Senior Living V, L.P.	Texas	100 %
Waterford Senior Living, Inc.	Texas	100 %
Capital Senior Management S, Inc.	Texas	100 %
CSL CE Arlington, LLC	Delaware	100 %
CSL CE College Station, LLC	Delaware	100 %
CSL CE Conroe, LLC	Delaware	100 %
CSL CE Corpus, LLC	Delaware	100 %
CSL CE Stephenville, LLC	Delaware	100 %
CSL Management V-ARK, LLC	Delaware	100 %
CSL RE Corpus, LLC	Delaware	100 %

Name	Jurisdiction of Organization	Percentage Ownership
CSL Amberleigh, Inc.	Virginia	100 %
CSL Aspen Grove, LLC	Delaware	100 %
CSL Aspen Grove Management, LLC	Delaware	100 %
CSL Autumn Glen, LLC	Delaware	100 %
CSL Autumn Glen Management, LLC	Delaware	100 %
CSL Batesville, LLC	Delaware	100 %
CSL Batesville Management, LLC	Delaware	100 %
CSL Baytown, LLC	Delaware	100 %
CSL Carpenter's Creek FL, LLC	Delaware	100 %
CSL Chardon, LLC	Delaware	100 %
CSL Cincinnati, LLC	Delaware	100 %
CSL Colby, LLC	Delaware	100 %
CSL Columbus, LLC	Delaware	100 %
CSL Cottonwood, LLC	Delaware	100 %
CSL Creekside FL, LLC	Delaware	100 %
CSL Elkhorn, LLC	Delaware	100 %
CSL Elkhorn Management, LLC	Delaware	100 %
CSL Fitchburg, LLC	Delaware	100 %
CSL Fitchburg Management, LLC	Delaware	100 %
CSL Georgetowne, LLC	Delaware	100 %
CSL Granbury, LLC	Delaware	100 %
CSL Green Bay, LLC	Delaware	100 %
CSL Green Bay Management, LLC	Delaware	100 %
CSL Greenbriar, LLC	Delaware	100 %
CSL Hamilton, LLC	Delaware	100 %
CSL Harrison, LLC	Delaware	100 %
CSL Hartford, LLC	Delaware	100 %
CSL Heritage, LLC	Delaware	100 %
CSL Heritage AL, Inc.	Virginia	100 %
CSL Heritage Management, LLC	Delaware	100 %
CSL Keystone Woods, LLC	Delaware	100 %
CSL Kingwood, LLC	Delaware	100 %
CSL Laurelhurst NC, LLC	Delaware	100 %
CSL LeaseCo, Inc.	Delaware	100 %
CSL Levis Commons, LLC	Delaware	100 %
CSL Marion, LLC	Delaware	100 %
CSL Miami, LLC	Delaware	100 %
CSL North Pointe SC, LLC	Delaware	100 %
CSL Ohio JV, LLC	Delaware	100 %
CSL Park Falls, LLC	Delaware	100 %

Name	Jurisdiction of Organization	Percentage Ownership
CSL Plymouth, LLC	Delaware	100 %
CSL Plymouth Management, LLC	Delaware	100 %
CSL Remington, LLC	Delaware	100 %
CSL Riverbend IN, LLC	Delaware	100 %
CSL Rose Arbor, LLC	Delaware	100 %
CSL Shaker Heights, LLC	Delaware	100 %
CSL Springfield MA, LLC	Delaware	100 %
CSL Summit Place SC, LLC	Delaware	100 %
CSL Summit Point, LLC	Delaware	100 %
CSL Vintage, LLC	Delaware	100 %
CSL Vintage Land, LLC	Delaware	100 %
CSL Vintage Management, LLC	Delaware	100 %
CSL Virginia Beach, LLC	Delaware	100 %
CSL West Bend, LLC	Delaware	100 %
CSL Whispering Pines, LLC	Delaware	100 %
CSL White River, LLC	Delaware	100 %
CSL Wisconsin Rapids, LLC	Delaware	100 %
CSL Woodlands Management, LLC	Delaware	100 %
CSL Wynnfield Crossing, LLC	Delaware	100 %
Sonida Airy Hills LLC	Delaware	100 %
Sonida Bluffton, LLC	Delaware	100 %
Sonida Brownsburg IN, LLC	Delaware	100 %
Sonida Charleston, LLC	Delaware	100 %
Sonida Florence, LLC	Delaware	100 %
Sonida Jacksonville LLC	Delaware	100 %
Sonida Lawrenceville LLC	Delaware	100 %
Sonida Macedonia, LLC	Delaware	100 %
Sonida Oviedo, LLC	Delaware	100 %
Sonida Peachtree Corners, LLC	Delaware	100 %
Sonida Plainfield IN, LLC	Delaware	100 %
Sonida Port Orange, LLC	Delaware	100 %
Sonida St. Augustine, LLC	Delaware	100 %
Sonida St. Cloud, LLC	Delaware	100 %
Sonida Alpharetta LLC	Delaware	100 %
Sonida Tarpon Springs LLC	Delaware	100 %
Sonida Mansfield TX LLC	Delaware	100 %
SSL - PAL JV Management, LLC	Delaware	100 %
SSL Texas JV, LLC	Delaware	100 %
SSL Georgia JV, LLC	Delaware	100 %
Sonida Acquisitions II, LLC	Delaware	100 %

Name	Jurisdiction of Organization	Percentage Ownership
Sonida Acquisitions III, LLC	Delaware	100 %
Sonida Rome GA, LLC	Delaware	100 %
SSL AMT JV, LLC	Delaware	100 %
CSL Whitley Place Management, LLC	Delaware	100 %
SSL Sparti LLC	Delaware	100 %
SSL Sparti Property Holdings Inc.	Maryland	100 %
PAL-SSL Decatur JV, LLC	Delaware	51 %
PAL-SSL Seniors-III Portfolio JV, LLC	Delaware	51 %
PAL-SSL TRS, LLC	Delaware	51 %
PAL Round Rock Owner GP, LLC	Delaware	51 %
PAL Round Rock Owner, LP	Delaware	51 %
PAL Round Rock TRS, LLC	Delaware	51 %
PAL Shavano Park Owner GP, LLC	Delaware	51 %
PAL Shavano Park Owner, LP	Delaware	51 %
PAL Shavano Park TRS, LLC	Delaware	51 %
PAL SL Decatur, LLC	Delaware	51 %
PAL Westover Hills Owner GP, LLC	Delaware	51 %
PAL Westover Hills Owner, LP	Delaware	51 %
PAL Westover Hills TRS, LLC	Delaware	51 %

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-271545, 333-273716, 333-280906, and 333-282375) and Form S-8 (Nos. 333-143403, 333-204351, 333-229160, 333-231622, 333-233692, 333-260846, 333-272869, and 333-280619) of Sonida Senior Living, Inc. (the Company) of our reports dated March 12, 2026, relating to the consolidated financial statements and the effectiveness of the Company's internal control over financial reporting which appear in this Annual Report on Form 10-K.

/s/ BDO USA, P.C.
Dallas, Texas

March 12, 2026

SONIDA SENIOR LIVING CORPORATION
CERTIFICATIONS

I, Brandon M. Ribar, certify that:

1. I have reviewed this annual report on Form 10-K of Sonida Senior Living Corporation (“Registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

/s/ BRANDON M. RIBAR

Brandon M. Ribar

President and Chief Executive Officer

(Principal Executive Officer)

March 12, 2026

SONIDA SENIOR LIVING CORPORATION
CERTIFICATIONS

I, Kevin J. Detz, certify that:

1. I have reviewed this annual report on Form 10-K of Sonida Senior Living Corporation (“Registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

/s/ KEVIN J. DETZ

Kevin J. Detz
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

March 12, 2026

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the filing of the Annual Report of Sonida Senior Living Corporation (the "Company") on Form 10-K for the twelve months ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brandon M. Ribar, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ BRANDON M. RIBAR

Brandon M. Ribar

President and Chief Executive Officer

(Principal Executive Officer)

March 12, 2026

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the filing of the Annual Report of Sonida Senior Living Corporation (the "Company") on Form 10-K for the twelve months ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin J. Detz, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ KEVIN J. DETZ

Kevin J. Detz

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

March 12, 2026