

Current Residents & Families Q&A

1. What is Chapter 11? Does this mean that HFV is going out of business?

Chapter 11 is a section of the U.S. Bankruptcy Code that allows organizations to operate as usual and maintain commitments to stakeholders while addressing financial challenges. Many well-known companies have filed for Chapter 11 protection and emerged as healthier companies on the other side, including both General Motors and Chrysler. The Chapter 11 process is different from what you might think of when you hear the word “bankruptcy.” Chapter 11 is a proven legal process that will allow us to work toward our financial goals while continuing our operations uninterrupted and maintaining the health and lifestyle of our residents.

2. How does HFV plan to complete the Chapter 11 process?

HFV has officially commenced a sale process through Chapter 11 of the U.S. Bankruptcy Code. At this time, the auction held as a part of HFV’s court-supervised sale process has concluded with HFV OPCO, LLC, a newly-formed affiliate of Sage Healthcare Partners (“Sage”) deemed as the highest or best offer. The transaction is subject to Bankruptcy Court approval at a hearing scheduled for May 24, 2021, as well as regulatory approvals and customary closing conditions.

3. What does this announcement mean for me? Will this process change anything for current residents at HFV?

Maintaining the health, safety, and lifestyle of our residents is our number one priority at HFV – today’s announcement will not change that. We will continue providing the care you have come to rely on and the amenities you enjoy in line with our COVID-19 related protocols. We greatly appreciate the partnership and understanding of our residents and their families as we navigate both our post-pandemic reality and our financial restructuring process.

4. How does Sage plan to treat current resident contracts?

Sage has stated that its plans are to convert from an entrance fee refund model to a rental model, maintaining HFV’s standards and level of care. Importantly, the Sage purchase agreement provides that all current residents will continue to pay their current monthly fee at their current rate for a period of three (3) years from the Closing Date, and it shall not increase except for a standard annual cost of living adjustment, consistent with the consumer price index for urban wage earners and clerical workers. That does not mean that the rate will automatically be raised more than that standard thereafter. It just means that there has been a contractual commitment to that initial freeze in the modified residency agreement. It should be noted that HFV current contracts do not have any rate freezes.

5. I joined the community prior to June 10, 2020 on an entrance fee model. Will I have a right to the return of my entrance fee deposit?

Upon the closing date, all current residents will have the opportunity to enter into a Modified Residency Agreement. The terms of this agreement, as outlined in Sage’s proposal, state that residents who entered the community prior to June 10, 2020 under an entrance fee agreement will be entitled to a percentage of their entrance fee refund based on the length of their stay after the closing date. Full details are available in Section 5.14 of the asset purchase agreement, but in summary:

(cont.)

Length of Stay after Closing Date	Percentage of Entrance Fee Refund Liability Paid to Resident Upon Move-Out
1 Year	8%
3 Years	12%
5 Years	22%
7 Years	30%
9 Years	38%
11 Years	46%
13 Years	54%
15 Years	60%

Sage has committed to pay 5% of the initial payment owed under the above chart to current eligible entrance fee refund residents, within 120 days of closing.

6. I joined the community on or after to June 10, 2020 on an entrance fee model. Will I have a right to the return of my entrance fee deposit?

Upon the closing date, all current residents will have the opportunity to enter into a Modified Residency Agreement. The terms of this agreement, as outlined in Sage's proposal, state that residents who submitted entrance fee deposits on or after June 10, 2020 will receive the unearned portion of their entrance fee refunds, which are currently held in escrow and will retain current monthly fees and current rates.

7. I am currently in a rental agreement with HFV. Will I have a right to the return of my entrance fee deposit?

Upon the closing date, all current residents will have the opportunity to enter into a Modified Residency Agreement. The terms of this agreement, as outlined in Sage's proposal, state that residents who are currently in rental agreements with HFV will maintain their rental obligations and monthly fees for a period of three years from the closing date, except for a standard annual cost of living adjustment, consistent with consumer price index for urban wage earners and clerical workers.

8. Will anything about my living situation change?

Again, the purpose for going through this bankruptcy process was to emerge with a stronger foundation for a better tomorrow.

9. Does Sage plan on changing any of the amenities, activities, care, or other offerings?

Sage has stated that it intends to increase programmatic activities to enhance all residents' experiences, and will uphold HFV's commitment to the health, safety and lifestyle of our residents, including programs designed to spotlight and give back to residents. Additionally, Sage has pledged to invest in improving the campus at HFV.

10. I currently receive or am promised to receive benevolence care from HFV. What will happen to me?

As part of its offer, Sage has stated its intention to honor all existing arrangements with residents who currently receive free or reduced-charge care, as well as those who have the benevolence care promise in their existing contract. Nothing about existing benevolence care arrangements, including current guidelines, requirements or level of care, is expected to change for residents who receive or are promised benevolence care from HFV as of the Closing Date. Additionally, Sage is

committed to give preferential placement to all current residents in independent living into assisted living or skilled nursing, should they need to move.

11. Where can I find more information on Sage?

Sage has shared a letter with the Henry Ford Village community introducing itself and its vision for HFV moving forward. Additional information will be available on the Thursday, May 6 episode of “Rock with Blalock” with our Chief Restructuring Officer, Chad Shandler. If you have any questions, we encourage you to submit questions to our dedicated inbox, Questions4hfv@hfvillage.com. We may answer your questions on future episodes of “Rock with Blalock.”

12. Who can I contact for more information? How will I be kept informed of the process?

We are committed to keeping residents updated as there is news to share, primarily through the “Rock with Blalock” show. Additionally, please continue to submit any questions you have to Questions4hfv@hfvillage.com. We will do our best to answer them in a timely manner.

As holders of a contract with HFV, you will also likely continue receiving communications about our sale process from our external noticing agent, KCC. We plan to share additional information on some of these communications and you may always contact KCC at <http://www.kccllc.net/HFV> or by calling (866) 476-0898 for U.S./Canadian calls or (781) 575-2114 for international calls with any questions.

If you have additional questions, please contact the counsel to the Unsecured Creditor’s Committee at:

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