

ATTORNEY'S CHECKLIST FOR REVIEW OF CCRC AGREEMENT

SPONSOR

Name of sponsor

Group Affiliation? (Religious, Employer, etc.) Is occupancy by the Residents limited to members of a certain group, religion or other affiliation?

What is the track record of the sponsoring organization?

Sponsor - profit or not-for-profit?

Sponsor/Facility a member of American Association of Homes and Services for the Aging (AAHSA)?

Facility accredited by Continuing Care Accreditation Commission (CCAC)?

Is the CCRC an existing operating facility or under development?

For Operating Facilities Only:

“Track record” of financial operations

Determination if review by client's Accountant is warranted and if so, are audited financial statements available for review?

Compliance with American Institute of Certificate Professional Accounts (AICPA) accounting standards?

Considerations for review include:

- Current occupancy rate?
- Annual turnover rate?
- Percentage of the population using health-related services less than 20%
- Average number of residents per unit not more than 1.5?
- Average age of residents (no more than 80 years)?
- If the CCRC uses a GAAP income statement, does it amortize its entry fees and establish a health care reserve for the unamortized portion of the fees
- Capital and reserve structures compliant with industry norms?
- If a Bond Rating Service (e.g. Standard & Poors, Fitch Investors) rated the debt of the CCRC – what is the rating?

For project that are newly constructed (less than 3 years old) or currently in development:

Has the CCRC achieved 80% of pre-sales of the units?

Has an actuarial study been prepared showing the actuarial assumptions of the current/proposed residents?

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For all projects:

- Is the facility operated by the sponsor or by a professional manager?
- What is the national track record of the management company/entity?
- Is the management entity affiliated with the project developer?
- Do residents have input into management decisions? If yes, to what extent?

ENTRY FEE

What is the entry fee or fee structure?
What are the terms of the resident's contract? (may be controlled by state statute or regulation)

- Extensive
- Modified
- Fee for Service
- Other/combination

What percentage of the entry fee is tax deductible as a medical expense?
To what extent is the entry fee refundable (may be defined by contract, state statute or regulation or combination)

- Refundable on a declining basis? If yes, what is the basis?
- Partially refundable? If so, what portion is refundable during what time period?

MONTHLY FEE

What is the current monthly fee?
Are monthly fees for single and double occupancy clear?
What day of the month are monthly fees payable?
Grace period for payment of monthly fees?
Late charges for late payment?
What notice is required before increase in monthly fees?
Must payment of the monthly fee be personally guaranteed by another?

How much of the monthly fee is tax deductible as a medical expense?
Have the fee increased over the last: One, Two, Five Years?
What are the formulas for increasing monthly fees?
Are increases in monthly fees capped? If yes, what is the cap?
Will the monthly service change when the resident is permanently assigned to:

Long-term care facility? If yes, by what formula?
Assisted care facility? If so, by what formula?
Are credits given for unused services? How are credits calculated?

In the event that the resident cannot pay the monthly fee, may the fee be paid by the sponsor management company or other entity? If so, under what circumstances may the resident be entitled to a waiver of some or all of the monthly fee?

THE UNIT

Does the agreement identify a specific unit?
Are lease-hold improvements covered in the agreement?
Are lease-hold improvements made by the resident covered in the agreement?
What are the leasehold improvement provisions?
Are various types of units available on campus? May the resident change the type of unit in the event of the death of a partner/spouse?
Does the agreement specify any limits or requirements regarding unit decoration or use?
Are pets permitted?

RESIDENT SERVICES

What services are offered to independent living residents? Are they clearly spelled out?
Number of meals provided per day?
Guest policy for meals, overnight stays?
Housekeeping services are provided?
Recreational facilities are provided?
Transportation services are provided?
Extra services provided? Fees for additional services?
Menu of services? Are additional services bundled or purchased 'a la cart'
What type of emergency-related services are provided by the CCRC?
Does the CCRC check a the unit if the resident misses a certain number of meals? If yes, how many meals?

HEALTH, ASSISTED LIVING AND NURSING HOME SERVICES

Are the health-related, assisting living and nursing home services which are offered to independent living residents clearly spelled out?
What health-related, assisting living and nursing services are available 'on campus?' 'off campus?'
Fees for health-related services?
Does the Agreement address the circumstance when a resident develops a condition which cannot be met by the CCRC?

Are pre-existing conditions covered in the agreement?

If yes, how are they handled?

What happens if there is no vacancy in the nursing facility at the time nursing home care is needed by the resident?

Does the resident or a member of his family participate in the decision to move him to assisted living or the nursing unit?

Does the facility have a minimum transfer policy? If yes, what is that policy?

If the placement in assisted living or the nursing unit is temporary, does the resident reserve the right to move back into his unit?

If yes, for how long is this right reserved?

If nursing home placement is permanent for one spouse, can the other move to a smaller, less expensive unit?

Are changes in the family's household covered by the agreement?

Can a new spouse move in who does not meet the admissions criteria?

Does the agreement specify what happens if the resident marries another resident?

Does the agreement cover what happens if the resident marries a non-resident?

Are hospice facilities available on campus or nearby?

CANCELLATION

Does the Agreement include a cancellation period? If yes, how long is the period? (may be affected by state statute or regulation)

What are the conditions for cancellation by the resident after 30 days but prior to taking occupancy of the unit?

What are the conditions for cancellation for each contracted individual?

Can the resident terminate the agreement? If yes, what notice is required?

Can the CCRC terminate the agreement for Just Cause?

Can the CCRC terminate the agreement for non-payment?

If the agreement is terminated for Just Cause or non-payment, does the resident receive any refund? If yes, what are the terms of the refund?

In the event of a cancellation for Just Cause, to what extent does the sponsor cover payment?

Does the resident receive a refund, if she dies before occupancy?

Does the resident receive a refund, if she dies after occupancy? If yes, under what circumstances?

MISCELLANEOUS

What is the legal nature of the Agreement (leasehold, a fee interest in real estate, other)?

Does the Agreement provide for the resident's right to form an association?

Does the Agreement provide for the resident's right to have access to financial management information?

Does the agreement provide for formal grievance procedure?

Is the resident required to maintain Medicare Part B coverage?

Is the resident required to maintain Medi-gap insurance? If yes, at what level?

Is the resident required to maintain long-term care insurance? If so, what are the terms?

Is the resident required to apply for Medicaid and SSI?

Is the resident required to have a Power of Attorney?, Living Will?

Are assisted living facilities on campus?

Are nursing home facilities on campus?

Are details of assisted living services clearly spelled out?

Financial assets that must be demonstrated in order to qualify for entry into the CCRC

What physical conditions will qualify or disqualify a person for entry into the CCRC?

What is the minimum/maximum age required for admission?

Is there a waiting list for entry into the CCRC? For occupancy of a particular size or style of unit?

What percentage of the entry fee is required as a deposit to hold the unit.

Is the payment of a refund of the deposit conditional upon re-letting / resale of the unit?

Can the resident have overnight guests in the living unit? If yes, how many of the guests are permitted to stay in the living unit?

What costs are involved, if any, for overnight guests?