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Counsel to the Initial Plan Sponsors

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

NOTICE OF EXHIBITS TO PLAN SUPPLEMENT

¹ The Debtors in the Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors' mailing address is 8523 Thackery Street, Dallas, Texas 75225.



PLEASE TAKE NOTICE that, on December 20, 2022, the Debtors and the Initial Plan Sponsors filed the *Notice of Filing Corrected Exhibit 3 to Third Amended Disclosure Statement* [Dkt. No. 945] thereby attaching that certain revised Lifespace Settlement and Contribution Agreement, which was initially attached as “Exhibit 3” to the *Third Amended Disclosure Statement for the Plan of Reorganization of the Plan Sponsors Dated December 19, 2022* [Dkt. No. 934] (the “Disclosure Statement”).

PLEASE TAKE FURTHER NOTICE that, on January 13, 2022, the Debtors and the Initial Plan Sponsors filed the *Notice of Filing of Plan Supplement* [Dkt. No. 1039] (the “Plan Supplement”).

PLEASE TAKE FURTHER NOTICE that, on February 6, 2023, the Debtors and the Initial Plan Sponsors filed the *Notice of Exhibits to Plan Supplement* [Dkt. No. 1150] thereby attaching, among other things, an amended “Exhibit B” to the Plan Supplement (Residents Trust Agreement).

PLEASE TAKE FURTHER NOTICE that a further amended “Exhibit B” to the Plan Supplement (Residents Trust Agreement) is attached hereto as **Exhibit B-1**. A redline copy reflecting the amendments to “Exhibit B” is attached hereto as **Exhibit B-2**.

PLEASE TAKE FURTHER NOTICE that an amended and restated “Exhibit 3” to the Disclosure Statement (First Amended and Restated Settlement and Contribution Agreement) is attached hereto as **Exhibit 3-1**. A redline copy reflecting the amendments to “Exhibit 3” is attached hereto as **Exhibit 3-2**.

PLEASE TAKE FURTHER NOTICE that this *Notice of Exhibits to Plan Supplement* and the exhibits thereto may be accessed for free by visiting the Debtors’ bankruptcy case website at <https://www.kccllc.net/edgemere>.

DATED: March 3, 2023

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Exhibit B-1

Residents Trust Agreement

RESIDENTS TRUST AGREEMENT

This RESIDENTS TRUST AGREEMENT (the “Trust Agreement”) is made and entered into as of _____, 2023, by and among (a) Northwest Senior Housing Corporation and Senior Quality Lifestyles Corporation, in their capacities as debtors and debtors in possession and on behalf of themselves and their respective chapter 11 estates (each a “Debtor” and collectively, the “Debtors”), and (b) _____, as trustee of the Residents Trust (the “Residents Trustee” or the “Trustee”), so long as such individual continues in office, and all other individuals who have been duly elected and qualify as trustee of the Residents Trust hereunder pursuant to Section 1.5 or Article VIII hereof. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan (as defined below).

BACKGROUND

A. On April 14, 2022, the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the “Bankruptcy Court”).

B. On December 19, 2022, the Plan Proponents filed their *Third Amended Plan of Reorganization of the Plan Sponsors dated December 19, 2022* (as amended, confirmed, and/or modified from time to time, including by the Confirmation Order, the “Plan”) and their *Third Amended Disclosure Statement in Support of the Third Amended Plan of Reorganization of the Plan Sponsors dated December 19, 2022* (as amended, confirmed, and/or modified from time to time, including by the Confirmation Order, the “Disclosure Statement”).

C. The Plan provides for the creation of a trust on the Effective Date to hold, manage, and administer the Residents Trust Assets and to distribute the proceeds thereof to the holders of Residents Trust Interests (the “Residents Trust Beneficiaries” or “Beneficiaries”) in accordance with the terms of this Trust Agreement, the Plan, the Lifespace Settlement Agreement attached to the Disclosure Statement, and the Confirmation Order.

D. The Residents Trust is being created on behalf of, and for the benefit of, the Residents Trust Beneficiaries, who are Participating Former Residents and Participating Current Residents of Edgemere that hold Allowed Class 5 and Class 6 Refund Claims under the Plan, and who shall hold beneficial interests in the Residents Trust (“Residents Trust Interests”).

E. The Residents Trust is organized for the sole purpose of collecting and distributing the Residents Trust Assets, and not to conduct a trade or business except to the extent reasonably necessary to, and consistent with, the purpose of the Residents Trust.

F. This Residents Trust is intended to qualify as a “liquidating trust” under the Internal Revenue Code of 1986, as amended (the “IRC”) and the regulations promulgated thereunder (the “Treasury Regulations”), specifically Treasury Regulations section 301.7701-4(d) and, as such, as a “grantor trust” for United States federal income tax purposes pursuant to Treasury Regulations Section 1.671-4(a), with the Residents Trust Beneficiaries treated as the grantors and owners of the Residents Trust.

TRUST AGREEMENT

NOW, THEREFORE, in consideration of the promises and the mutual covenants contained herein, the Debtors and the Trustee agree as follows:

ARTICLE I.

DECLARATION OF TRUST

1.1. Creation of Trust. As of the Effective Date of the Plan, the Debtors and the Trustee, pursuant to the Plan and the Confirmation Order, and in accordance with the applicable provisions of chapter 11 of the Bankruptcy Code, hereby constitute and create the Residents Trust, which shall bear the name “Edgemere Residents Trust.” In connection with the exercise of the Trustee’s power hereunder, the Trustee may use this name or such variation thereof as the Trustee sees fit. The Edgemere Residents Trust shall be governed by the Texas Trust Code as the same may be amended from time to time (the “Trust Code”).

1.2. Purpose of Residents Trust. The purpose of the Residents Trust is to implement the terms of the Plan on behalf, and for the benefit of, the Residents Trust Beneficiaries, and to serve as a mechanism for collecting the contributions (the “Lifespace Contributions”) from Lifespace Communities Inc. (“Lifespace”) required under the Plan and First Amended and Restated Settlement and Contribution Agreement dated February ___, 2023 as amended (the “Lifespace Settlement Agreement”), and distributing the Lifespace Contributions and earnings thereon in accordance with Treasury Regulations section 301.7701-4(d), with no objective to continue or engage in conduct or a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Residents Trust.

1.3. Transfer of Residents Trust Assets. On the Effective Date, the Debtors shall transfer, for the sole benefit of the Residents Trust Beneficiaries, pursuant to Bankruptcy Code sections 1123(a)(5)(B) and 1123(b)(3)(B), and in accordance with the Plan and the Confirmation Order, all of the Debtors’ rights, title and interests in the Lifespace Settlement Agreement, as amended from time to time, (together with Lifespace Contributions, the “Residents Trust Assets”) to the Residents Trust, free and clear of any and all liens, claims, encumbrances and interests (legal, beneficial, or otherwise) of all other entities to the maximum extent contemplated by and permissible under Bankruptcy Code section 1141(c). In this regard, the Residents Trust Assets will be treated as transferred, for United States federal as well as state and local income tax purposes, in the manner set forth pursuant to Section 5.2 of this Trust Agreement. The transfer of the Residents Trust Assets shall be exempt from any stamp, real estate transfer, mortgage reporting, sale, use or other similar tax, pursuant to section 1146(a) of the Bankruptcy Code. Upon delivery of all Residents Trust Assets to the Residents Trust, the Debtors shall be discharged and released from all liability with respect to the delivery of such assets, and exculpated as provided in the Plan. The Residents Trust Assets and all other property held from time to time by the Residents Trust under this Trust Agreement and any earnings, including interest, on any of the foregoing are to be applied by the Trustee in accordance with the terms hereof, the Plan, and the Confirmation Order for the benefit of the Residents Trust Beneficiaries, and for no other party, subject to the further covenants, conditions, and terms hereinafter set forth. In the event of any conflict among this Trust

Agreement, the Plan and the Confirmation Order, the provisions of Section 9.6 of this Trust Agreement shall control.

1.4. Funding of Residents Trust

a) Residents Trust Operations. On the Effective Date, the Residents Trust shall be funded by an assignment of all of the Debtors' rights, title and interests in the Lifespace Settlement Agreement. The Lifespace Contributions thereunder and earnings thereon shall be used exclusively for the following purposes: (i) to maintain the value of the Residents Trust Assets; (ii) to pay the reasonable and necessary administrative expenses of the Residents Trust, including, but not limited to, (a) the Trustee fees, compensation and expenses, (b) the reasonable costs and expenses incurred or anticipated to be incurred by the Trustee (including reasonable fees, costs and expenses incurred or anticipated to be incurred by professionals retained by the Trustee), (c) the reasonable costs and expenses incurred or anticipated to be incurred by the Residents Trust Advisory Board and its members (including reasonable fees, costs and expenses incurred or anticipated to be incurred by professionals retained by the Residents Trust Advisory Board but excluding the fees, costs and expenses of professionals retained by Residents Trust Advisory Board members individually), (d) any taxes imposed on the Residents Trust in respect of the Residents Trust Assets, (e) the reasonable fees and expenses incurred or anticipated to be incurred in connection with, arising out of or related to the Residents Trust Assets and any litigation associated therewith, and (f) other costs and expenses contemplated by this Trust Agreement; and (iii) to make distributions to the Residents Trust Beneficiaries.

b) Reserve. Prior to any distributions to the Residents Trust Beneficiaries, the Trustee shall withhold funds for the payment of reasonable Residents Trust expenses and Life Care Subsidy payments.

1.5. Appointment and Acceptance of Trustee. The members of the Residents Trust Advisory Board hereby designate _____ to serve as the initial Trustee under the Plan. The Trustee accepts the Residents Trust created by this Trust Agreement and the grant, assignment, transfer, conveyance, and delivery by the Debtors of all of their respective right, title, and interest in the Residents Trust Assets, upon and subject to the terms and conditions set forth herein, in the Plan, and in the Confirmation Order, to the Trustee, on behalf, and for the benefit, of the Residents Trust Beneficiaries. The Trustee's powers are exercisable solely in a fiduciary capacity consistent with, and in furtherance of, the purpose of the Residents Trust within the limitations set forth herein, including the Treasury Regulations and the Trust Code, and shall for all purposes hereunder be acting in the capacity as Trustee, and not individually.

1.6. Collection of the Residents Trust Assets. The Trustee shall, in an expeditious but commercially reasonable manner and subject to the provisions of the Plan, the Confirmation Order, and the Lifespace Settlement Agreement, collect Lifespace Contributions and make timely distributions to Residents Trust Beneficiaries in an amount up to their Allowed Refund Claims in the Debtors bankruptcy proceedings in accordance with the terms hereof, the Plan, and the Lifespace Settlement Agreement attached to the Disclosure Statement, and shall not unduly prolong the existence of the Residents Trust. The Trustee shall exercise reasonable business judgment and in the collection and distribution of the Residents Trust Assets. The Residents Trust Advisory Board must approve any (i) sale, transfer, assignment, abandonment, or other disposition

of Residents Trust Assets with an asserted value equal to or in excess of \$100,000; (ii) settlement or compromise of any claim of the Residents Trust; or (iii) settlement or compromise of an objection to a Class 5 and/or Class 6 Claim which would result in an Allowed Class 5 and/or Class 6 Claim equal to or in excess of \$100,000. The Trustee may incur any reasonable and necessary expense in connection with the collection and conversion of the Residents Trust Assets into Cash or in connection with the administration of the Residents Trust and, subject to the approval of the Residents Trust Advisory Board, such expenses shall be deducted from the Residents Trust Assets.

1.7. No Reversion to Debtors. In no event shall any part of the Residents Trust Assets revert to or be distributed to any Debtor or Reorganized Debtor.

1.8. Incidents of Ownership. The Residents Trust Beneficiaries shall be the sole beneficiaries of the Residents Trust and the Residents Trust Assets, and the Trustee shall retain only such incidents of ownership as are necessary to undertake the actions and transactions authorized herein, in the Plan, and in the Confirmation Order, including those powers set forth in Section 6.2 hereof.

ARTICLE II.

RESIDENTS TRUST BENEFICIARIES

2.1. Conflicting Claims. If any conflicting claims or demands are made or asserted with respect to a Class 5 or Class 6 Claim, or to a Residents Trust Interest or a distribution to a Residents Trust Beneficiary, the Trustee shall be entitled, at the direction and with the approval of the Residents Trust Advisory Board, to refuse to comply with any such conflicting claims or demands. In so refusing, the Trustee, at the direction and with the approval of the Residents Trust Advisory Board, may elect to make no payment or distribution with respect to the Residents Trust Interest subject to the claims or demands involved, or any part thereof, and the Trustee shall refer such conflicting claims or demands to the Bankruptcy Court, which shall have exclusive jurisdiction over resolution of such conflicting claims or demands. In so doing, the Trustee shall not be or become liable to any party for its refusal to comply with any of such conflicting claims or demands. The Trustee shall be entitled to refuse to act until either (i) the rights of the adverse claimants have been adjudicated by a Final Order of the Bankruptcy Court (or such other court of proper jurisdiction) or (ii) all differences have been resolved by a written agreement among all of such parties and the Trustee, which agreement shall (x) include a complete release of the Residents Trust and the Trustee, and (y) be subject to the approval of the Residents Trust Advisory Board if the proposed agreement results in a Class 5 or Class 6 Claim Allowed Claim equal to or in excess of \$100,000 (the occurrence of either (i) or (ii) of this Section 2.1 being referred to as a “Dispute Resolution”). Promptly after a Dispute Resolution is reached, the Trustee shall transfer the payments and distributions, in accordance with the terms of such Dispute Resolution, the Plan and this Trust Agreement.

2.2. Rights of Residents Trust Beneficiaries. Each Residents Trust Beneficiary shall be entitled to participate in the rights and benefits due to a Residents Trust Beneficiary hereunder according to the terms of its Residents Trust Interest. The Residents Trust Interest of a Residents Trust Beneficiary is hereby declared and shall be, in all respects, personal property. Except as expressly provided hereunder, a Residents Trust Beneficiary shall have no title to, right to,

possession of, management of or control of the Residents Trust or the Residents Trust Assets or to any right to call for a partition or division of such assets or to require an accounting. No surviving spouse, heir, or devisee of any deceased Residents Trust Beneficiary shall have any right of dower, homestead, or inheritance, or of partition, or any other right, statutory or otherwise, in the Residents Trust Assets, but the whole title to the Residents Trust Assets shall be vested in the Trustee and the sole interest of the Residents Trust Beneficiaries shall be the rights and benefits given to such person under this Trust Agreement and the Plan.

2.3. Evidence of Residents Trust Interest. Ownership of a Residents Trust Interest in the Residents Trust will be evidenced by the allowance of a Claim against the Debtors by a Participating Former Residents and Participating Current Resident pursuant to the terms of the Plan. Any Participating Former Resident and Participating Current Resident that is a holder of an Allowed Claim under Class 5 or Class 6 of the Plan shall hold a percentage in the Residents Trust Interest (as indicated on Appendix B) equal to the proportion of the underlying Allowed Claim's value to the total value of all Allowed Claims in Class 5 and Class 6 Claims under the Plan. A Residents Trust Beneficiary shall be deemed a "holder of record" (hereinafter "Holder") of such Residents Trust Beneficiary's Residents Trust Interest(s) for purposes of all applicable United States federal and state laws, rules, and regulations.

2.4. Transfers of Residents Trust Interests.

a) General. Residents Trust Interests shall not be transferable or assignable except by will, intestate succession, or operation of law.

b) Residents Trust Interests Registry. Any transfer or assignment of a Residents Trust Interest by will, intestate succession, or operation of law shall not create any rights in the assignee or transferee under this Trust Agreement unless and until such transfer or assignment of the respective interest is recorded in the registry maintained by the Trustee, which shall be completed as soon as practicable after transfer or assignment. Subject to Section 2.4(d), the entries in the Registry shall be conclusive evidence of ownership of a Residents Trust Interest absent manifest error, and the Residents Trust and the Trustee shall treat each person whose name is recorded in the registry pursuant to the terms hereof as the owner of Residents Trust Interests for all purposes of this Trust Agreement, notwithstanding notice to the contrary. The Residents Trust shall maintain, or cause the agent of the Residents Trust to maintain, a register (which may be electronic) setting forth the names and addresses of the Beneficiaries, and the amount of their Residents Trust Interests from time to time.

c) Registration. If the Trustee, upon advice of counsel, determines that any class of Residents Trust Interests may be subject to registration pursuant to section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Trustee shall pursue relief from such registration by obtaining either an exemptive order, a no-action letter, or an interpretive letter from the Securities and Exchange Commission or its staff or, absent its ability to achieve that objective or in lieu thereof, shall register such class pursuant to section 12 of such statute (it being understood and agreed that the Trustee with the approval of the Residents Trust Advisory Board shall be authorized, among other things, to register such class and to seek relief from one or more of the requirements then applicable subsequent to such registration and to de-register such

class). Any expenses that are associated with such application for relief and/or registration shall be deducted from the Residents Trust Assets.

d) Further Limitations on Transfer. Notwithstanding any other provision to the contrary, the Trustee may disregard any purported transfer or assignment of Residents Trust Interests by will, intestate succession, or operation of law if sufficient necessary information (as reasonably determined by the Trustee), including applicable tax-related information, is not provided by such purported transferee or assignee to the Trustee.

2.5. Limited Liability. No provision of this Trust Agreement, the Plan, or the Confirmation Order, and no mere enumeration herein of the rights or privileges of any Residents Trust Beneficiary, shall give rise to any liability of such Residents Trust Beneficiary solely in its capacity as such, whether such liability is asserted by any Debtor, by creditors, employees, or equity interest holders of any Debtor, or by any other Person. Residents Trust Beneficiaries are deemed to receive the Residents Trust Assets in accordance with the provisions of this Trust Agreement, the Plan, and the Confirmation Order in exchange for the Allowed Class 5 and Class 6 Refund Claims of Participating Former Residents and Participating Current Residents, without further obligation or liability of any kind, but subject to the provisions of this Trust Agreement and the Plan.

ARTICLE III.

DURATION AND TERMINATION OF RESIDENTS TRUST

3.1. Duration. The Residents Trust shall become effective upon the Effective Date of the Plan and shall have an initial term of eighteen (18) years from the Effective Date; provided, however, that, if warranted by the facts and circumstances, the Residents Trust Advisory Board may limit or extend the term of the Residents Trust.

3.2. Dissolution of the Residents Trust. The Trustee and the Residents Trust shall be discharged or dissolved earlier, as the case maybe, on the earlier to occur of (i) all of the Residents Trust Assets having been distributed pursuant to the Plan and this Trust Agreement, (ii) the Trustee having determined, with the approval of the Residents Trust Advisory Board, that the administration of any remaining Residents Trust Assets is not likely to yield sufficient additional Residents Trust proceeds to justify further pursuit, or (iii) conclusion of the Residents Trust as provided by Section 4.1.

3.3. Continuation of Residents Trust for Winding Up. After the dissolution of the Residents Trust and solely for the purpose of liquidating and winding up the affairs of the Residents Trust, the Trustee shall continue to act as such until its duties have been fully performed. Upon distribution of all the Residents Trust Assets, the Trustee shall retain the books, records, and files that shall have been delivered to or created by the Trustee. All such records and documents may be destroyed at any time following the date that is three (3) years after the final distribution of the Residents Trust Assets. Nothing herein shall be deemed to abridge any agreement(s) to which the Trustee may be party that expressly provides for further retention of such documents and records.

ARTICLE IV.

ADMINISTRATION OF RESIDENTS TRUST

4.1. Payment of Trustee Fees, Expenses, and Liabilities. Except as otherwise provided herein, the Trustee shall use proceeds from the Residents Trust Assets (i) to pay compensation to the Trustee as approved by the Residents Trust Advisory Board, (ii) to pay reasonable costs and expenses of the Residents Trust that are incurred (including any taxes imposed on the Residents Trust, the actual reasonable out-of-pocket fees and expenses incurred by Trustee professionals in connection with the administration and liquidation of the Residents Trust Assets, as provided in Section 6.7 herein, and the preservation of books and records of the Residents Trust); (iii) to satisfy other obligations or other liabilities incurred or assumed by the Residents Trust (or to which the Residents Trust Assets are otherwise subject) in accordance with the Plan, the Confirmation Order, or this Trust Agreement, including fees and costs incurred in connection with the collection protection, preservation, liquidating, and distribution of the Residents Trust Assets and the costs of investigating, prosecuting, resolving, or settling any litigation or cause of action; (iv) as reasonably necessary to meet contingent liabilities and to maintain the value of the Residents Trust Assets during collection and liquidation; and (v) to satisfy any other obligations of the Residents Trust expressly set forth in the Plan, this Trust Agreement, and the Confirmation Order.

4.2. Distributions.

a) Generally. Except as otherwise provided in the Plan or this Trust Agreement, the Trustee shall make distributions of Residents Trust Assets to the Residents Trust Beneficiaries qualified to receive distributions from the Residents Trust for (i) Tax Distributions (defined below), (ii) any Life Care Subsidy amounts (as defined in section 6 of the Lifespace Settlement Agreement attached to the Disclosure Statement), and (iii) in the amount of their respective Allowed Refund Claims (less any previous distributions to such resident of Life Care Subsidy amounts) when the Trustee, in its sole discretion, determines such distribution appropriate and required pursuant to the terms and provisions of the Plan, the Lifespace Settlement Agreement, the Confirmation Order and this Trust Agreement, subject to the Trustee's duty to confer on such matters with the Residents Trust Advisory Board. The Trustee shall have discretion to determine when a Life Care Subsidy is appropriate and when a Refund Trigger Date has occurred pursuant to the purpose and spirit of the Lifespace Settlement Agreement and this Trust Agreement, subject to the Trustee's duty to confer on such matters with the Residents Trust Advisory Board. The Trustee may postpone any distribution if the Trustee determines that a distribution is impracticable under the circumstances, or the amount of such distribution would be too small to justify the administrative costs associated with making it. The Trustee shall not unduly prolong the duration of the Residents Trust.

b) Distributions of Trust Assets. The Residents Trust shall receive the Lifespace Trust Contributions and distribute the trust funds as set forth below:

i. Participating Former Residents shall receive a distribution in the amount of their Allowed Former Resident Claims within sixty (60) days of:

- (i) the earlier of the date (a) the Residents Trust has been informed that the Participating Former Resident's independent living unit has been re-leased¹ by a new resident, and (b) October 31, 2025; and
 - (ii) the Residents Trust has sufficient funds, after reasonable reserves, to make such distribution (the Trustee shall reserve sufficient funds in the Residents Trust as he or she deems necessary for the payment of Residents Trust expenses and future Life Care Subsidy (defined below) payments to Participating Current Residents (the "Reserve").
- ii. Participating Current Residents shall receive a distribution in the amount of their Allowed Refund Claims within sixty (60) days of:
- (i) vacating the Edgemere facility, either through death or by moving out of the facility;
 - (ii) the earlier of the date (a) the Residents Trust has been informed that the Participating Current Resident's independent living unit has been re-leased¹ by a new resident, and (b) three (3) years from the date the Resident vacated the Community; and
 - (iii) the Residents Trust has sufficient funds, after a Reserve, to make such distribution.
- iii. Potential Queue. If there are insufficient funds in the Residents Trust to fully pay an Allowed Refund Claim, such Resident shall receive whatever portion of the Allowed Resident Claim is available at that time (subject to an adequate Reserve), with the remaining portion of the Allowed Resident Claim payable in subsequent years as funds become available. If there is more than one Resident who is not fully paid their Allowed Resident Claim when due under this Agreement, the Residents Trust shall pay those Participating Residents in the chronological order of the Refund Trigger Date (defined in the Plan) as funds become available to the Residents Trust.

c) Life Care Subsidy.

i. Participating Current Residents that reside in a higher level of care as of the Effective Date of the Plan, and who are receiving life care benefits under their existing Residency Agreements from Edgemere prior to the Effective Date of the Plan, may request, and the Residents Trust shall pay directly to such Participating Current Resident (subject to the availability of funds in the Residents Trust and an adequate Reserve), a monthly amount equal to the life care benefit being received from Edgemere prior to the Effective Date of the Plan. Subsequent increases after the Effective Date of the Plan in the monthly fee charged to such

¹ The Residents Trust shall be informed of units which have been re-leased semi-annually by the Purchaser, which shall be the date the Residents Trust is deemed informed of units which have been re-leased for purposes of the Refund Trigger Date. In addition, the parties anticipate that unique factual scenarios may arise from time to time which will require the Trustee to use his or her discretion to determine if the vacated unit has been re-leased within the spirit of this Agreement.

Resident for the higher level of care will not be advanced by the Residents Trust unless such Resident qualifies under Sections 4.2(c)(iii) or 4.2(c)(iv) below. All payments made directly to any Participating Current Resident hereunder shall be deducted from such Participating Current Resident's Allowed Refund Claim until the Allowed Refund Claim is exhausted, at which time all payments from the Residents Trust to the Resident shall cease.

ii. Participating Current Residents who advance from independent living to a higher level of care within the community on or after the Effective Date of the Plan may request, and the Residents Trust shall pay directly to such Participating Current Resident (subject to the availability of funds in the Residents Trust, and an adequate Reserve), the portion of such Resident's monthly fee for the elevated level of care that exceeds the then-current monthly fee charged to such Resident for his or her independent living services, measured as of the date such Resident advances to that higher level of care (subsequent increases in the monthly fee of the higher level of care will not be advanced by the Trust unless such Resident qualifies under Sections 4.2(c)(iii) or 4.2(c)(iv) below). All payments made directly to any Participating Current Resident hereunder shall be deducted from such Participating Current Resident's Allowed Refund Claim until the Resident's Allowed Refund Claim is exhausted, at which time all payments from the Residents Trust to the Resident shall cease.

iii. Participating Current Residents receiving benefits pursuant to Sections 4.2(c)(i) or 4.2(c)(ii) hereof and who subsequently advance to an even higher level of care in the community (for example, a Participating Current Resident who advances from independent living to assisted living pursuant to the terms outlined in Section 4.2(c)(ii), and then later advances from assisted living to skilled nursing) may request, and the Residents Trust shall pay directly to such Participating Current Resident (subject to the availability of funds in the Residents Trust, and an adequate Reserve), the portion of such Resident's monthly fee for the elevated level of care that exceeds the then-current monthly fee charged to such Resident, measured as of the date such Resident advances to that higher level of care (subsequent increases in the monthly fee of the higher level of care will not be advanced by the Residents Trust unless such Resident qualifies under Section 4.2(c)(iv) below). All payments made directly to any Participating Current Resident hereunder shall be deducted from such Participating Current Resident's Allowed Refund Claim until the Resident's Allowed Refund Claim is exhausted, at which time all payments from the Residents Trust to the Resident shall cease.

iv. In addition, Participating Current Residents that are able to establish to the satisfaction of the Residents Trust Trustee that he or she is indigent and unable to pay all or any portion of their monthly fee may request, and the Residents Trust shall pay directly to such Participating Current Resident (subject to an adequate Reserve), such portion of the Participating Current Resident's monthly fee (in any level of care) that the Trustee determines, in his or her sole discretion, the indigent Resident is unable to pay. All payments made directly to any Participating Current Resident hereunder shall be deducted from such Participating Resident's Allowed Refund Claim until the Participating Current Resident's Allowed Refund Claim has been exhausted, at which time all payments from the Residents Trust to the Resident shall cease. Requests for distribution of Residents Trust assets directly to such Participating Current Resident in accordance with Section 4.2(c) hereof (collectively referred to herein as the "Life Care Subsidy") shall be given priority in timing of payment to distributions to Residents who vacate the community.

v. Residents who OPT OUT of the Plan Releases pursuant to the terms of the Plan shall receive no distributions from the Residents Trust and shall not be entitled to payment of a Life Care Subsidy from the Residents Trust.

d) Trust Interests; Allocation and Payment of Distributions. Each Residents Trust Beneficiary's (i) share of the Residents Trust Interests (including any Cash and other property to be received on account of any Residents Trust Interest) shall be owned by the Residents Trust Beneficiaries, and (ii) share of the Residents Trust Assets shall be allocated and distributed to the Residents Trust Beneficiaries, in each case in accordance with the Plan, the Confirmation Order and this Trust Agreement.

e) De Minimis Distributions. No Distribution shall be required to be made pursuant to the Plan and this Trust Agreement to any Residents Trust Beneficiary unless such Residents Trust Beneficiary is to receive in such Distribution at least \$500.00, or unless such Distribution is the final distribution to such Residents Trust Beneficiary pursuant to the Plan and this Trust Agreement. Any such distribution shall be retained by the Trustee and invested as provided in the Plan and this Trust Agreement. Any distribution not made to such Residents Trust Beneficiary, shall be held in trust for the relevant Residents Trust Beneficiary until the earlier of (x) the date the next distribution made to such Residents Trust Beneficiary; provided, however, that such subsequent Distribution, taken together with amounts retained hereby, equals at least \$500.00, or (y) is the final distribution to such Residents Trust Beneficiary.

4.3. Undeliverable Distributions. If the distribution to any Residents Trust Beneficiary is returned to the Trustee as undeliverable or is otherwise an Unclaimed Distribution, no further distributions shall be made to such Residents Trust Beneficiary unless and until the Trustee is notified in writing of such Residents Trust Beneficiary's then-current address, at which time all missed distributions shall be made to such Residents Trust Beneficiary without interest. The Trustee and the Residents Trust shall not be under any obligation to attempt to determine a Residents Trust Beneficiary's then-current address.

4.4. Treatment of Unclaimed Distributions. Any Residents Trust Beneficiary that does not assert a claim for an unclaimed distribution or negotiate a distribution within three (3) after an attempted distribution shall be deemed to have forfeited its claim for such undeliverable or unclaimed distribution and shall be forever barred and enjoined from asserting any such claim for an unclaimed distribution against the Debtors, the Trustee, the Residents Trust, and their respective agents, attorneys, representatives, employees or independent contractors, or any of its and their property. In such cases, any Cash otherwise reserved for unclaimed distributions shall become the property of the Residents Trust free of any restrictions thereon and notwithstanding any federal or state escheat laws to the contrary and shall be distributed pursuant to the terms of this Trust Agreement. Nothing contained in the Plan or this Residents Trust Agreement shall require the Trustee to attempt to locate any Residents Trust Beneficiary; provided, however, that the Trustee, in its sole discretion, may publish notice of unclaimed distributions.

4.5. Remaining Residents Trust Assets Upon Dissolution of the Residents Trust. The Residents Trust Beneficiaries shall receive distributions in an amount up to, but not exceeding, the amount of their respective Allowed Refund Claims, with no interest thereon. All assets, if any, remaining in the Residents Trust after distributions to Residents Trust Beneficiaries as required

under the Plan, the Confirmation Order, and this Trust Agreement may be, at the discretion of the Residents Trust Advisory Board, either (i) distributed to the then owner of the Edgemere Community to be used for the benefit of residents at Edgemere, or (ii) donated to any other charitable organization.

4.6. Setoffs of Life Care Subsidy Payments. Pursuant to the terms of the Plan, the Trustee may deduct and set off all amounts advanced to such Residents Trust Beneficiary as a Life Care Subsidy against any distribution to be made to a Residents Trust Beneficiary hereunder (before any distribution is made on account of such Residents Trust Interest by the Trustee).

4.7. Compliance with Laws. Any and all distributions of Residents Trust Assets shall be in compliance with applicable laws, including applicable federal and state tax and securities laws, except as otherwise set forth in this Trust Agreement.

4.8. Fiscal Year. Except for the first and last years of the Residents Trust, the fiscal year of the Residents Trust shall be the calendar year. For the first and last years of the Residents Trust, the fiscal year of the Residents Trust shall be such portion of the calendar year that the Residents Trust is in existence.

4.9. Books and Records. The Trustee shall retain and preserve the Debtors' books, records, and files that have been delivered to or created by the Trustee. Subject to Section 3.3 hereof, the Trustee shall maintain, in respect of the Residents Trust and the Residents Trust Beneficiaries and all other parties who are to receive distributions under this Trust Agreement, books and records relating to the assets and the income of the Residents Trust and the payment of expenses of, liabilities of, and claims against or assumed by, the Residents Trust and the Trustee, in such detail and for such period of time as may be necessary to enable it to make full and proper reports in respect thereof in accordance with the provisions of this Trust Agreement and applicable provisions of law, including to applicable tax, securities and other federal and state laws. Except as otherwise provided herein or in the Plan, nothing in this Trust Agreement requires the Trustee to file any accounting or seek approval of any court with respect to the administration of the Residents Trust, or as a condition for making any payment or distribution out of the Residents Trust Assets. The Trustee shall provide any member of the Residents Trust Advisory Board with access to such books and records during normal business hours as may be reasonably requested with five (5) days' advance notice. Residents Trust Beneficiaries shall have the right upon thirty (30) days' prior written notice delivered to the Trustee to inspect such books and records; provided, that, if so requested, all costs associated with such inspection shall be paid in advance by such requesting Residents Trust Beneficiary and such Residents Trust Beneficiary shall have entered into a confidentiality agreement reasonably satisfactory in form and substance to the Trustee.

4.10. Cash Payments. All distributions required to be made by the Trustee to the Residents Trust Beneficiaries shall be made in Cash denominated in United States dollars by checks drawn on a domestic bank selected by the Trustee or, at the option of the Trustee, by wire transfer from a domestic bank selected by the Trustee or as otherwise required or provided in applicable agreements; provided, however, that Cash payments to foreign holders of Residents Trust Interests may be made, at the option of the Trustee, in such funds as and by such means as are necessary or customary in a particular foreign jurisdiction.

4.11. Insurance. The Residents Trust may, to the extent deemed necessary or advisable by the Trustee, maintain customary insurance coverage for the protection of the Trustee and the members.

4.12. Reports.

a) The Trustee shall deliver reports to members of the Residents Trust Advisory Board not later than thirty (30) days following the end of each fiscal year. Such reports shall specify in reasonable detail (i) the status of any causes of action, claims, and litigation involving the Residents Trust or the Residents Trust Assets, including any settlements entered into by the Residents Trust, (ii) the costs and expenses of the Residents Trust that are incurred (including any actual reasonable out-of-pocket fees and expenses incurred by Trustee professionals in connection with the administration and liquidation of the Residents Trust Assets during the preceding fiscal year), (iii) the amounts listed in clause (ii) incurred since the Effective Date, (iv) the amount of Cash and other assets received by the Residents Trust during the prior fiscal year, (v) the aggregate amount of Cash and other assets received by the Residents Trust since the Effective Date, (vi) the aggregate amount of distributions from the Residents Trust to the Residents Trust Beneficiaries since the Effective Date, and (vii) such other information as the Residents Trust Advisory Board may reasonably request from time to time. The Trustee shall also timely prepare, file, and distribute such additional statements, reports, and submission (A) as may be necessary to cause the Residents Trust and the Trustee to be in compliance with applicable law or (B) as may be otherwise reasonably requested from time to time by the Residents Trust Advisory Board. The Trustee shall file a copy of each annual report in the Northwest Senior Housing Corporation bankruptcy proceeding until the case is closed, and thereafter shall provide copies to any interested party upon request.

ARTICLE V.

TAX MATTERS

5.1. Tax Treatment. For all United States federal income tax purposes, all parties (including, without limitation, the Debtors, the Trustee and the Residents Trust Beneficiaries) will treat the Residents Trust as a “liquidating trust” within the meaning of section 301.7701-4(d) of the Treasury Regulations.

5.2. Residents Trust Assets Treated as Owned by Residents Trust Beneficiaries. For all United States federal income tax purposes, all parties (including the Debtors, the Trustee, and the Residents Trust Beneficiaries) generally will be required to treat the transfer of the Residents Trust Assets to the Residents Trust as (1) a transfer of the Residents Trust Assets directly to the Residents Trust Beneficiaries and, to the extent Residents Trust Assets are allocable to Disputed Claims, to a Disputed Claims reserve, followed by (2) the transfer by such beneficiaries to the Residents Trust of the Residents Trust Assets in exchange for Residents Trust Interests. Accordingly, the Residents Trust Beneficiaries shall be treated for United States federal income tax purposes as the grantors and owners of their respective share of the Residents Trust Assets (other than such Residents Trust Assets as are allocable to the Disputed Claims Reserve, discussed below) and the earnings thereon. The foregoing treatment shall also apply, to the extent permitted by applicable law, for state and local income tax purposes.

5.3. Tax Reporting.

a) The Trustee shall file (or cause to be filed) all Tax Returns for the Residents Trust treating the Residents Trust as a grantor trust pursuant to Treasury Regulation section 1.671-4(a) and in accordance with this Article V. The Trustee also will annually send to each Residents Trust Beneficiary a separate statement regarding the receipts and expenditures of the Residents Trust as relevant for United States federal income tax purposes and will instruct all such Residents Trust Beneficiaries to use such information in preparing their United States federal income tax returns or to forward the appropriate information to such Residents Trust Beneficiary's tax return preparer, with instructions to utilize such information in preparing their United States federal income tax returns. The Trustee shall also file (or cause to be filed) any other statement, return, or disclosure relating to the Residents Trust that is required by any governmental unit.

b) Taxable income and taxable losses shall be allocated to each Residents Trust Beneficiary in proportion to the amount of their unpaid Allowed Refund Claim as of December 31st of each taxable year divided by the total unpaid Allowed Refund Claims of all Residents Trust Beneficiaries as of December 31st of each taxable year. Within ninety (90) days after the last day of each calendar year during which this Trust Agreement remains in effect, to the extent of available funds, the Trustee shall distribute to each Residents Trust Beneficiary an amount equal to the product of (i) any net taxable income of the Residents Trust for the previous calendar year that is allocated to such Residents Trust Beneficiary as provided in Section __, multiplied by (ii) 37% (the "Tax Distributing").

c) The Trustee shall be responsible for payment, out of the Residents Trust Assets, any taxes imposed on the Residents Trust or its assets.

d) The Trustee may request an expedited determination of taxes of the Residents Trust under section 505(b) of the Bankruptcy Code for all Tax Returns filed for, or on behalf of, the Residents Trust for all taxable periods through the dissolution of the Residents Trust.

5.4. Tax Withholdings by Trustee. The Trustee shall withhold and pay to the appropriate tax authority all amounts required to be withheld pursuant to the IRC or any provision of any foreign, state, or local tax law with respect to any payment or distribution to the Residents Trust Beneficiaries. All such amounts withheld and paid to the appropriate tax authority (or placed in escrow pending resolution of the need to withhold) shall be treated as amounts distributed to such Residents Trust Beneficiary for all purposes of the Trust Agreement. The Trustee shall be authorized to collect such tax information from the Residents Trust Beneficiaries (including without limitation, social security numbers or other tax identification numbers) as the Trustee deems necessary to effectuate the Plan, the Confirmation Order, and the Trust Agreement. In order to receive distributions under the Plan, all Residents Trust Beneficiaries shall be required to identify themselves to the Trustee and provide tax information and the specifics of their holdings, to the extent the Trustee deems appropriate in the manner and in accordance with the procedures from time to time established by the Trustee for these purposes. This identification requirement generally applies to all Residents Trust Beneficiaries, including those who hold their Claims in "street name." The Trustee may refuse to make a distribution to any Residents Trust Beneficiary that fails to furnish such information in a timely fashion, and until such information is delivered may treat such Residents Trust Beneficiary's Residents Trust Interests as disputed; provided,

however, that, upon the delivery of such information by a Residents Trust Beneficiary, the Trustee shall make such distribution to which the Residents Trust Beneficiary is entitled, without additional interest occasioned by such Residents Trust Beneficiary's delay in providing tax information; and, provided, further, that, if such information is not furnished to the Trustee within six (6) months of the original request to furnish such information, no further distributions shall be made to the Residents Trust Beneficiary; and, provided, further, that, if the Trustee fails to withhold in respect of amounts received or distributable with respect to any such Residents Trust Beneficiary and the Trustee is later held liable for the amount of such withholding, such Residents Trust Beneficiary shall reimburse the Trustee for such liability (to the extent such amounts were actually distributed to such Residents Trust Beneficiary).

ARTICLE VI.

POWERS AND LIMITATIONS ON THE TRUSTEE

6.1. Trustee. References herein to the Trustee shall refer to the individual serving as the Trustee solely in its capacity as trustee hereunder. Subject to Article VIII hereof, the Trustee shall hold office until the termination of the Residents Trust in accordance with the terms set forth herein.

6.2. Powers of the Trustee.

a) Pursuant to the terms of the Plan, the Confirmation Order, and this Trust Agreement, the Trustee shall have various powers, duties, and responsibilities concerning the collection of Residents Trust Assets, the prosecution of litigation claims to collect Residents Trust Assets, the resolution of disputed Class 5 and Class 6 Claims against the Debtors' Estates, the administration of the Residents Trust and the Residents Trust Assets, and to make distributions to the Residents Trust Beneficiaries in accordance with the Plan, the Confirmation Order, and this Trust Agreement.

b) The Trustee shall have only such rights, powers, and privileges expressly set forth in the Confirmation Order, the Plan, and this Trust Agreement and as otherwise provided by applicable law. Subject to the oversight and approvals by and of the Residents Trust Advisory Board when required herein, the Trustee shall be expressly authorized to undertake the following actions:

i. To exercise all power and authority that may be or could have been exercised, commence all proceedings that may be or could have been commenced and take all actions that may be or could have been taken by the Debtors or any trustee appointed for any Debtor to collect amounts owed by Lifespace under the Lifespace Settlement Agreement;

ii. To open and maintain bank and other deposit accounts, escrows and other accounts, calculate and make distributions of Residents Trust Assets as provided for or contemplated by the Plan, the Confirmation Order, and this Trust Agreement, and take other actions consistent with the Plan and the implementation thereof in the name of the Trustee, even in the event of the dissolution of the Debtors;

iii. To collect, sell, liquidate or otherwise dispose of all Residents Trust Assets pursuant to the Plan, subject to approval by the Residents Trust Advisory Board in the event that a particular Residents Trust Asset is valued at or in excess of \$100,000 and, to make distributions of Residents Trust Assets;

iv. Subject to the prior approval of the Residents Trust Advisory Board to borrow funds, and to also take all actions necessary to preserve and maximize the value of the Residents Trust Assets;

v. To object to any Class 5 or Class 6 Claims asserted in the Debtors bankruptcy proceedings (disputed or otherwise), and to defend, compromise and/or settle any Class 5 and Class 6 Claims prior to or following objection without the necessity of approval of the Court, subject to approval by the Residents Trust Advisory Board if any such settlement or compromise results in an Allowed Class 5 and Class 6 Claim equal to or in excess of \$100,000;

vi. To make decisions, after consultation with and approval by the Residents Trust Advisory Board, regarding the retention or engagement of professionals, employees and consultants (generally, "Residents Trust Professionals") by the Residents Trust and to pay, from the Residents Trust Assets, the charges incurred by the Residents Trust on or after the Effective Date for services of professionals in excess of \$20,000 [*See* Section 6.3(b)(ii)] upon approval of the Residents Trust Advisory Board, without application to the Court (nothing herein shall prohibit the retention of Foley & Lardner LLP or Ankura, former professionals retained by the Official Unsecured Creditors Committee (the "Committee"), as professionals for the Residents Trust);

vii. To determine, after consultation with the Residents Trust Advisory Board, when a Life Care Subsidy payment is appropriate and when a Refund Trigger Date has occurred or should be deemed to have occurred pursuant to the purpose and spirit of the Lifespace Settlement Agreement and this Agreement;

viii. To cause, on behalf of the Residents Trust, to prepare and file all necessary tax returns and all other appropriate or necessary documents related to municipal, State, Federal or other tax law;

ix. To invest Cash as permitted by a Final Order of the Court and in accordance with the investment and deposit guidelines set forth in this Trust Agreement;

x. To enter into any agreement or execute any instrument or document required by or consistent with the Plan and perform all of the obligations of the Trustee hereunder;

xi. To abandon in any commercially reasonable manner, including abandonment or donation to a charitable organization approved by the Residents Trust Advisory Board, any Residents Trust Assets that the Trustee determines too impractical to distribute;

xii. To use Residents Trust Assets to purchase or create and maintain all appropriate insurance policies, bonds or other means of assurance and protection of the Residents Trust Assets and pay all reasonable insurance premiums and other costs he or she deems necessary

or advisable to insure the acts and omissions of the Trustee, and if appropriate, the Residents Trust Advisory Board;

xiii. To implement and enforce all provisions of the Plan, subject to the advice of the Residents Trust Advisory Board;

xiv. To maintain appropriate books and records (including financial books and records) to govern the collection and distribution of the Residents Trust Assets, provided, however, that any abandonment or destruction of books and records shall require Residents Trust Advisory Board approval, unless otherwise provided herein;

xv. Subject to approval of the Residents Trust Advisory Board, to dissolve the Residents Trust if the Trustee determines, in reasonable reliance on such professionals as it may retain, that the expense of administering the Residents Trust so as to make a final distribution to Trust Beneficiaries is likely to exceed the value of the remaining Residents Trust Assets; and

xvi. To do all other acts or things consistent with the provisions of the Plan that the Trustee deems reasonably necessary or desirable with respect to implementing the Plan.

c) Except as otherwise provided in this Trust Agreement, the Trustee will not be required to obtain the order or approval of the Bankruptcy Court, or any other court of competent jurisdiction in, or account to the Bankruptcy Court or any other court of competent jurisdiction for, the exercise of any right, power, or privilege conferred hereunder. Notwithstanding the foregoing, where the Trustee determines that it is necessary, appropriate, or desirable, the Trustee will have the right to submit to the Bankruptcy Court any question or questions regarding any specific action proposed to be taken by the Trustee with respect to this Trust Agreement, the Residents Trust, or the Residents Trust Assets, including the administration and distribution of Residents Trust Assets and the termination of the Residents Trust. Pursuant to the Plan, the Bankruptcy Court has retained jurisdiction for such purposes and may approve or disapprove any such proposed action upon motion by the Trustee.

6.3. Limitations on Trustee.

a) The Trustee shall, on behalf of the Residents Trust, hold the Residents Trust out as a trust in the process of collection and liquidation and not as an investment company. The Trustee shall be restricted to the liquidation of the Residents Trust Assets on behalf, and for the benefit, of the Residents Trust Beneficiaries and the distribution and application of the Residents Trust Assets for the purposes set forth in, and the conservation and protection of the Residents Trust Assets and the administration thereof in accordance with, the provisions of this Trust Agreement, the Plan, and the Confirmation Order. In no event shall the Trustee receive any property, make any distribution, satisfy or discharge any claims, expenses, charges, liabilities and obligations or otherwise take any action which would jeopardize the status of the Residents Trust as a "liquidating trust" for United States federal income tax purposes within the meaning of Treasury Regulations Section 301.7701-4(d). This limitation shall apply irrespective of whether

the conduct of any such actions is deemed by the Trustee to be necessary or appropriate for the conservation and protection of the Trust Assets.

b) Notwithstanding anything in this Trust Agreement to the contrary, the Trustee shall submit to the Residents Trust Advisory Board for its approval the following matters and any other matters that expressly or reasonably require the approval of the Residents Trust Advisory Board pursuant to the other terms of this Trust Agreement:

- i. The retention or engagement of any Trustee professionals;
 - ii. Any payment to the Trustee or any Trustee professionals for fees and expenses in excess of twenty thousand dollars (\$20,000.00);
 - iii. Any settlement of any litigation or causes of action involving an amount in controversy equal to or in excess of \$100,000;
 - iv. Any borrowing of funds;
 - v. Any incurrence of any cost, expense, or fee in excess of \$100,000;
- and
- vi. The dissolution of the Residents Trust.

The foregoing shall not limit the Trustee's ability to make determinations and take actions regarding compliance with tax withholding requirements (including remittances).

6.4. Establishment of Residents Trust Advisory Board.

a) The "Residents Trust Advisory Board" means the board appointed by the Committee in the Debtors' bankruptcy proceeding to exercise the duties set forth in this Trust Agreement, which duties shall be (i) to oversee the collection and distribution of the Residents Trust Assets by the Trustee in accordance with this Trust Agreement, the Plan, and the Confirmation Order, (ii) to approve (or withhold approval) of those matters submitted to it for approval in accordance with the terms of this Trust Agreement, and (iii) to remove and appoint any successor to the Trustee as provided for in this Trust Agreement.

b) The Residents Trust Advisory Board shall consist of three (3) members.

c) The authority of the members of the Residents Trust Advisory Board shall be effective as of the Effective Date and shall remain and continue in full force and effect until the Residents Trust is dissolved in accordance with Section 3.2 hereof. The service of the members of the Residents Trust Advisory Board shall be subject to the following:

- i. the members of the Residents Trust Advisory Board shall serve until death or resignation pursuant to clause (ii) below, or removal pursuant to clause (iii) below;
- ii. a member of the Residents Trust Advisory Board may resign at any time by providing a written notice of resignation to the remaining members of the Residents Trust

Advisory Board. Such resignation shall be effective when a successor is appointed as provided herein;

iii. a member of the Residents Trust Advisory Board may be removed by unanimous vote of the other members for (a) fraud or willful misconduct in connection with the affairs of the Residents Trust or (b) cause, which shall include a breach of fiduciary duty other than as specified in the foregoing clause (a). Such removal shall be effective only upon the earlier of (a) acceptance of such removal by the member, or (b) an order of the Bankruptcy Court requiring such removal;

iv. in the event of a vacancy in a member's position (whether by removal, death, or resignation) the two (2) remaining members shall jointly select a successor member; if the remaining members cannot agree on a successor member, the Trustee shall appoint a successor member who is willing to serve on the Residents Trust Advisory Board; and

v. immediately upon appointment of any successor member of the Residents Trust Advisory Board, all rights, powers, duties, authority, and privileges of the predecessor member of the Residents Trust Advisory Board hereunder shall be vested in and undertaken by the successor member of the Residents Trust Advisory Board without any further act; and the successor member of the Residents Trust Advisory Board shall not be liable personally for any act or omission of the predecessor member of the Residents Trust Advisory Board.

vi. Notwithstanding anything in this Trust Agreement to the contrary, the Residents Trust Advisory Board shall not take any action which will cause the Residents Trust to fail to qualify as a "liquidating trust" and taxed as a grantor trust for United States federal income tax purposes.

vii. A quorum for meetings of the Residents Trust Advisory Board shall consist of a majority of the members of the Residents Trust Advisory Board then serving; provided, however, that, for purposes of determining whether a quorum is present at such a meeting, a member of the Residents Trust Advisory Board shall be deemed present if the member is attending in person, by telephone, or by proxy; provided, further, however, that to the extent practicable, reasonable notice of a meeting must be given to all members of the Residents Trust Advisory Board.

viii. Except as expressly provided herein, the affirmative vote of a majority of the members of the Residents Trust Advisory Board shall be the act of the Residents Trust Advisory Board with respect to any matter that requires the determination, consent, approval, or agreement of such board. Any or all of the members of the Residents Trust Advisory Board may participate in a regular or special meeting by, or conduct the meeting through the use of, conference telephone or similar communications equipment by means of which all persons participating in the meeting may hear each other, in which case any required notice of such meeting may generally describe the arrangements (rather than or in addition to the Plan) for the holding thereof. Any member of the Residents Trust Advisory Board participating in a meeting by this means is deemed to be present in person at the meeting. In all matters submitted to a vote of the Residents Trust Advisory Board, each Residents Trust Advisory Board member shall be entitled to cast one vote, which vote shall be cast personally by such Residents Trust Advisory Board member or by proxy.

In a matter in which the Trustee cannot obtain direction or authority from the Residents Trust Advisory Board, the Trustee may file a motion requesting such direction or authority from the Bankruptcy Court; provided, however, that any member of the Residents Trust Advisory Board may oppose such motion.

ix. Any action required or permitted to be taken by the Residents Trust Advisory Board at a meeting may be taken without a meeting if the action is taken by unanimous written consent of the Residents Trust Advisory Board as evidenced by one or more written consents describing the action taken, signed by the Residents Trust Advisory Board and filed with the minutes or proceedings of the Residents Trust Advisory Board.

x. Any member of the Residents Trust Advisory Board shall be reimbursed by the Trustee from the Residents Trust Assets for its actual, reasonable out-of-pocket expenses incurred for serving on such board, such as travel costs etc. (but excluding the fees, costs, and expenses of professionals retained by Residents Trust Advisory Board members individually), after submission of reasonably detailed receipts or invoices evidencing such expenses. Except as provided for in this Section 6.4, the members of the Residents Trust Advisory Board shall not be entitled to receive any other form of compensation for their services provided as such members. Except as provided for in this Section 6.4, the members of the Residents Trust Advisory Board shall not be entitled to receive any other form of compensation for their services provided as such members.

6.5. Resolution of Claims.

a) Unless otherwise provided in the Plan, from and after the Effective Date, the Trustee shall have authority to object to Class 5 and Class 6 Claims (in consultation with the Residents Trust Advisory Board) and to have the Bankruptcy Court determine the amount and treatment of any Class 5 and Class 6 Claim. Subject to Section 6.3 herein, from and after the Effective Date, the Trustee may settle or compromise any Disputed Class 5 and Class 6 Claim with or without approval of the Court.

b) Subject to Section 6.3 herein, the Trustee shall have the authority to retain counsel and other professionals in conjunction with the resolution of Claims pursuant to this Section 6.5. The reasonable fees and expenses of such counsel and professionals as approved by the Residents Trust Advisory Board shall be paid and deducted from the Residents Trust Assets.

6.6. Actions Taken on Other Than a Business Day. In the event that any payment or act under the Plan or this Trust Agreement is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

6.7. Agents, Employees, and Professionals.

a) Subject to approval by the Residents Trust Advisory Board, the Residents Trust may, but shall not be required to, from time to time enter into contracts with, consult with and retain Trustee Professionals deemed by the Trustee to have qualifications necessary or

desirable to assist in the proper administration of the Residents Trust, on such terms as he Trustee deems appropriate.

b) After the Effective Date, Trustee Professionals shall be required to submit reasonably detailed invoices on a monthly basis, or as may otherwise be agreed by the Trustee, to the Trustee, including in such invoices a description of the work performed, who performed such work, and, if billing on an hourly basis, the hourly rate of such person, plus an itemized statement of expenses. Subject to the approval of the Residents Trust Advisory Board, the Trustee shall pay such invoices thirty (30) days after such invoices are received. In the event of any dispute concerning the entitlement to, or the reasonableness of any compensation and/or expenses of any Trustee Professionals, either the Trustee, with the approval of the Residents Trust Advisory Board, or the affected party may ask the Bankruptcy Court to resolve the dispute.

c) All payments to Trustee Professionals shall be paid out of the Residents Trust Assets.

6.8. Investment of Residents Trust Monies. All monies and other assets received by the Trustee as Residents Trust Assets (including the proceeds thereof as a result of investment in accordance with this Section 6.8) shall, until distributed or paid over as herein provided, be held in trust for the benefit of the Residents Trust Beneficiaries, and shall not be segregated from other Residents Trust Assets, unless and to the extent required by the Plan. The Trustee shall promptly invest any such monies (including any earnings thereon or proceeds thereof) in the manner set forth in this Section 6.8, but shall otherwise have no liability for interest or income on any monies received by the Residents Trust hereunder and held for distribution or payment to the Residents Trust Beneficiaries, except as such interest shall actually be received. Investment of any monies held by the Residents Trust shall be administered in accordance with the general duties and obligations hereunder. Unless otherwise approved by the Residents Trust Advisory Board, the right and power of the Trustee to invest the Residents Trust Assets, the proceeds thereof, or any income earned by the Residents Trust, shall be limited to the right and power to (i) invest such Residents Trust Assets (pending distributions in accordance with the Plan or this Trust Agreement) in short-term direct obligations of any agency or corporation which is or may hereafter be created by or pursuant to an act of the Congress of the United States as an agency or instrumentality thereof; or (ii) deposit such assets in demand deposits at any bank or trust company, which has, at the time of the deposit, a capital stock and surplus aggregating at least \$1,000,000,000 (collectively, the “Permissible Investments”); provided, however, that the scope of any such Permissible Investments shall be limited to include only those investments that a liquidating trust, within the meaning of Treasury Regulations section 301.7701-4(d), may be permitted to hold, pursuant to the Treasury Regulations, or any modification in the IRS guidelines, whether set forth in IRS rulings (including but not limited to Revenue Procedure 82-58, Revenue Procedure 91-15, and Revenue Procedure 94-45), other IRS pronouncements or otherwise.

6.9. Termination. The duties, responsibilities, and powers of the Trustee and the Residents Trust Advisory Board shall terminate on the date the Residents Trust is wound up and dissolved in accordance with Texas law pursuant to Section 3.2 hereof, under applicable law and in accordance with this Trust Agreement and the Plan; provided, however, that Sections 7.2, 7.3, 7.4, 7.5, and 7.6 hereof shall survive such termination, dissolution, and entry.

ARTICLE VII.

CONCERNING THE TRUSTEE AND RESIDENTS TRUST ADVISORY BOARD

7.1. Reliance by the Trustee and the Members of the Residents Trust Advisory Board. Except as otherwise provided in this Trust Agreement, the Plan, or the Confirmation Order, the Trustee and the members of the Residents Trust Advisory Board may rely and shall be protected in acting upon any resolution, statement, instrument, opinion, report, notice, request, consent, order, or other paper or document reasonably believed by the Trustee to be genuine and to have been signed or presented by the proper party or parties.

7.2. Liability to Third Persons. The Trustee, the Trustee Professionals, and the members of the Residents Trust Advisory Board shall not be subject to any personal liability whatsoever, in tort, contract, or otherwise, to any person (including, in the case of the Trustee and members of the Residents Trust Advisory Board, to any Trustee Professionals retained by the Trustee in accordance with this Trust Agreement) in connection with the Residents Trust Assets or the affairs of the Residents Trust and shall not be liable with respect to any action taken or omitted to be taken in good faith, except for actions and omissions determined by a Final Order of the Bankruptcy Court to be due to their respective gross negligence, intentional fraud, criminal conduct, or willful misconduct (“Indemnifiable Claims”), and all such Persons shall look solely to the Residents Trust Assets for satisfaction of claims of any nature arising in connection with affairs of the Residents Trust. Other than as set forth in the Plan or in the Confirmation Order, nothing in this Section 7.2 shall be deemed to release any Residents Trust Beneficiary from any actions or omissions occurring prior to the Effective Date.

7.3. Nonliability of Trustee and Residents Trust Advisory Board for Acts of Others. Except as provided herein, nothing contained in this Trust Agreement, the Plan, or the Confirmation Order shall be deemed to be an assumption by the Trustee, the Residents Trust Advisory Board (or its members), or the Trustee Professionals of any of the liabilities, obligations, or duties of the Debtors or shall be deemed to be or contain a covenant or agreement by the Trustee to assume or accept any such liability, obligations, or duty. Any successor Trustee, or Residents Trust Advisory Board member may accept and rely upon any accounting made by or on behalf of any predecessor Trustee hereunder, and any statement of representation made as to the assets comprising the Residents Trust Assets or as to any other fact bearing upon the prior administration of the Residents Trust, so long as it has a good faith basis to do so. The Trustee, and the Residents Trust Advisory Board members shall not be liable for having accepted and relied in good faith upon any such accounting, statement, or representation if it is later proved to be incomplete, inaccurate, or untrue. The Trustee or any successor Trustee, and Residents Trust Advisory Board members shall not be liable for any act or omission of any predecessor Trustee, or Residents Trust Advisory Board member, nor have a duty to enforce any claims against any predecessor Trustee, or Residents Trust Advisory Board member on account of any such act or omission, unless directed to do so by the Residents Trust Advisory Board. No provision of this Trust Agreement shall require the Trustee to expend or risk his or her personal funds or otherwise incur any financial liability in the performance of his or her rights or powers hereunder if the Trustee has reasonable grounds to believe that the payment of such funds or adequate indemnity against such risk or liability is not reasonably assured or provided to him or her.

7.4. Exculpation. As of the Effective Date, the Trustee, the Trustee professionals, and any member of the Residents Trust Advisory Board shall be and hereby are exculpated by all Persons, including Residents Trust Beneficiaries, and other parties-in-interest, from any and all claims, causes of action, and other assertions of liability arising out of or related to the discharge of their respective powers and duties conferred by the Plan, this Trust Agreement, or any order of the Bankruptcy Court entered pursuant to or in furtherance of the Plan, or applicable law or otherwise, except for actions or omissions to act that are determined by Final Order of the Bankruptcy Court to have arisen out of their own respective intentional fraud, criminal conduct, gross negligence, or willful misconduct. No Residents Trust Beneficiary, or other party-in-interest shall have or be permitted to pursue any claim or cause of action against the Trustee, the Residents Trust, the employees, professionals, or representatives of either the Trustee or the Residents Trust (including the Trustee Professionals) or the members of the Residents Trust Advisory Board, for making payments in accordance with, or for implementing, the provisions of the Plan, the Confirmation Order, and this Trust Agreement in good faith. Any action taken or omitted to be taken with the express approval of the Bankruptcy Court or the Residents Trust Advisory Board shall conclusively be deemed not to constitute gross negligence or willful misconduct; provided, however, that, notwithstanding any provision herein to the contrary, the Trustee shall not be obligated to comply with a direction of the Residents Trust Advisory Board, whether or not express, which would result in a change to the distribution provisions of this Trust Agreement and the Plan.

7.5. Duties of the Members of the Residents Trust Advisory Board. The members of the Residents Trust Advisory Board shall owe a fiduciary duty to Residents Trust Beneficiaries as a whole and not to any individual Residents Trust Beneficiary. Members of the Residents Trust Advisory Board shall owe the same duties to the Residents Trust Beneficiaries as the duties owed by members of a committee established by Section 1102(a) of the Bankruptcy Code to their constituents.

7.6. Indemnity. The Trustee, the employees of the Residents Trust, the members of the Residents Trust Advisory Board, and their respective agents, employees, officers, directors, professionals, attorneys, accountants, advisors, representatives, and principals, including the Trustee Professionals (collectively, the "Indemnified Parties") shall be indemnified by the Residents Trust solely from the Residents Trust Assets for any losses, claims, damages, liabilities, and expenses occurring after the Effective Date, including reasonable attorneys' fees, disbursements, and related expenses which the Indemnified Parties may incur or to which the Indemnified Parties may become subject in connection with any action, suit, proceeding, or investigation brought by or threatened against one or more of the Indemnified Parties on account of the acts or omissions in their capacity as, or on behalf of, the Trustee or a member of the Residents Trust Advisory Board; provided, however, that the Residents Trust shall not be liable to indemnify any Indemnified Party for any act or omission arising out of such Indemnified Party's respective, fraud or willful misconduct as determined by a Final Order of the Bankruptcy Court. Notwithstanding any provision herein to the contrary, the Indemnified Parties shall be entitled to obtain advances from the Residents Trust to cover their reasonable expenses of defending themselves in any action brought against them as a result of the acts or omissions, actual or alleged, of an Indemnified Party in its capacity as such, except for any actions or omissions arising from their own respective willful misconduct or fraud; provided, however, that the Indemnified Parties receiving such advances shall repay the amounts so advanced to the Residents Trust immediately

upon the entry of a Final Order finding that such Indemnified Parties were not entitled to any indemnity under the provisions of this Section 7.6. The foregoing indemnity in respect of any Indemnified Party shall survive the termination of such Indemnified Party from the capacity for which they are indemnified.

7.7. Compensation and Expenses. Subject to the approval of the Residents Trust Advisory Board, the Trustee shall receive compensation for its services, to be paid out of the Residents Trust Assets. In addition, the Trustee shall be entitled, with the approval of the Residents Trust Advisory Board to reimburse itself from the Residents Trust Assets on a monthly basis for all reasonable out-of-pocket expenses actually incurred in the performance of duties in accordance with this Trust Agreement and the Plan.

ARTICLE VIII.

SUCCESSOR RESIDENTS TRUSTEE

8.1. Resignation. The Trustee may resign from the Residents Trust by giving at least sixty (60) days prior written notice thereof to each member of the Residents Trust Advisory Board. Such resignation shall become effective on the later to occur of (a) the date specified in such written notice, and (b) the effective date of the appointment of a successor Trustee in accordance with Section 8.4 hereof and such successor's acceptance of such appointment in accordance with Section 8.5 hereof.

8.2. Removal. At any time the Residents Trust Advisory Board may remove the Trustee, including any successor Trustee. The Trustee shall continue to serve until a successor Trustee is appointed. The Trustee shall be entitled to all accrued but unpaid fees, expenses, and other compensation, to the extent incurred, arising or relating to events occurring before his or her removal or resignation, and to any out-of-pocket expenses reasonably incurred in connection with the transfer of all powers and duties and all rights to any successor Trustee.

8.3. Effect of Resignation or Removal. The resignation, removal, incompetency, bankruptcy, or insolvency of the Trustee shall not operate to terminate the Residents Trust or to revoke any existing agency created pursuant to the terms of this Trust Agreement, the Plan, or the Confirmation Order or invalidate any action theretofore taken by the Trustee. All fees and expenses properly incurred by the Trustee prior to the resignation, incompetency, or removal of the Trustee shall be paid from the Residents Trust, unless such fees and expenses are disputed by (a) the Residents Trust Advisory Board or (b) the successor Trustee, in which case the Bankruptcy Court shall resolve the dispute and any disputed fees and expenses of the predecessor Trustee that are subsequently allowed by the Bankruptcy Court shall be paid from the Residents Trust Assets. In the event of the resignation or removal of the Trustee, such Trustee shall: (i) promptly execute and deliver such documents, instruments, and other writings as may be reasonably requested by the successor Trustee or directed by the Bankruptcy Court to effect the termination of such Trustee's capacity under this Trust Agreement; (ii) promptly deliver to the successor Trustee all documents, instruments, records, and other writings related to the Residents Trust as may be in the possession of such Trustee; and (iii) otherwise assist and cooperate in effecting the assumption of its obligations and functions by such successor Trustee.

8.4. Appointment of Successor. In the event of the death, resignation, removal, incompetency, bankruptcy, or insolvency of the Trustee, a vacancy shall be deemed to exist and a successor shall be appointed by a majority of the Residents Trust Advisory Board. In the event that a successor Trustee is not appointed within thirty (30) days after the date of such vacancy, the Bankruptcy Court, upon its own motion or the motion of a Residents Trust Beneficiary or any member of the Residents Trust Advisory Board, shall appoint a successor Trustee.

8.5. Acceptance of Appointment by Successor Trustee. Any successor Trustee appointed hereunder shall execute an instrument accepting its appointment and deliver such instruments to the Residents Trust Advisory Board. Thereupon, such successor Trustee shall, without any further act, become vested with all the duties, powers, rights, title, discretion, and privileges of its predecessor in the Residents Trust with like effect as if originally named Trustee and shall be deemed appointed pursuant to Bankruptcy Code section 1123(b)(3)(B). The resigning or removed Trustee shall duly assign, transfer, and deliver to such successor Trustee all property and money held by such resigning or removed Trustee hereunder and shall, as reasonably requested by such successor Trustee, execute and deliver an instrument or instruments conveying and transferring to such successor Trustee upon the trusts herein expressed, all the liabilities, duties, powers, rights, title, discretion, and privileges of such resigning or removed Trustee.

ARTICLE IX.

MISCELLANEOUS PROVISIONS

9.1. Governing Law. This Trust Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without giving effect to rules governing the conflict of laws.

9.2. Jurisdiction. Subject to the proviso below, the parties agree that the Bankruptcy Court shall have exclusive jurisdiction over the Residents Trust and the Trustee, including the administration and activities of the Residents Trust and the Trustee, and, pursuant to the Plan, the Bankruptcy Court has retained such jurisdiction; provided, however, that notwithstanding the foregoing, the Trustee shall have power and authority to prosecute any Cause of Action in any court of competent jurisdiction (including the Bankruptcy Court).

9.3. Severability. In the event any provision of this Trust Agreement or the application thereof to any person or circumstances shall be determined by a final, non-appealable judgment or order to be invalid or unenforceable to any extent, the remainder of this Trust Agreement or the application of such provision to persons or circumstances or in jurisdictions other than those as to or in which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Trust Agreement shall be valid and enforceable to the full extent permitted by law.

9.4. Notices. Any notice or other communication required or permitted to be made under this Trust Agreement shall be in writing and shall be deemed to have been sufficiently given, for all purposes, if delivered personally, by email, sent by nationally recognized overnight delivery service or mailed by first-class mail:

- i. If to the Trustee:

ii. If to the Debtors: POLSINELLI PC Jeremy Johnson 600 3rd Avenue, 42nd Floor New York, New York 10016 jeremy.johnson@polsinelli.com; and Trinitee G. Green 2950 N. Harwood Street, Suite 2100 Dallas, Texas 75201, tggreen@polsinelli.com

iii. If to the members of the Residents Trust Advisory Board:

9.5. Headings. The headings contained in this Trust Agreement are solely for convenience and reference and shall not affect the meaning or interpretation of this Trust Agreement or of any term or provision hereof.

9.6. Relationship to the Plan. The terms of this Trust Agreement are intended to supplement the terms provided by the Plan and the Confirmation Order, and therefore this Trust Agreement incorporates the provisions of the Plan and the Confirmation Order (which may amend or supplement the Plan). To the extent that there is a conflict between the provisions of this Trust Agreement, the provisions of the Plan, or the Confirmation Order, each document shall have controlling effect in the following rank order: (1) this Trust Agreement, (2) the Confirmation Order, and (3) the Plan.

9.7. Entire Trust Agreement. This Trust Agreement (including the recitals and annex hereto), the Plan, and the Confirmation Order constitute the entire agreement by and among the parties and supersede all prior and contemporaneous agreements or understandings by and among the parties with respect to the subject matter hereof.

9.8. Cooperation. The Debtors shall turn over or otherwise make available to the Trustee at no cost to the Residents Trust or the Trustee, all books and records reasonably required by the Trustee to carry out its duties hereunder, and agree to otherwise reasonably cooperate with the Trustee in carrying out its duties hereunder, subject to the confidentiality provisions herein to preserve the confidential nature of the Debtors' books and records.

9.9. Amendment and Waiver. Any provision of this Trust Agreement may be amended or waived by the Trustee with the consent of all members of the Residents Trust Advisory Board provided, however, that no change may be made to this Residents Trust Agreement that would adversely affect the distributions to be made under this Residents Trust Agreement to any of the Residents Trust Beneficiaries, or adversely affect the United States federal income tax status of the Residents Trust as a "liquidating trust." Notwithstanding this Section 9.9, any amendment to this Trust Agreement shall not be inconsistent with the purpose and intention of the Residents Trust to liquidate in an expeditious but orderly manner the Residents Trust Assets in accordance with Treasury Regulations section 301.7701-4(d) and Section 1.2 hereof.

9.10. Confidentiality. The Trustee and its employees, members, agents, professionals, and advisors, including the Trustee Professionals, and each member of the Residents Trust Advisory Board (each a "Confidential Party" and, collectively, the "Confidential Parties") shall hold strictly confidential and not use for personal gain any material, non-public information of which they have become aware in their capacity as a Confidential Party, of or pertaining to any

Debtor to which any of the Residents Trust Assets relates; provided, however, that such information may be disclosed if (a) it is now or in the future becomes generally available to the public other than as a result of a disclosure by the Confidential Parties; or (b) such disclosure is required of the Confidential Parties pursuant to legal process including subpoena or other court order or other applicable laws or regulations. In the event that any Confidential Party is requested to divulge confidential information pursuant to this clause (b), such Confidential Party shall promptly, in advance of making such disclosure, provide reasonable notice of such required disclosure to the Trustee (or the Residents Trust Advisory Board in the case the Trustee is the disclosing party) to allow sufficient time to object to or prevent such disclosure through judicial or other means and shall cooperate reasonably with the Trustee (or the Residents Trust Advisory Board, as applicable) in making any such objection, including appearing in any judicial or administrative proceeding in support of any objection to such disclosure.

9.11. Meanings of Other Terms. Except where the context otherwise requires, words importing the masculine gender include the feminine and the neuter, if appropriate, words importing the singular number shall include the plural number and vice versa and words importing persons shall include firms, associations, corporations, and other entities. All references herein to Articles, Sections, and other subdivisions, unless referring specifically to the Plan or provisions of the Bankruptcy Code, the Bankruptcy Rules, or other law, statute, or regulation, refer to the corresponding Articles, Sections, and other subdivisions of this Trust Agreement, and the words herein and words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section, or subdivision of this Trust Agreement. The term “including” shall mean “including, without limitation.”

9.12. Counterparts. This Trust Agreement may be executed in any number of counterparts, each of which shall be deemed in original, but such counterparts shall together constitute but one and the same instrument. A facsimile or portable document file (PDF) signature of any party shall be considered to have the same binding legal effect as an original signature.

9.13. Intention of Parties to Establish a Liquidation Trust. As stated above, this Trust Agreement is intended to create a “liquidating trust” for United States federal income tax purposes within the meaning of Treasury Regulations section 301.7701-4(d), and, to the extent provided by law, shall be governed and construed in all respects as such a trust and any ambiguity herein shall be construed consistent herewith and, if necessary, this Trust Agreement may be amended to comply with such United States federal income tax laws, which amendments may apply retroactively. This Trust Agreement is not intended to create and shall not be interpreted as creating a corporation, association, partnership or joint venture of any kind for United States federal income tax purposes or for any other purposes.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Trust Agreement or caused this Trust Agreement to be duly executed by their respective officers, representatives, or agents, effective as of the date first written above.

NORTHWEST SENIOR HOUSING CORPORATION

By: _____
Name: _____
Title: _____

SENIOR QUALITY LIFESTYLES CORPORATION

By: _____
Name: _____
Title: _____

RESIDENTS TRUST
TRUSTEE

Name: _____

INITIAL RESIDENTS
TRUST ADVISORY BOARD

Name: _____

Name: _____

Name: _____

APPROVED BY:

LIFESPACE COMMUNITIES, INC.

By: _____

Name: _____

Title: _____

Exhibit B-2

Redline of Residents Trust Agreement

RESIDENTS TRUST AGREEMENT

This RESIDENTS TRUST AGREEMENT (the “Trust Agreement”) is made and entered into as of _____, 2023, by and among (a) Northwest Senior Housing Corporation and Senior Quality Lifestyles Corporation, in their capacities as debtors and debtors in possession and on behalf of themselves and their respective chapter 11 estates (each a “Debtor” and collectively, the “Debtors”), and (b) _____, as trustee of the Residents Trust (the “Residents Trustee” or the “Trustee”), so long as such individual continues in office, and all other individuals who have been duly elected and qualify as trustee of the Residents Trust hereunder pursuant to Section 1.5 or Article VIII hereof. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan (as defined below).

BACKGROUND

A. On April 14, 2022, the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the “Bankruptcy Court”).

B. On December 19, 2022, the Plan Proponents filed their *Third Amended Plan of Reorganization of the Plan Sponsors dated December 19, 2022* (as amended, confirmed, and/or modified from time to time, including by the Confirmation Order, the “Plan”) and their *Third Amended Disclosure Statement in Support of the Third Amended Plan of Reorganization of the Plan Sponsors dated December 19, 2022* (as amended, confirmed, and/or modified from time to time, including by the Confirmation Order, the “Disclosure Statement”).

C. The Plan provides for the creation of a trust on the Effective Date to hold, manage, and administer the Residents Trust Assets and to distribute the proceeds thereof to the holders of Residents Trust Interests (the “Residents Trust Beneficiaries” or “Beneficiaries”) in accordance with the terms of this Trust Agreement, the Plan, the Lifespace Settlement Agreement attached to the Disclosure Statement, and the Confirmation Order.

D. The Residents Trust is being created on behalf of, and for the benefit of, the Residents Trust Beneficiaries, who are Participating Former Residents and Participating Current Residents of Edgemere that hold Allowed Class 5 and Class 6 Refund Claims under the Plan, and who shall hold beneficial interests in the Residents Trust (“Residents Trust Interests”).

E. The Residents Trust is organized for the sole purpose of collecting and distributing the Residents Trust Assets, and not to conduct a trade or business except to the extent reasonably necessary to, and consistent with, the purpose of the Residents Trust.

F. This Residents Trust is intended to qualify as a “liquidating trust” under the Internal Revenue Code of 1986, as amended (the “IRC”) and the regulations promulgated thereunder (the “Treasury Regulations”), specifically Treasury Regulations section 301.7701-4(d) and, as such, as a “grantor trust” for United States federal income tax purposes pursuant to Treasury Regulations Section 1.671-4(a), with the Residents Trust Beneficiaries treated as the grantors and owners of the Residents Trust.

TRUST AGREEMENT

NOW, THEREFORE, in consideration of the promises and the mutual covenants contained herein, the Debtors and the Trustee agree as follows:

ARTICLE I.

DECLARATION OF TRUST

1.1. Creation of Trust. As of the Effective Date of the Plan, the Debtors and the Trustee, pursuant to the Plan and the Confirmation Order, and in accordance with the applicable provisions of chapter 11 of the Bankruptcy Code, hereby constitute and create the Residents Trust, which shall bear the name “Edgemere Residents Trust.” In connection with the exercise of the Trustee’s power hereunder, the Trustee may use this name or such variation thereof as the Trustee sees fit. The Edgemere Residents Trust shall be governed by the Texas Trust Code as the same may be amended from time to time (the “Trust Code”).

1.2. Purpose of Residents Trust. The purpose of the Residents Trust is to implement the terms of the Plan on behalf, and for the benefit of, the Residents Trust Beneficiaries, and to serve as a mechanism for collecting the contributions (the “Lifespace Contributions”) from Lifespace Communities Inc. (“Lifespace”) required under the Plan and Lifespace First Amended and Restated Settlement and Contribution Agreement dated December 14, 2022 February __, 2023 as amended (the “Lifespace Settlement Agreement”), and distributing the Lifespace Contributions and earnings thereon in accordance with Treasury Regulations section 301.7701-4(d), with no objective to continue or engage in conduct or a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Residents Trust.

1.3. Transfer of Residents Trust Assets. On the Effective Date, the Debtors shall transfer, for the sole benefit of the Residents Trust Beneficiaries, pursuant to Bankruptcy Code sections 1123(a)(5)(B) and 1123(b)(3)(B), and in accordance with the Plan and the Confirmation Order, all of the Debtors’ rights, title and interests in the Lifespace Settlement Agreement, as amended from time to time, (together with Lifespace Contributions, the “Residents Trust Assets”) to the Residents Trust, free and clear of any and all liens, claims, encumbrances and interests (legal, beneficial, or otherwise) of all other entities to the maximum extent contemplated by and permissible under Bankruptcy Code section 1141(c). In this regard, the Residents Trust Assets will be treated as transferred, for United States federal as well as state and local income tax purposes, in the manner set forth pursuant to Section 5.2 of this Trust Agreement. The transfer of the Residents Trust Assets shall be exempt from any stamp, real estate transfer, mortgage reporting, sale, use or other similar tax, pursuant to section 1146(a) of the Bankruptcy Code. Upon delivery of all Residents Trust Assets to the Residents Trust, the Debtors shall be discharged and released from all liability with respect to the delivery of such assets, and exculpated as provided in the Plan. The Residents Trust Assets and all other property held from time to time by the Residents Trust under this Trust Agreement and any earnings, including interest, on any of the foregoing are to be applied by the Trustee in accordance with the terms hereof, the Plan, and the Confirmation Order for the benefit of the Residents Trust Beneficiaries, and for no other party, subject to the further covenants, conditions, and terms hereinafter set forth. In the event of any conflict among this Trust

Agreement, the Plan and the Confirmation Order, the provisions of Section 9.6 of this Trust Agreement shall control.

1.4. Funding of Residents Trust

a) Residents Trust Operations. On the Effective Date, the Residents Trust shall be funded by an assignment of all of the Debtors' rights, title and interests in the Lifespace Settlement Agreement. The Lifespace ~~Contributions~~Contributions thereunder and earnings thereon shall be used exclusively for the following purposes: (i) to maintain the value of the Residents Trust Assets; (ii) to pay the reasonable and necessary administrative expenses of the Residents Trust, including, but not limited to, (a) the Trustee fees, compensation and expenses, (b) the reasonable costs and expenses incurred or anticipated to be incurred by the Trustee (including reasonable fees, costs and expenses incurred or anticipated to be incurred by professionals retained by the Trustee), (c) the reasonable costs and expenses incurred or anticipated to be incurred by the Residents Trust Advisory Board and its members (including reasonable fees, costs and expenses incurred or anticipated to be incurred by professionals retained by the Residents Trust Advisory Board but excluding the fees, costs and expenses of professionals retained by Residents Trust Advisory Board members individually), (d) any taxes imposed on the Residents Trust in respect of the Residents Trust Assets, (e) the reasonable fees and expenses incurred or anticipated to be incurred in connection with, arising out of or related to the Residents Trust Assets and any litigation associated therewith, and (f) other costs and expenses contemplated by this Trust Agreement; and (iii) to make distributions to the Residents Trust Beneficiaries.

b) Reserve. Prior to any distributions to the Residents Trust Beneficiaries, the Trustee shall withhold funds for the payment of reasonable Residents Trust expenses and Life Care Subsidy payments.

1.5. Appointment and Acceptance of Trustee. ~~As set forth in the Confirmation Order,~~ ~~the~~The members of the Residents Trust Advisory Board hereby designate _____ to serve as the initial Trustee under the Plan. The Trustee accepts the Residents Trust created by this Trust Agreement and the grant, assignment, transfer, conveyance, and delivery by the Debtors of all of their respective right, title, and interest in the Residents Trust Assets, upon and subject to the terms and conditions set forth herein, in the Plan, and in the Confirmation Order, to the Trustee, on behalf, and for the benefit, of the Residents Trust Beneficiaries. The Trustee's powers are exercisable solely in a fiduciary capacity consistent with, and in furtherance of, the purpose of the Residents Trust within the limitations set forth herein, including the Treasury Regulations and the Trust Code, and shall for all purposes hereunder be acting in the capacity as Trustee, and not individually.

1.6. Collection of the Residents Trust Assets. The Trustee shall, in an expeditious but commercially reasonable manner and subject to the provisions of the Plan, the Confirmation Order, and the Lifespace Settlement Agreement, collect Lifespace Contributions and make timely distributions to Residents Trust Beneficiaries in an amount up to their Allowed Refund Claims in the Debtors bankruptcy proceedings in accordance with the terms hereof ~~and~~, the Plan, and the Lifespace Settlement Agreement attached to the Disclosure Statement, and shall not unduly prolong the existence of the Residents Trust. The Trustee shall exercise reasonable business judgment and in the collection and distribution of the Residents Trust Assets. The Residents Trust

Advisory Board must approve any (i) sale, transfer, assignment, abandonment, or other disposition of Residents Trust Assets with an asserted value equal to or in excess of \$100,000; (ii) settlement or compromise of any claim of the Residents Trust; or (iii) settlement or compromise of an objection to a Class 5 and/or Class 6 Claim which would result in an Allowed Class 5 and/or Class 6 Claim equal to or in excess of \$100,000. The Trustee may incur any reasonable and necessary expense in connection with the collection and conversion of the Residents Trust Assets into Cash or in connection with the administration of the Residents Trust and, subject to the approval of the Residents Trust Advisory Board, such expenses shall be deducted from the Residents Trust Assets.

1.7. No Reversion to Debtors. In no event shall any part of the Residents Trust Assets revert to or be distributed to any Debtor or Reorganized Debtor.

1.8. Incidents of Ownership. The Residents Trust Beneficiaries shall be the sole beneficiaries of the Residents Trust and the Residents Trust Assets, and the Trustee shall retain only such incidents of ownership as are necessary to undertake the actions and transactions authorized herein, in the Plan, and in the Confirmation Order, including those powers set forth in Section 6.2 hereof.

ARTICLE II.

RESIDENTS TRUST BENEFICIARIES

2.1. Conflicting Claims. If any conflicting claims or demands are made or asserted with respect to a Class 5 or Class 6 Claim, or to a Residents Trust Interest or a distribution to a Residents Trust Beneficiary, the Trustee shall be entitled, at the direction and with the approval of the Residents Trust Advisory Board, to refuse to comply with any such conflicting claims or demands. In so refusing, the Trustee, at the direction and with the approval of the Residents Trust Advisory Board, may elect to make no payment or distribution with respect to the Residents Trust Interest subject to the claims or demands involved, or any part thereof, and the Trustee shall refer such conflicting claims or demands to the Bankruptcy Court, which shall have exclusive jurisdiction over resolution of such conflicting claims or demands. In so doing, the Trustee shall not be or become liable to any party for its refusal to comply with any of such conflicting claims or demands. The Trustee shall be entitled to refuse to act until either (i) the rights of the adverse claimants have been adjudicated by a Final Order of the Bankruptcy Court (or such other court of proper jurisdiction) or (ii) all differences have been resolved by a written agreement among all of such parties and the Trustee, which agreement shall (x) include a complete release of the Residents Trust and the Trustee, and (y) be subject to the approval of the Residents Trust Advisory Board if the proposed agreement results in a Class 5 or Class 6 Claim Allowed Claim equal to or in excess of \$100,000 (the occurrence of either (i) or (ii) of this Section 2.1 being referred to as a “Dispute Resolution”). Promptly after a Dispute Resolution is reached, the Trustee shall transfer the payments and distributions, in accordance with the terms of such Dispute Resolution, the Plan and this Trust Agreement.

2.2. Rights of Residents Trust Beneficiaries. Each Residents Trust Beneficiary shall be entitled to participate in the rights and benefits due to a Residents Trust Beneficiary hereunder according to the terms of its Residents Trust Interest. The Residents Trust Interest of a Residents Trust Beneficiary is hereby declared and shall be, in all respects, personal property. Except as

expressly provided hereunder, a Residents Trust Beneficiary shall have no title to, right to, possession of, management of or control of the Residents Trust or the Residents Trust Assets or to any right to call for a partition or division of such assets or to require an accounting. No surviving spouse, heir, or devisee of any deceased Residents Trust Beneficiary shall have any right of dower, homestead, or inheritance, or of partition, or any other right, statutory or otherwise, in the Residents Trust Assets, but the whole title to the Residents Trust Assets shall be vested in the Trustee and the sole interest of the Residents Trust Beneficiaries shall be the rights and benefits given to such person under this Trust Agreement and the Plan.

2.3. Evidence of Residents Trust Interest. Ownership of a Residents Trust Interest in the Residents Trust will be evidenced by the allowance of a Claim against the Debtors by a Participating Former Residents and Participating Current Resident pursuant to the terms of the Plan. Any Participating Former Resident and Participating Current Resident that is a holder of an Allowed Claim under Class 5 or Class 6 of the Plan shall hold a percentage in the Residents Trust Interest (as indicated on Appendix B) equal to the proportion of the underlying Allowed Claim's value to the total value of all Allowed Claims in Class 5 and Class 6 Claims under the Plan. A Residents Trust Beneficiary shall be deemed a "holder of record" (hereinafter "Holder") of such Residents Trust Beneficiary's Residents Trust Interest(s) for purposes of all applicable United States federal and state laws, rules, and regulations.

2.4. Transfers of Residents Trust Interests.

a) General. Residents Trust Interests shall not be transferable or assignable except by will, intestate succession, or operation of law.

b) Residents Trust Interests Registry. Any transfer or assignment of a Residents Trust Interest by will, intestate succession, or operation of law shall not create any rights in the assignee or transferee under this Trust Agreement unless and until such transfer or assignment of the respective interest is recorded in the registry maintained by the Trustee, which shall be completed as soon as practicable after transfer or assignment. Subject to Section 2.4(d), the entries in the Registry shall be conclusive evidence of ownership of a Residents Trust Interest absent manifest error, and the Residents Trust and the Trustee shall treat each person whose name is recorded in the registry pursuant to the terms hereof as the owner of Residents Trust Interests for all purposes of this Trust Agreement, notwithstanding notice to the contrary. The Residents Trust shall maintain, or cause the agent of the Residents Trust to maintain, a register (which may be electronic) setting forth the names and addresses of the Beneficiaries, and the amount of their Residents Trust Interests from time to time.

c) Registration. If the Trustee, upon advice of counsel, determines that any class of Residents Trust Interests may be subject to registration pursuant to section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Trustee shall pursue relief from such registration by obtaining either an exemptive order, a no-action letter, or an interpretive letter from the Securities and Exchange Commission or its staff or, absent its ability to achieve that objective or in lieu thereof, shall register such class pursuant to section 12 of such statute (it being understood and agreed that the Trustee with the approval of the Residents Trust Advisory Board shall be authorized, among other things, to register such class and to seek relief from one or more of the requirements then applicable subsequent to such registration and to de-register such

class). Any expenses that are associated with such application for relief and/or registration shall be deducted from the Residents Trust Assets.

d) Further Limitations on Transfer. Notwithstanding any other provision to the contrary, the Trustee may disregard any purported transfer or assignment of Residents Trust Interests by will, intestate succession, or operation of law if sufficient necessary information (as reasonably determined by the Trustee), including applicable tax-related information, is not provided by such purported transferee or assignee to the Trustee.

2.5. Limited Liability. No provision of this Trust Agreement, the Plan, or the Confirmation Order, and no mere enumeration herein of the rights or privileges of any Residents Trust Beneficiary, shall give rise to any liability of such Residents Trust Beneficiary solely in its capacity as such, whether such liability is asserted by any Debtor, by creditors, employees, or equity interest holders of any Debtor, or by any other Person. Residents Trust Beneficiaries are deemed to receive the Residents Trust Assets in accordance with the provisions of this Trust Agreement, the Plan, and the Confirmation Order in exchange for the Allowed Class 5 and Class 6 Refund Claims of Participating Former Residents and Participating Current Residents, without further obligation or liability of any kind, but subject to the provisions of this Trust Agreement and the Plan.

ARTICLE III.

DURATION AND TERMINATION OF RESIDENTS TRUST

3.1. Duration. The Residents Trust shall become effective upon the Effective Date of the Plan and shall have an initial term of eighteen (18) years from the Effective Date; provided, however, that, if warranted by the facts and circumstances, the Residents Trust Advisory Board may limit or extend the term of the Residents Trust.

3.2. Dissolution of the Residents Trust. The Trustee and the Residents Trust shall be discharged or dissolved earlier, as the case maybe, on the earlier to occur of (i) all of the Residents Trust Assets having been distributed pursuant to the Plan and this Trust Agreement, (ii) the Trustee having determined, with the approval of the Residents Trust Advisory Board, that the administration of any remaining Residents Trust Assets is not likely to yield sufficient additional Residents Trust proceeds to justify further pursuit, or (iii) conclusion of the Residents Trust as provided by Section 4.1.

3.3. Continuation of Residents Trust for Winding Up. After the dissolution of the Residents Trust and solely for the purpose of liquidating and winding up the affairs of the Residents Trust, the Trustee shall continue to act as such until its duties have been fully performed. Upon distribution of all the Residents Trust Assets, the Trustee shall retain the books, records, and files that shall have been delivered to or created by the Trustee. All such records and documents may be destroyed at any time following the date that is three (3) years after the final distribution of the Residents Trust Assets. Nothing herein shall be deemed to abridge any agreement(s) to which the Trustee may be party that expressly provides for further retention of such documents and records.

ARTICLE IV.

ADMINISTRATION OF RESIDENTS TRUST

4.1. Payment of Trustee Fees, Expenses, and Liabilities. Except as otherwise provided herein, the Trustee shall use proceeds from the Residents Trust Assets (i) to pay compensation to the Trustee as approved by the Residents Trust Advisory Board, (ii) to pay reasonable costs and expenses of the Residents Trust that are incurred (including any taxes imposed on the Residents Trust, the actual reasonable out-of-pocket fees and expenses incurred by Trustee professionals in connection with the administration and liquidation of the Residents Trust Assets, as provided in Section 6.7 herein, and the preservation of books and records of the Residents Trust); (iii) to satisfy other obligations or other liabilities incurred or assumed by the Residents Trust (or to which the Residents Trust Assets are otherwise subject) in accordance with the Plan, the Confirmation Order, or this Trust Agreement, including fees and costs incurred in connection with the collection protection, preservation, liquidating, and distribution of the Residents Trust Assets and the costs of investigating, prosecuting, resolving, or settling any litigation or cause of action; (iv) as reasonably necessary to meet contingent liabilities and to maintain the value of the Residents Trust Assets during collection and liquidation; and (v) to satisfy any other obligations of the Residents Trust expressly set forth in the Plan, this Trust Agreement, and the Confirmation Order.

4.2. Distributions.

a) Generally. Except as otherwise provided in the Plan or this Trust Agreement, the Trustee shall make distributions of Residents Trust Assets to the Residents Trust Beneficiaries qualified to receive distributions from the Residents Trust for (i) Tax Distributions (defined below), (ii) any Life Care Subsidy amounts (as defined in section 6 of the Lifespace Settlement Agreement attached to the Disclosure Statement), and (iii) in the amount of their respective Allowed Refund Claims (less any previous distributions to such resident of Life Care Subsidy amounts) when the Trustee, in its sole discretion, determines such distribution appropriate and required pursuant to the terms and provisions of the Plan, the [Lifespace Settlement Agreement](#), [the Confirmation Order](#) and this Trust Agreement, subject to the Trustee's duty to confer on such matters with the Residents Trust Advisory Board. The Trustee shall have discretion to determine when a Life Care Subsidy is appropriate and when a Refund Trigger Date has occurred pursuant to the purpose and spirit of the Lifespace Settlement Agreement and this Trust Agreement, subject to the Trustee's duty to confer on such matters with the Residents Trust Advisory Board. The Trustee may postpone any distribution if the Trustee determines that a distribution is impracticable under the circumstances, or the amount of such distribution would be too small to justify the administrative costs associated with making it. The Trustee shall not unduly prolong the duration of the Residents Trust.

[b\) Distributions of Trust Assets. The Residents Trust shall receive the Lifespace Trust Contributions and distribute the trust funds as set forth below:](#)

[i. Participating Former Residents shall receive a distribution in the amount of their Allowed Former Resident Claims within sixty \(60\) days of:](#)

(i) the earlier of the date (a) the Residents Trust has been informed that the Participating Former Resident's independent living unit has been re-leased¹ by a new resident, and (b) October 31, 2025; and

(ii) the Residents Trust has sufficient funds, after reasonable reserves, to make such distribution (the Trustee shall reserve sufficient funds in the Residents Trust as he or she deems necessary for the payment of Residents Trust expenses and future Life Care Subsidy (defined below) payments to Participating Current Residents (the "Reserve").

ii. Participating Current Residents shall receive a distribution in the amount of their Allowed Refund Claims within sixty (60) days of:

(i) vacating the Edgemere facility, either through death or by moving out of the facility;

(ii) the earlier of the date (a) the Residents Trust has been informed that the Participating Current Resident's independent living unit has been re-leased¹ by a new resident, and (b) three (3) years from the date the Resident vacated the Community; and

(iii) the Residents Trust has sufficient funds, after a Reserve, to make such distribution.

iii. Potential Queue. If there are insufficient funds in the Residents Trust to fully pay an Allowed Refund Claim, such Resident shall receive whatever portion of the Allowed Resident Claim is available at that time (subject to an adequate Reserve), with the remaining portion of the Allowed Resident Claim payable in subsequent years as funds become available. If there is more than one Resident who is not fully paid their Allowed Resident Claim when due under this Agreement, the Residents Trust shall pay those Participating Residents in the chronological order of the Refund Trigger Date (defined in the Plan) as funds become available to the Residents Trust.

c) Life Care Subsidy.

i. Participating Current Residents that reside in a higher level of care as of the Effective Date of the Plan, and who are receiving life care benefits under their existing Residency Agreements from Edgemere prior to the Effective Date of the Plan, may request, and the Residents Trust shall pay directly to such Participating Current Resident (subject to the availability of funds in the Residents Trust and an adequate Reserve), a monthly amount equal to

¹ The Residents Trust shall be informed of units which have been re-leased semi-annually by the Purchaser, which shall be the date the Residents Trust is deemed informed of units which have been re-leased for purposes of the Refund Trigger Date. In addition, the parties anticipate that unique factual scenarios may arise from time to time which will require the Trustee to use his or her discretion to determine if the vacated unit has been re-leased within the spirit of this Agreement.

the life care benefit being received from Edgemere prior to the Effective Date of the Plan. Subsequent increases after the Effective Date of the Plan in the monthly fee charged to such Resident for the higher level of care will not be advanced by the Residents Trust unless such Resident qualifies under Sections 4.2(c)(iii) or 4.2(c)(iv) below. All payments made directly to any Participating Current Resident hereunder shall be deducted from such Participating Current Resident's Allowed Refund Claim until the Allowed Refund Claim is exhausted, at which time all payments from the Residents Trust to the Resident shall cease.

ii. Participating Current Residents who advance from independent living to a higher level of care within the community on or after the Effective Date of the Plan may request, and the Residents Trust shall pay directly to such Participating Current Resident (subject to the availability of funds in the Residents Trust, and an adequate Reserve), the portion of such Resident's monthly fee for the elevated level of care that exceeds the then-current monthly fee charged to such Resident for his or her independent living services, measured as of the date such Resident advances to that higher level of care (subsequent increases in the monthly fee of the higher level of care will not be advanced by the Trust unless such Resident qualifies under Sections 4.2(c)(iii) or 4.2(c)(iv) below). All payments made directly to any Participating Current Resident hereunder shall be deducted from such Participating Current Resident's Allowed Refund Claim until the Resident's Allowed Refund Claim is exhausted, at which time all payments from the Residents Trust to the Resident shall cease.

iii. Participating Current Residents receiving benefits pursuant to Sections 4.2(c)(i) or 4.2(c)(ii) hereof and who subsequently advance to an even higher level of care in the community (for example, a Participating Current Resident who advances from independent living to assisted living pursuant to the terms outlined in Section 4.2(c)(ii), and then later advances from assisted living to skilled nursing) may request, and the Residents Trust shall pay directly to such Participating Current Resident (subject to the availability of funds in the Residents Trust, and an adequate Reserve), the portion of such Resident's monthly fee for the elevated level of care that exceeds the then-current monthly fee charged to such Resident, measured as of the date such Resident advances to that higher level of care (subsequent increases in the monthly fee of the higher level of care will not be advanced by the Residents Trust unless such Resident qualifies under Section 4.2(c)(iv) below). All payments made directly to any Participating Current Resident hereunder shall be deducted from such Participating Current Resident's Allowed Refund Claim until the Resident's Allowed Refund Claim is exhausted, at which time all payments from the Residents Trust to the Resident shall cease.

iv. In addition, Participating Current Residents that are able to establish to the satisfaction of the Residents Trust Trustee that he or she is indigent and unable to pay all or any portion of their monthly fee may request, and the Residents Trust shall pay directly to such Participating Current Resident (subject to an adequate Reserve), such portion of the Participating Current Resident's monthly fee (in any level of care) that the Trustee determines, in his or her sole discretion, the indigent Resident is unable to pay. All payments made directly to any Participating Current Resident hereunder shall be deducted from such Participating Resident's Allowed Refund Claim until the Participating Current Resident's Allowed Refund Claim has been exhausted, at which time all payments from the Residents Trust to the Resident shall cease. Requests for distribution of Residents Trust assets directly to such Participating Current Resident in accordance

with Section 4.2(c) hereof (collectively referred to herein as the “Life Care Subsidy”) shall be given priority in timing of payment to distributions to Residents who vacate the community.

v. Residents who OPT OUT of the Plan Releases pursuant to the terms of the Plan shall receive no distributions from the Residents Trust and shall not be entitled to payment of a Life Care Subsidy from the Residents Trust.

~~d)~~ b) Trust Interests; Allocation and Payment of Distributions. Each Residents Trust Beneficiary’s (i) share of the Residents Trust Interests (including any Cash and other property to be received on account of any Residents Trust Interest) shall be owned by the Residents Trust Beneficiaries, and (ii) share of the Residents Trust Assets shall be allocated and distributed to the Residents Trust Beneficiaries, in each case in accordance with the Plan, the Confirmation Order and this Trust Agreement.

~~e)~~ e) De Minimis Distributions. No Distribution shall be required to be made pursuant to the Plan and this Trust Agreement to any Residents Trust Beneficiary unless such Residents Trust Beneficiary is to receive in such Distribution at least \$500.00, or unless such Distribution is the final distribution to such Residents Trust Beneficiary pursuant to the Plan and this Trust Agreement. Any such distribution shall be retained by the Trustee and invested as provided in the Plan and this Trust Agreement. Any distribution not made to such Residents Trust Beneficiary, shall be held in trust for the relevant Residents Trust Beneficiary until the earlier of (x) the date the next distribution made to such Residents Trust Beneficiary; provided, however, that such subsequent Distribution, taken together with amounts retained hereby, equals at least \$500.00, or (y) is the final distribution to such Residents Trust Beneficiary.

4.3. Undeliverable Distributions. If the distribution to any Residents Trust Beneficiary is returned to the Trustee as undeliverable or is otherwise an Unclaimed Distribution, no further distributions shall be made to such Residents Trust Beneficiary unless and until the Trustee is notified in writing of such Residents Trust Beneficiary’s then-current address, at which time all missed distributions shall be made to such Residents Trust Beneficiary without interest. The Trustee and the Residents Trust shall not be under any obligation to attempt to determine a Residents Trust Beneficiary’s then-current address.

4.4. Treatment of Unclaimed Distributions. Any Residents Trust Beneficiary that does not assert a claim for an unclaimed distribution or negotiate a distribution within three (3) after an attempted distribution shall be deemed to have forfeited its claim for such undeliverable or unclaimed distribution and shall be forever barred and enjoined from asserting any such claim for an unclaimed distribution against the Debtors, the Trustee, the Residents Trust, and their respective agents, attorneys, representatives, employees or independent contractors, or any of its and their property. In such cases, any Cash otherwise reserved for unclaimed distributions shall become the property of the Residents Trust free of any restrictions thereon and notwithstanding any federal or state escheat laws to the contrary and shall be distributed pursuant to the terms of this Trust Agreement. Nothing contained in the Plan or this Residents Trust Agreement shall require the Trustee to attempt to locate any Residents Trust Beneficiary; provided, however, that the Trustee, in its sole discretion, may publish notice of unclaimed distributions.

4.5. Remaining Residents Trust Assets Upon Dissolution of the Residents Trust. The Residents Trust Beneficiaries shall receive distributions in an amount up to, but not exceeding, the amount of their respective Allowed Refund Claims, with no interest thereon. All assets, if any, remaining in the Residents Trust after distributions to Residents Trust Beneficiaries as required under the Plan, the Confirmation Order, and this Trust Agreement may be, at the discretion of the Residents Trust Advisory Board, either (i) distributed to the then owner of the Edgemere Community to be used for the benefit of residents at Edgemere, or (ii) donated to any other charitable organization.

4.6. Setoffs of Life Care Subsidy Payments. Pursuant to the terms of the Plan, the Trustee may deduct and set off all amounts advanced to such Residents Trust Beneficiary as a Life Care Subsidy against any distribution to be made to a Residents Trust Beneficiary hereunder (before any distribution is made on account of such Residents Trust Interest by the Trustee).

4.7. Compliance with Laws. Any and all distributions of Residents Trust Assets shall be in compliance with applicable laws, including applicable federal and state tax and securities laws, except as otherwise set forth in this Trust Agreement.

4.8. Fiscal Year. Except for the first and last years of the Residents Trust, the fiscal year of the Residents Trust shall be the calendar year. For the first and last years of the Residents Trust, the fiscal year of the Residents Trust shall be such portion of the calendar year that the Residents Trust is in existence.

4.9. Books and Records. The Trustee shall retain and preserve the Debtors' books, records, and files that have been delivered to or created by the Trustee. Subject to Section 3.3 hereof, the Trustee shall maintain, in respect of the Residents Trust and the Residents Trust Beneficiaries and all other parties who are to receive distributions under this Trust Agreement, books and records relating to the assets and the income of the Residents Trust and the payment of expenses of, liabilities of, and claims against or assumed by, the Residents Trust and the Trustee, in such detail and for such period of time as may be necessary to enable it to make full and proper reports in respect thereof in accordance with the provisions of this Trust Agreement and applicable provisions of law, including to applicable tax, securities and other federal and state laws. Except as otherwise provided herein or in the Plan, nothing in this Trust Agreement requires the Trustee to file any accounting or seek approval of any court with respect to the administration of the Residents Trust, or as a condition for making any payment or distribution out of the Residents Trust Assets. The Trustee shall provide any member of the Residents Trust Advisory Board with access to such books and records during normal business hours as may be reasonably requested with five (5) days' advance notice. Residents Trust Beneficiaries shall have the right upon thirty (30) days' prior written notice delivered to the Trustee to inspect such books and records; provided, that, if so requested, all costs associated with such inspection shall be paid in advance by such requesting Residents Trust Beneficiary and such Residents Trust Beneficiary shall have entered into a confidentiality agreement reasonably satisfactory in form and substance to the Trustee.

4.10. Cash Payments. All distributions required to be made by the Trustee to the Residents Trust Beneficiaries shall be made in Cash denominated in United States dollars by checks drawn on a domestic bank selected by the Trustee or, at the option of the Trustee, by wire transfer from a domestic bank selected by the Trustee or as otherwise required or provided in

applicable agreements; provided, however, that Cash payments to foreign holders of Residents Trust Interests may be made, at the option of the Trustee, in such funds as and by such means as are necessary or customary in a particular foreign jurisdiction.

4.11. Insurance. The Residents Trust may, to the extent deemed necessary or advisable by the Trustee, maintain customary insurance coverage for the protection of the Trustee and the members.

4.12. Reports.

a) The Trustee shall deliver reports to members of the Residents Trust Advisory Board not later than thirty (30) days following the end of each fiscal year. Such reports shall specify in reasonable detail (i) the status of any causes of action, claims, and litigation involving the Residents Trust or the Residents Trust Assets, including any settlements entered into by the Residents Trust, (ii) the costs and expenses of the Residents Trust that are incurred (including any actual reasonable out-of-pocket fees and expenses incurred by Trustee professionals in connection with the administration and liquidation of the Residents Trust Assets during the preceding fiscal year), (iii) the amounts listed in clause (ii) incurred since the Effective Date, (iv) the amount of Cash and other assets received by the Residents Trust during the prior fiscal year, (v) the aggregate amount of Cash and other assets received by the Residents Trust since the Effective Date, (vi) the aggregate amount of distributions from the Residents Trust to the Residents Trust Beneficiaries since the Effective Date, and (vii) such other information as the Residents Trust Advisory Board may reasonably request from time to time. The Trustee shall also timely prepare, file, and distribute such additional statements, reports, and submission (A) as may be necessary to cause the Residents Trust and the Trustee to be in compliance with applicable law or (B) as may be otherwise reasonably requested from time to time by the Residents Trust Advisory Board. [The Trustee shall file a copy of each annual report in the Northwest Senior Housing Corporation bankruptcy proceeding until the case is closed, and thereafter shall provide copies to any interested party upon request.](#)

ARTICLE V.

TAX MATTERS

5.1. Tax Treatment. For all United States federal income tax purposes, all parties (including, without limitation, the Debtors, the Trustee and the Residents Trust Beneficiaries) will treat the Residents Trust as a “liquidating trust” within the meaning of section 301.7701-4(d) of the Treasury Regulations.

5.2. Residents Trust Assets Treated as Owned by Residents Trust Beneficiaries. For all United States federal income tax purposes, all parties (including the Debtors, the Trustee, and the Residents Trust Beneficiaries) generally will be required to treat the transfer of the Residents Trust Assets to the Residents Trust as (1) a transfer of the Residents Trust Assets directly to the Residents Trust Beneficiaries and, to the extent Residents Trust Assets are allocable to Disputed Claims, to a Disputed Claims reserve, followed by (2) the transfer by such beneficiaries to the Residents Trust of the Residents Trust Assets in exchange for Residents Trust Interests. Accordingly, the Residents Trust Beneficiaries shall be treated for United States federal income tax purposes as the

grantors and owners of their respective share of the Residents Trust Assets (other than such Residents Trust Assets as are allocable to the Disputed Claims Reserve, discussed below) and the earnings thereon. The foregoing treatment shall also apply, to the extent permitted by applicable law, for state and local income tax purposes.

5.3. Tax Reporting.

a) The Trustee shall file (or cause to be filed) all Tax Returns for the Residents Trust treating the Residents Trust as a grantor trust pursuant to Treasury Regulation section 1.671-4(a) and in accordance with this Article V. The Trustee also will annually send to each Residents Trust Beneficiary a separate statement regarding the receipts and expenditures of the Residents Trust as relevant for United States federal income tax purposes and will instruct all such Residents Trust Beneficiaries to use such information in preparing their United States federal income tax returns or to forward the appropriate information to such Residents Trust Beneficiary's tax return preparer, with instructions to utilize such information in preparing their United States federal income tax returns. The Trustee shall also file (or cause to be filed) any other statement, return, or disclosure relating to the Residents Trust that is required by any governmental unit.

b) Taxable income and taxable losses shall be allocated to each Residents Trust Beneficiary in proportion to the amount of their unpaid Allowed Refund Claim as of December 31st of each taxable year divided by the total unpaid Allowed Refund Claims of all Residents Trust Beneficiaries as of December 31st of each taxable year. Within ninety (90) days after the last day of each calendar year during which this Trust Agreement remains in effect, to the extent of available funds, the Trustee shall distribute to each Residents Trust Beneficiary an amount equal to the product of (i) any net taxable income of the Residents Trust for the previous calendar year that is allocated to such Residents Trust Beneficiary as provided in Section __, multiplied by (ii) 37% (the "Tax Distributing").

c) The Trustee shall be responsible for payment, out of the Residents Trust Assets, any taxes imposed on the Residents Trust or its assets.

d) The Trustee may request an expedited determination of taxes of the Residents Trust under section 505(b) of the Bankruptcy Code for all Tax Returns filed for, or on behalf of, the Residents Trust for all taxable periods through the dissolution of the Residents Trust.

5.4. Tax Withholdings by Trustee. The Trustee shall withhold and pay to the appropriate tax authority all amounts required to be withheld pursuant to the IRC or any provision of any foreign, state, or local tax law with respect to any payment or distribution to the Residents Trust Beneficiaries. All such amounts withheld and paid to the appropriate tax authority (or placed in escrow pending resolution of the need to withhold) shall be treated as amounts distributed to such Residents Trust Beneficiary for all purposes of the Trust Agreement. The Trustee shall be authorized to collect such tax information from the Residents Trust Beneficiaries (including without limitation, social security numbers or other tax identification numbers) as the Trustee deems necessary to effectuate the Plan, the Confirmation Order, and the Trust Agreement. In order to receive distributions under the Plan, all Residents Trust Beneficiaries shall be required to identify themselves to the Trustee and provide tax information and the specifics of their holdings, to the extent the Trustee deems appropriate in the manner and in accordance with the procedures

from time to time established by the Trustee for these purposes. This identification requirement generally applies to all Residents Trust Beneficiaries, including those who hold their Claims in “street name.” The Trustee may refuse to make a distribution to any Residents Trust Beneficiary that fails to furnish such information in a timely fashion, and until such information is delivered may treat such Residents Trust Beneficiary’s Residents Trust Interests as disputed; provided, however, that, upon the delivery of such information by a Residents Trust Beneficiary, the Trustee shall make such distribution to which the Residents Trust Beneficiary is entitled, without additional interest occasioned by such Residents Trust Beneficiary’s delay in providing tax information; and, provided, further, that, if such information is not furnished to the Trustee within six (6) months of the original request to furnish such information, no further distributions shall be made to the Residents Trust Beneficiary; and, provided, further, that, if the Trustee fails to withhold in respect of amounts received or distributable with respect to any such Residents Trust Beneficiary and the Trustee is later held liable for the amount of such withholding, such Residents Trust Beneficiary shall reimburse the Trustee for such liability (to the extent such amounts were actually distributed to such Residents Trust Beneficiary).

ARTICLE VI.

POWERS AND LIMITATIONS ON THE TRUSTEE

6.1. Trustee. References herein to the Trustee shall refer to the individual serving as the Trustee solely in its capacity as trustee hereunder. Subject to Article VIII hereof, the Trustee shall hold office until the termination of the Residents Trust in accordance with the terms set forth herein.

6.2. Powers of the Trustee.

a) Pursuant to the terms of the Plan, the Confirmation Order, and this Trust Agreement, the Trustee shall have various powers, duties, and responsibilities concerning the collection of Residents Trust Assets, the prosecution of litigation claims to collect Residents Trust Assets, the resolution of disputed Class 5 and Class 6 Claims against the Debtors’ Estates, the administration of the Residents Trust and the Residents Trust Assets, and to make distributions to the Residents Trust Beneficiaries in accordance with the Plan, the Confirmation Order, and this Trust Agreement.

b) The Trustee shall have only such rights, powers, and privileges expressly set forth in the Confirmation Order, the Plan, and this Trust Agreement and as otherwise provided by applicable law. Subject to the oversight and approvals by and of the Residents Trust Advisory Board when required herein, the Trustee shall be expressly authorized to undertake the following actions:

i. To exercise all power and authority that may be or could have been exercised, commence all proceedings that may be or could have been commenced and take all actions that may be or could have been taken by the Debtors or any trustee appointed for any Debtor to collect amounts owed by Lifespace under the Lifespace Settlement Agreement;

ii. To open and maintain bank and other deposit accounts, escrows and other accounts, calculate and make distributions of Residents Trust Assets as provided for or contemplated by the Plan, the Confirmation Order, and this Trust Agreement, and take other actions consistent with the Plan and the implementation thereof in the name of the Trustee, even in the event of the dissolution of the Debtors;

iii. To collect, sell, liquidate or otherwise dispose of all Residents Trust Assets pursuant to the Plan, subject to approval by the Residents Trust Advisory Board in the event that a particular Residents Trust Asset is valued at or in excess of \$100,000 and, to make distributions of Residents Trust Assets;

iv. Subject to the prior approval of the Residents Trust Advisory Board to borrow funds, and to also take all actions necessary to preserve and maximize the value of the Residents Trust Assets;

v. To object to any Class 5 or Class 6 Claims asserted in the Debtors bankruptcy proceedings (disputed or otherwise), and to defend, compromise and/or settle any Class 5 and Class 6 Claims prior to or following objection without the necessity of approval of the Court, subject to approval by the Residents Trust Advisory Board if any such settlement or compromise results in an Allowed Class 5 and Class 6 Claim equal to or in excess of \$100,000;

vi. To make decisions, after consultation with and approval by the Residents Trust Advisory Board, regarding the retention or engagement of professionals, employees and consultants (generally, "Residents Trust Professionals") by the Residents Trust and to pay, from the Residents Trust Assets, the charges incurred by the Residents Trust on or after the Effective Date for services of professionals in excess of \$20,000 [*See* Section 6.3(b)(ii)] upon approval of the Residents Trust Advisory Board, without application to the Court (nothing herein shall prohibit the retention of Foley & Lardner LLP or Ankura, former professionals retained by the Official Unsecured Creditors Committee (the "Committee"), as professionals for the Residents Trust);

vii. To determine, after consultation with the Residents Trust Advisory Board, when a Life Care Subsidy payment is appropriate and when a Refund Trigger Date has occurred or should be deemed to have occurred pursuant to the purpose and spirit of the Lifespace Settlement Agreement and this Agreement;

viii. To cause, on behalf of the Residents Trust, to prepare and file all necessary tax returns and all other appropriate or necessary documents related to municipal, State, Federal or other tax law;

ix. To invest Cash as permitted by a Final Order of the Court and in accordance with the investment and deposit guidelines set forth in this Trust Agreement;

x. To enter into any agreement or execute any instrument or document required by or consistent with the Plan and perform all of the obligations of the Trustee hereunder;

xi. To abandon in any commercially reasonable manner, including abandonment or donation to a charitable organization approved by the Residents Trust Advisory Board, any Residents Trust Assets that the Trustee determines too impractical to distribute;

xii. To use Residents Trust Assets to purchase or create and maintain all appropriate insurance policies, bonds or other means of assurance and protection of the Residents Trust Assets and pay all reasonable insurance premiums and other costs he or she deems necessary or advisable to insure the acts and omissions of the Trustee, and if appropriate, the Residents Trust Advisory Board;

xiii. To implement and enforce all provisions of the Plan, subject to the advice of the Residents Trust Advisory Board;

xiv. To maintain appropriate books and records (including financial books and records) to govern the collection and distribution of the Residents Trust Assets, provided, however, that any abandonment or destruction of books and records shall require Residents Trust Advisory Board approval, unless otherwise provided herein;

xv. Subject to approval of the Residents Trust Advisory Board, to dissolve the Residents Trust if the Trustee determines, in reasonable reliance on such professionals as it may retain, that the expense of administering the Residents Trust so as to make a final distribution to Trust Beneficiaries is likely to exceed the value of the remaining Residents Trust Assets; and

xvi. To do all other acts or things consistent with the provisions of the Plan that the Trustee deems reasonably necessary or desirable with respect to implementing the Plan.

c) Except as otherwise provided in this Trust Agreement, the Trustee will not be required to obtain the order or approval of the Bankruptcy Court, or any other court of competent jurisdiction in, or account to the Bankruptcy Court or any other court of competent jurisdiction for, the exercise of any right, power, or privilege conferred hereunder. Notwithstanding the foregoing, where the Trustee determines that it is necessary, appropriate, or desirable, the Trustee will have the right to submit to the Bankruptcy Court any question or questions regarding any specific action proposed to be taken by the Trustee with respect to this Trust Agreement, the Residents Trust, or the Residents Trust Assets, including the administration and distribution of Residents Trust Assets and the termination of the Residents Trust. Pursuant to the Plan, the Bankruptcy Court has retained jurisdiction for such purposes and may approve or disapprove any such proposed action upon motion by the Trustee.

6.3. Limitations on Trustee.

a) The Trustee shall, on behalf of the Residents Trust, hold the Residents Trust out as a trust in the process of collection and liquidation and not as an investment company. The Trustee shall be restricted to the liquidation of the Residents Trust Assets on behalf, and for the benefit, of the Residents Trust Beneficiaries and the distribution and application of the Residents Trust Assets for the purposes set forth in, and the conservation and protection of the Residents Trust Assets and the administration thereof in accordance with, the provisions of this Trust

Agreement, the Plan, and the Confirmation Order. In no event shall the Trustee receive any property, make any distribution, satisfy or discharge any claims, expenses, charges, liabilities and obligations or otherwise take any action which would jeopardize the status of the Residents Trust as a “liquidating trust” for United States federal income tax purposes within the meaning of Treasury Regulations Section 301.7701-4(d). This limitation shall apply irrespective of whether the conduct of any such actions is deemed by the Trustee to be necessary or appropriate for the conservation and protection of the Trust Assets.

b) Notwithstanding anything in this Trust Agreement to the contrary, the Trustee shall submit to the Residents Trust Advisory Board for its approval the following matters and any other matters that expressly or reasonably require the approval of the Residents Trust Advisory Board pursuant to the other terms of this Trust Agreement:

- i. The retention or engagement of any Trustee professionals;
 - ii. Any payment to the Trustee or any Trustee professionals for fees and expenses in excess of twenty thousand dollars (\$20,000.00);
 - iii. Any settlement of any litigation or causes of action involving an amount in controversy equal to or in excess of \$100,000;
 - iv. Any borrowing of funds;
 - v. Any incurrence of any cost, expense, or fee in excess of \$100,000;
- and
- vi. The dissolution of the Residents Trust.

The foregoing shall not limit the Trustee’s ability to make determinations and take actions regarding compliance with tax withholding requirements (including remittances).

6.4. Establishment of Residents Trust Advisory Board.

a) The “Residents Trust Advisory Board” means the board appointed by the Committee in the Debtors’ bankruptcy proceeding to exercise the duties set forth in this Trust Agreement, which duties shall be (i) to oversee the collection and distribution of the Residents Trust Assets by the Trustee in accordance with this Trust Agreement, the Plan, and the Confirmation Order, (ii) to approve (or withhold approval) of those matters submitted to it for approval in accordance with the terms of this Trust Agreement, and (iii) to remove and appoint any successor to the Trustee as provided for in this Trust Agreement.

b) The Residents Trust Advisory Board shall consist of three (3) members.

c) The authority of the members of the Residents Trust Advisory Board shall be effective as of the Effective Date and shall remain and continue in full force and effect until the Residents Trust is dissolved in accordance with Section 3.2 hereof. The service of the members of the Residents Trust Advisory Board shall be subject to the following:

i. the members of the Residents Trust Advisory Board shall serve until death or resignation pursuant to clause (ii) below, or removal pursuant to clause (iii) below;

ii. a member of the Residents Trust Advisory Board may resign at any time by providing a written notice of resignation to the remaining members of the Residents Trust Advisory Board. Such resignation shall be effective when a successor is appointed as provided herein;

iii. a member of the Residents Trust Advisory Board may be removed by unanimous vote of the other members for (a) fraud or willful misconduct in connection with the affairs of the Residents Trust or (b) cause, which shall include a breach of fiduciary duty other than as specified in the foregoing clause (a). Such removal shall be effective only upon the earlier of (a) acceptance of such removal by the member, or (b) an order of the Bankruptcy Court requiring such removal;

iv. in the event of a vacancy in a member's position (whether by removal, death, or resignation) the two (2) remaining members shall jointly select a successor member; if the remaining members cannot agree on a successor member, the Trustee shall appoint a successor member who is willing to serve on the Residents Trust Advisory Board; and

v. immediately upon appointment of any successor member of the Residents Trust Advisory Board, all rights, powers, duties, authority, and privileges of the predecessor member of the Residents Trust Advisory Board hereunder shall be vested in and undertaken by the successor member of the Residents Trust Advisory Board without any further act; and the successor member of the Residents Trust Advisory Board shall not be liable personally for any act or omission of the ~~predecessor~~ predecessor member of the Residents Trust Advisory Board.

vi. Notwithstanding anything in this Trust Agreement to the contrary, the Residents Trust Advisory Board shall not take any action which will cause the Residents Trust to fail to qualify as a "liquidating trust" and taxed as a grantor trust for United States federal income tax purposes.

vii. A quorum for meetings of the Residents Trust Advisory Board shall consist of a majority of the members of the Residents Trust Advisory Board then serving; provided, however, that, for purposes of determining whether a quorum is present at such a meeting, a member of the Residents Trust Advisory Board shall be deemed present if the member is attending in person, by telephone, or by proxy; provided, further, however, that to the extent practicable, reasonable notice of a meeting must be given to all members of the Residents Trust Advisory Board.

viii. Except as expressly provided herein, the affirmative vote of a majority of the members of the Residents Trust Advisory Board shall be the act of the Residents Trust Advisory Board with respect to any matter that requires the determination, consent, approval, or agreement of such board. Any or all of the members of the Residents Trust Advisory Board may participate in a regular or special meeting by, or conduct the meeting through the use of, conference telephone or similar communications equipment by means of which all persons participating in

the meeting may hear each other, in which case any required notice of such meeting may generally describe the arrangements (rather than or in addition to the Plan) for the holding thereof. Any member of the Residents Trust Advisory Board participating in a meeting by this means is deemed to be present in person at the meeting. In all matters submitted to a vote of the Residents Trust Advisory Board, each Residents Trust Advisory Board member shall be entitled to cast one vote, which vote shall be cast personally by such Residents Trust Advisory Board member or by proxy. In a matter in which the Trustee cannot obtain direction or authority from the Residents Trust Advisory Board, the Trustee may file a motion requesting such direction or authority from the Bankruptcy Court; provided, however, that any member of the Residents Trust Advisory Board may oppose such motion.

ix. Any action required or permitted to be taken by the Residents Trust Advisory Board at a meeting may be taken without a meeting if the action is taken by unanimous written consent of the Residents Trust Advisory Board as evidenced by one or more written consents describing the action taken, signed by the Residents Trust Advisory Board and filed with the minutes or proceedings of the Residents Trust Advisory Board.

x. Any member of the Residents Trust Advisory Board shall be reimbursed by the Trustee from the Residents Trust Assets for its actual, reasonable out-of-pocket expenses incurred for serving on such board, such as travel costs etc. (but excluding the fees, costs, and expenses of professionals retained by Residents Trust Advisory Board members individually), after submission of reasonably detailed receipts or invoices evidencing such expenses. Except as provided for in this Section 6.4, the members of the Residents Trust Advisory Board shall not be entitled to receive any other form of compensation for their services provided as such members. Except as provided for in this Section 6.4, the members of the Residents Trust Advisory Board shall not be entitled to receive any other form of compensation for their services provided as such members.

6.5. Resolution of Claims.

a) Unless otherwise provided in the Plan, from and after the Effective Date, the Trustee shall have authority to object to Class 5 and Class 6 Claims (in consultation with the Residents Trust Advisory Board) and to have the Bankruptcy Court determine the amount and treatment of any Class 5 and Class 6 Claim. Subject to Section 6.3 herein, from and after the Effective Date, the Trustee may settle or compromise any Disputed Class 5 and Class 6 Claim with or without approval of the Court.

b) Subject to Section 6.3 herein, the Trustee shall have the authority to retain counsel and other professionals in conjunction with the resolution of Claims pursuant to this Section 6.5. The reasonable fees and expenses of such counsel and professionals as approved by the Residents Trust Advisory Board shall be paid and deducted from the Residents Trust Assets.

6.6. Actions Taken on Other Than a Business Day. In the event that any payment or act under the Plan or this Trust Agreement is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

6.7. Agents, Employees, and Professionals.

a) Subject to approval by the Residents Trust Advisory Board, the Residents Trust may, but shall not be required to, from time to time enter into contracts with, consult with and retain Trustee Professionals deemed by the Trustee to have qualifications necessary or desirable to assist in the proper administration of the Residents Trust, on such terms as he Trustee deems appropriate.

b) After the Effective Date, Trustee Professionals shall be required to submit reasonably detailed invoices on a monthly basis, or as may otherwise be agreed by the Trustee, to the Trustee, including in such invoices a description of the work performed, who performed such work, and, if billing on an hourly basis, the hourly rate of such person, plus an itemized statement of expenses. Subject to the approval of the Residents Trust Advisory Board, the Trustee shall pay such invoices thirty (30) days after such invoices are received. In the event of any dispute concerning the entitlement to, or the reasonableness of any compensation and/or expenses of any Trustee Professionals, either the Trustee, with the approval of the Residents Trust Advisory Board, or the affected party may ask the Bankruptcy Court to resolve the dispute.

c) All payments to Trustee Professionals shall be paid out of the Residents Trust Assets.

6.8. Investment of Residents Trust Monies. All monies and other assets received by the Trustee as Residents Trust Assets (including the proceeds thereof as a result of investment in accordance with this Section 6.8) shall, until distributed or paid over as herein provided, be held in trust for the benefit of the Residents Trust Beneficiaries, and shall not be segregated from other Residents Trust Assets, unless and to the extent required by the Plan. The Trustee shall promptly invest any such monies (including any earnings thereon or proceeds thereof) in the manner set forth in this Section 6.8, but shall otherwise have no liability for interest or income on any monies received by the Residents Trust hereunder and held for distribution or payment to the Residents Trust Beneficiaries, except as such interest shall actually be received. Investment of any monies held by the Residents Trust shall be administered in accordance with the general duties and obligations hereunder. Unless otherwise approved by the Residents Trust Advisory Board, the right and power of the Trustee to invest the Residents Trust Assets, the proceeds thereof, or any income earned by the Residents Trust, shall be limited to the right and power to (i) invest such Residents Trust Assets (pending distributions in accordance with the Plan or this Trust Agreement) in short-term direct obligations of any agency or corporation which is or may hereafter be created by or pursuant to an act of the Congress of the United States as an agency or instrumentality thereof; or (ii) deposit such assets in demand deposits at any bank or trust company, which has, at the time of the deposit, a capital stock and surplus aggregating at least \$1,000,000,000 (collectively, the "Permissible Investments"); provided, however, that the scope of any such Permissible Investments shall be limited to include only those investments that a liquidating trust, within the meaning of Treasury Regulations section 301.7701-4(d), may be permitted to hold, pursuant to the Treasury Regulations, or any modification in the IRS guidelines, whether set forth in IRS rulings (including but not limited to Revenue Procedure 82-58, Revenue Procedure 91-15, and Revenue Procedure 94-45), other IRS pronouncements or otherwise.

6.9. Termination. The duties, responsibilities, and powers of the Trustee and the Residents Trust Advisory Board shall terminate on the date the Residents Trust is wound up and dissolved in accordance with Texas law pursuant to Section 3.2 hereof, under applicable law and in accordance with this Trust Agreement and the Plan; provided, however, that Sections 7.2, 7.3, 7.4, 7.5, and 7.6 hereof shall survive such termination, dissolution, and entry.

ARTICLE VII.

CONCERNING THE TRUSTEE AND RESIDENTS TRUST ADVISORY BOARD

7.1. Reliance by the Trustee and the Members of the Residents Trust Advisory Board. Except as otherwise provided in this Trust Agreement, the Plan, or the Confirmation Order, the Trustee and the members of the Residents Trust Advisory Board may rely and shall be protected in acting upon any resolution, statement, instrument, opinion, report, notice, request, consent, order, or other paper or document reasonably believed by the Trustee to be genuine and to have been signed or presented by the proper party or parties.

7.2. Liability to Third Persons. The Trustee, the Trustee Professionals, and the members of the Residents Trust Advisory Board shall not be subject to any personal liability whatsoever, in tort, contract, or otherwise, to any person (including, in the case of the Trustee and members of the Residents Trust Advisory Board, to any Trustee Professionals retained by the Trustee in accordance with this Trust Agreement) in connection with the Residents Trust Assets or the affairs of the Residents Trust and shall not be liable with respect to any action taken or omitted to be taken in good faith, except for actions and omissions determined by a Final Order of the Bankruptcy Court to be due to their respective gross negligence, intentional fraud, criminal conduct, or willful misconduct (“Indemnifiable Claims”), and all such Persons shall look solely to the Residents Trust Assets for satisfaction of claims of any nature arising in connection with affairs of the Residents Trust. Other than as set forth in the Plan or in the Confirmation Order, nothing in this Section 7.2 shall be deemed to release any Residents Trust Beneficiary from any actions or omissions occurring prior to the Effective Date.^h

7.3. Nonliability of Trustee and Residents Trust Advisory Board for Acts of Others. Except as provided herein, nothing contained in this Trust Agreement, the Plan, or the Confirmation Order shall be deemed to be an assumption by the Trustee, the Residents Trust Advisory Board (or its members), or the Trustee Professionals of any of the liabilities, obligations, or duties of the Debtors or shall be deemed to be or contain a covenant or agreement by the Trustee to assume or accept any such liability, obligations, or duty. Any successor Trustee, or Residents Trust Advisory Board member may accept and rely upon any accounting made by or on behalf of any predecessor Trustee hereunder, and any statement of representation made as to the assets comprising the Residents Trust Assets or as to any other fact bearing upon the prior administration of the Residents Trust, so long as it has a good faith basis to do so. The Trustee, and the Residents Trust Advisory Board members shall not be liable for having accepted and relied in good faith upon any such accounting, statement, or representation if it is later proved to be incomplete, inaccurate, or untrue. The Trustee or any successor Trustee, and Residents Trust Advisory Board members shall not be liable for any act or omission of any predecessor Trustee, or Residents Trust Advisory Board member, nor have a duty to enforce any claims against any predecessor Trustee,

or Residents Trust Advisory Board member on account of any such act or omission, unless directed to do so by the Residents Trust Advisory Board. No provision of this Trust Agreement shall require the Trustee to expend or risk his or her personal funds or otherwise incur any financial liability in the performance of his or her rights or powers hereunder if the Trustee has reasonable grounds to believe that the payment of such funds or adequate indemnity against such risk or liability is not reasonably assured or provided to him or her.

7.4. Exculpation. As of the Effective Date, the Trustee, the Trustee professionals, and any member of the Residents Trust Advisory Board shall be and hereby are exculpated by all Persons, including Residents Trust Beneficiaries, and other parties-in-interest, from any and all claims, causes of action, and other assertions of liability arising out of or related to the discharge of their respective powers and duties conferred by the Plan, this Trust Agreement, or any order of the Bankruptcy Court entered pursuant to or in furtherance of the Plan, or applicable law or otherwise, except for actions or omissions to act that are determined by Final Order of the Bankruptcy Court to have arisen out of their own respective intentional fraud, criminal conduct, gross negligence, or willful misconduct. No Residents Trust Beneficiary, or other party-in-interest shall have or be permitted to pursue any claim or cause of action against the Trustee, the Residents Trust, the employees, professionals, or representatives of either the Trustee or the Residents Trust (including the Trustee Professionals) or the members of the Residents Trust Advisory Board, for making payments in accordance with, or for implementing, the provisions of the Plan, the Confirmation Order, and this Trust Agreement in good faith. Any action taken or omitted to be taken with the express approval of the Bankruptcy Court or the Residents Trust Advisory Board shall conclusively be deemed not to constitute gross negligence or willful misconduct; provided, however, that, notwithstanding any provision herein to the contrary, the Trustee shall not be obligated to comply with a direction of the Residents Trust Advisory Board, whether or not express, which would result in a change to the distribution provisions of this Trust Agreement and the Plan.

7.5. Duties of the Members of the Residents Trust Advisory Board. The members of the Residents Trust Advisory Board shall owe a fiduciary duty to Residents Trust Beneficiaries as a whole and not to any individual Residents Trust Beneficiary. Members of the Residents Trust Advisory Board shall owe the same duties to the Residents Trust Beneficiaries as the duties owed by members of a committee established by Section 1102(a) of the Bankruptcy Code to their constituents.

7.6. Indemnity. The Trustee, the employees of the Residents Trust, the members of the Residents Trust Advisory Board, and their respective agents, employees, officers, directors, professionals, attorneys, accountants, advisors, representatives, and principals, including the Trustee Professionals (collectively, the "Indemnified Parties") shall be indemnified by the Residents Trust solely from the Residents Trust Assets for any losses, claims, damages, liabilities, and expenses occurring after the Effective Date, including reasonable attorneys' fees, disbursements, and related expenses which the Indemnified Parties may incur or to which the Indemnified Parties may become subject in connection with any action, suit, proceeding, or investigation brought by or threatened against one or more of the Indemnified Parties on account of the acts or omissions in their capacity as, or on behalf of, the Trustee or a member of the Residents Trust Advisory Board; provided, however, that the Residents Trust shall not be liable to indemnify any Indemnified Party for any act or omission arising out of such Indemnified Party's

respective, fraud or willful misconduct as determined by a Final Order of the Bankruptcy Court. Notwithstanding any provision herein to the contrary, the Indemnified Parties shall be entitled to obtain advances from the Residents Trust to cover their reasonable expenses of defending themselves in any action brought against them as a result of the acts or omissions, actual or alleged, of an Indemnified Party in its capacity as such, except for any actions or omissions arising from their own respective willful misconduct or fraud; provided, however, that the Indemnified Parties receiving such advances shall repay the amounts so advanced to the Residents Trust immediately upon the entry of a Final Order finding that such Indemnified Parties were not entitled to any indemnity under the provisions of this Section 7.6. The foregoing indemnity in respect of any Indemnified Party shall survive the termination of such Indemnified Party from the capacity for which they are indemnified.

7.7. Compensation and Expenses. Subject to the approval of the Residents Trust Advisory Board, the Trustee shall receive compensation for its services, to be paid out of the Residents Trust Assets. In addition, the Trustee shall be entitled, with the approval of the Residents Trust Advisory Board to reimburse itself from the Residents Trust Assets on a monthly basis for all reasonable out-of-pocket expenses actually incurred in the performance of duties in accordance with this Trust Agreement and the Plan.

ARTICLE VIII.

SUCCESSOR RESIDENTS TRUSTEE

8.1. Resignation. The Trustee may resign from the Residents Trust by giving at least sixty (60) days prior written notice thereof to each member of the Residents Trust Advisory Board. Such resignation shall become effective on the later to occur of (a) the date specified in such written notice, and (b) the effective date of the appointment of a successor Trustee in accordance with Section 8.4 hereof and such successor's acceptance of such appointment in accordance with Section 8.5 hereof.

8.2. Removal. At any time the Residents Trust Advisory Board may remove the Trustee, including any successor Trustee. The Trustee shall continue to serve until a successor Trustee is appointed. The Trustee shall be entitled to all accrued but unpaid fees, expenses, and other compensation, to the extent incurred, arising or relating to events occurring before his or her removal or resignation, and to any out-of-pocket expenses reasonably incurred in connection with the transfer of all powers and duties and all rights to any successor Trustee.

8.3. Effect of Resignation or Removal. The resignation, removal, incompetency, bankruptcy, or insolvency of the Trustee shall not operate to terminate the Residents Trust or to revoke any existing agency created pursuant to the terms of this Trust Agreement, the Plan, or the Confirmation Order or invalidate any action theretofore taken by the Trustee. All fees and expenses properly incurred by the Trustee prior to the resignation, incompetency, or removal of the Trustee shall be paid from the Residents Trust, unless such fees and expenses are disputed by (a) the Residents Trust Advisory Board or (b) the successor Trustee, in which case the Bankruptcy Court shall resolve the dispute and any disputed fees and expenses of the predecessor Trustee that are subsequently allowed by the Bankruptcy Court shall be paid from the Residents Trust Assets. In the event of the resignation or removal of the Trustee, such Trustee shall: (i) promptly execute and

deliver such documents, instruments, and other writings as may be reasonably requested by the successor Trustee or directed by the Bankruptcy Court to effect the termination of such Trustee's capacity under this Trust Agreement; (ii) promptly deliver to the successor Trustee all documents, instruments, records, and other writings related to the Residents Trust as may be in the possession of such Trustee; and (iii) otherwise assist and cooperate in effecting the assumption of its obligations and functions by such successor Trustee.

8.4. Appointment of Successor. In the event of the death, resignation, removal, incompetency, bankruptcy, or insolvency of the Trustee, a vacancy shall be deemed to exist and a successor shall be appointed by a majority of the Residents Trust Advisory Board. In the event that a successor Trustee is not appointed within thirty (30) days after the date of such vacancy, the Bankruptcy Court, upon its own motion or the motion of a Residents Trust Beneficiary or any member of the Residents Trust Advisory Board, shall appoint a successor Trustee.

8.5. Acceptance of Appointment by Successor Trustee. Any successor Trustee appointed hereunder shall execute an instrument accepting its appointment and deliver such instruments to the Residents Trust Advisory Board. Thereupon, such successor Trustee shall, without any further act, become vested with all the duties, powers, rights, title, discretion, and privileges of its predecessor in the Residents Trust with like effect as if originally named Trustee and shall be deemed appointed pursuant to Bankruptcy Code section 1123(b)(3)(B). The resigning or removed Trustee shall duly assign, transfer, and deliver to such successor Trustee all property and money held by such resigning or removed Trustee hereunder and shall, as reasonably requested by such successor Trustee, execute and deliver an instrument or instruments conveying and transferring to such successor Trustee upon the trusts herein expressed, all the liabilities, duties, powers, rights, title, discretion, and privileges of such resigning or removed Trustee.

ARTICLE IX.

MISCELLANEOUS PROVISIONS

9.1. Governing Law. This Trust Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without giving effect to rules governing the conflict of laws.

9.2. Jurisdiction. Subject to the proviso below, the parties agree that the Bankruptcy Court shall have exclusive jurisdiction over the Residents Trust and the Trustee, including the administration and activities of the Residents Trust and the Trustee, and, pursuant to the Plan, the Bankruptcy Court has retained such jurisdiction; provided, however, that notwithstanding the foregoing, the Trustee shall have power and authority to prosecute any Cause of Action in any court of competent jurisdiction (including the Bankruptcy Court).

9.3. Severability. In the event any provision of this Trust Agreement or the application thereof to any person or circumstances shall be determined by a final, non-appealable judgment or order to be invalid or unenforceable to any extent, the remainder of this Trust Agreement or the application of such provision to persons or circumstances or in jurisdictions other than those as to or in which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Trust Agreement shall be valid and enforceable to the full extent permitted by law.

9.4. Notices. Any notice or other communication required or permitted to be made under this Trust Agreement shall be in writing and shall be deemed to have been sufficiently given, for all purposes, if delivered personally, by email, sent by nationally recognized overnight delivery service or mailed by first-class mail:

i. If to the Trustee:

ii. If to the Debtors: POLSINELLI PC Jeremy Johnson 600 3rd Avenue, 42nd Floor New York, New York 10016 jeremy.johnson@polsinelli.com; and Trinitee G. Green 2950 N. Harwood Street, Suite 2100 Dallas, Texas 75201, tggreen@polsinelli.com

iii. If to the members of the Residents Trust Advisory Board:

9.5. Headings. The headings contained in this Trust Agreement are solely for convenience and reference and shall not affect the meaning or interpretation of this Trust Agreement or of any term or provision hereof.

9.6. Relationship to the Plan. The terms of this Trust Agreement are intended to supplement the terms provided by the Plan and the Confirmation Order, and therefore this Trust Agreement incorporates the provisions of the Plan and the Confirmation Order (which may amend or supplement the Plan). To the extent that there is a conflict between the provisions of this Trust Agreement, the provisions of the Plan, or the Confirmation Order, each document shall have controlling effect in the following rank order: (1) this Trust Agreement, (2) the Confirmation Order, and (3) the Plan.

9.7. Entire Trust Agreement. This Trust Agreement (including the recitals and annex hereto), the Plan, and the Confirmation Order constitute the entire agreement by and among the parties and supersede all prior and contemporaneous agreements or understandings by and among the parties with respect to the subject matter hereof.

9.8. Cooperation. The Debtors shall turn over or otherwise make available to the Trustee at no cost to the Residents Trust or the Trustee, all books and records reasonably required by the Trustee to carry out its duties hereunder, and agree to otherwise reasonably cooperate with the Trustee in carrying out its duties hereunder, subject to the confidentiality provisions herein to preserve the confidential nature of the Debtors' books and records.

9.9. Amendment and Waiver. Any provision of this Trust Agreement may be amended or waived by the Trustee with the consent of all members of the Residents Trust Advisory Board provided, however, that no change may be made to this Residents Trust Agreement that would adversely affect the distributions to be made under this Residents Trust Agreement to any of the Residents Trust Beneficiaries, or adversely affect the United States federal income tax status of the Residents Trust as a "liquidating trust." Notwithstanding this Section 9.9, any amendment to this Trust Agreement shall not be inconsistent with the purpose and intention of the Residents Trust to liquidate in an expeditious but orderly manner the Residents Trust Assets in accordance with Treasury Regulations section 301.7701-4(d) and Section 1.2 hereof.

9.10. Confidentiality. The Trustee and its employees, members, agents, professionals, and advisors, including the Trustee Professionals, and each member of the Residents Trust Advisory Board (each a “Confidential Party” and, collectively, the “Confidential Parties”) shall hold strictly confidential and not use for personal gain any material, non-public information of which they have become aware in their capacity as a Confidential Party, of or pertaining to any Debtor to which any of the Residents Trust Assets relates; provided, however, that such information may be disclosed if (a) it is now or in the future becomes generally available to the public other than as a result of a disclosure by the Confidential Parties; or (b) such disclosure is required of the Confidential Parties pursuant to legal process including subpoena or other court order or other applicable laws or regulations. In the event that any Confidential Party is requested to divulge confidential information pursuant to this clause (b), such Confidential Party shall promptly, in advance of making such disclosure, provide reasonable notice of such required disclosure to the Trustee (or the Residents Trust Advisory Board in the case the Trustee is the disclosing party) to allow sufficient time to object to or prevent such disclosure through judicial or other means and shall cooperate reasonably with the Trustee (or the Residents Trust Advisory Board, as applicable) in making any such objection, including appearing in any judicial or administrative proceeding in support of any objection to such disclosure.

9.11. Meanings of Other Terms. Except where the context otherwise requires, words importing the masculine gender include the feminine and the neuter, if appropriate, words importing the singular number shall include the plural number and vice versa and words importing persons shall include firms, associations, corporations, and other entities. All references herein to Articles, Sections, and other subdivisions, unless referring specifically to the Plan or provisions of the Bankruptcy Code, the Bankruptcy Rules, or other law, statute, or regulation, refer to the corresponding Articles, Sections, and other subdivisions of this Trust Agreement, and the words herein and words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section, or subdivision of this Trust Agreement. The term “including” shall mean “including, without limitation.”

9.12. Counterparts. This Trust Agreement may be executed in any number of counterparts, each of which shall be deemed in original, but such counterparts shall together constitute but one and the same instrument. A facsimile or portable document file (PDF) signature of any party shall be considered to have the same binding legal effect as an original signature.

9.13. Intention of Parties to Establish a Liquidation Trust. As stated above, this Trust Agreement is intended to create a “liquidating trust” for United States federal income tax purposes within the meaning of Treasury Regulations section 301.7701-4(d), and, to the extent provided by law, shall be governed and construed in all respects as such a trust and any ambiguity herein shall be construed consistent herewith and, if necessary, this Trust Agreement may be amended to comply with such United States federal income tax laws, which amendments may apply retroactively. This Trust Agreement is not intended to create and shall not be interpreted as creating a corporation, association, partnership or joint venture of any kind for United States federal income tax purposes or for any other purposes.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Trust Agreement or caused this Trust Agreement to be duly executed by their respective officers, representatives, or agents, effective as of the date first written above.

NORTHWEST SENIOR HOUSING CORPORATION

By: _____
Name: _____
Title: _____

SENIOR QUALITY LIFESTYLES CORPORATION

By: _____
Name: _____
Title: _____

RESIDENTS TRUST
TRUSTEE

Name: _____

INITIAL RESIDENTS
TRUST ADVISORY BOARD

Name: _____

Name: _____

Name: _____

APPROVED BY:

LIFESPACE COMMUNITIES, INC.

By: _____

Name: _____

Title: _____

Summary report:	
Litera® Change-Pro for Word 10.14.0.46 Document comparison done on 2/22/2023 10:45:33 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original DMS: nd://4878-7882-9640/10/Edgemere - Residents Trust Agreement.docx	
Modified DMS: nd://4878-7882-9640/14/Edgemere - Residents Trust Agreement.docx	
Changes:	
Add	53
Delete	15
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	68

Exhibit 3-1

**First Amended and Restated Settlement and Contribution Agreement
(Fully Executed)**

**FIRST AMENDED AND RESTATED
SETTLEMENT AND CONTRIBUTION AGREEMENT**

This FIRST AMENDED AND RESTATED SETTLEMENT AND CONTRIBUTION AGREEMENT (“Agreement”) is executed by and entered into between Northwest Senior Housing Corporation d/b/a Edgemere (“Edgemere” and Lifespace Communities, Inc. (“Lifespace”) (each individually a “Party”, and collectively the “Parties”) effective as of February __, 2023.

RECITALS¹

A. Overview of Edgemere’s Business.

1. Edgemere is an upscale and well-established continuing care retirement community (“CCRC”) that offers senior residents a continuum of care in a luxury campus-style setting, providing living accommodations and related health care and support services to a target market of seniors aged sixty-two (62) and older. Edgemere consists of approximately 304 independent living (“IL”) apartment-style residences in one, two and three-bedroom configurations. Edgemere also houses 68 residential-style assisted living (“AL”) suites, 45 memory support (“MS”) assisted living suites and a skilled nursing Community (“SNF”) with 87 skilled nursing beds, all located on a 16.25 acre campus.

2. As of October 19, 2022, 219 IL units were occupied (72.04% occupancy), 39 AL units were occupied (57.35% occupancy), 21 MS units occupied (46.67% occupancy), and 54 SNF units were occupied (62.07% occupancy). The Community is currently the home of approximately 376 residents.

¹ Capitalized terms not defined herein shall have the meaning ascribed to them in the Plan.

3. As is common practice in the CCRC industry, Edgemere primarily receives revenue from entrance fees and monthly service fees. Historically, the residents have been required to enter into one of the following types of Residency Agreements to move into the Community: Life Care Agreements, Assisted Living Residency Agreements, and SNF Residency Agreements.

B. Current, Former and Escrow Residents

1. There are three (3) categories of Edgemere residents:
 - a. Former residents of Edgemere (“Former Residents”);
 - b. Current residents of Edgemere, excluding the Escrow Residents (“Current Residents”); and
 - c. Residents that currently reside at Edgemere under the terms and conditions of an Escrow Agreement dated September 27, 2021, by and among Edgemere, the Trustee, and Regions Bank as escrow agent (the “Escrow Residents” and, together with the Current and Former Residents, the “Residents”).

C. Lifespace Affiliation Agreement

1. In June 2019, Lifespace entered into an Affiliation Agreement pursuant to which Lifespace became the new sole member of Edgemere.

2. Edgemere relies on revenue generated by existing and new residents to, among other things, maintain day-to-day operations, service debt obligations and honor Resident obligations. However, for some time Edgemere has faced challenges that have threatened its ability to honor its obligations and maintain operational stability, including optimal occupancy levels.

D. The Chapter 11 Cases

1. On April 14, 2022 (the “Petition Date”), Edgemere filed a voluntary petition in this Court jointly with affiliate Senior Quality Lifestyles Corporation (together with Edgemere, the “Debtors”) commencing a case for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the “Bankruptcy Court”) [Lead Case No. 22-30659] (the “Chapter 11 Cases”). The factual background regarding the Debtors, including their business operations, their capital and debt structures, and the events leading to the filing of the Chapter 11 Cases, is set forth in detail in the *Declaration of Nick Harshfield in Support of Chapter 11 Petition and First Day Pleadings* [Docket No. 7] (“First Day Declaration”) and fully incorporated herein by reference.

2. The Chapter 11 Cases are being jointly administered pursuant to Bankruptcy Rule 1015(b). The Debtors continue to operate and manage their businesses as debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108.

3. On April 28, 2022, the Office of the United States Trustee for the Northern District of Texas (the “U.S. Trustee”) appointed an official committee of unsecured creditors (the “Committee”) pursuant to Bankruptcy Code section 1102(a)(1).

E. Joint Chapter 11 Plan

1. On February 17, 2023, the Trustee and the DIP Lender filed their *Fourth Amended Joint Plan of Reorganization* [Docket No. 1241] (as amended, the “Plan”), which is supported by Lifespace and the Committee. The Plan incorporates the terms of this Agreement.

F. Resident Refund Obligations

1. The Plan proposes to reject all Residency Agreements with Current, Former, and Escrow Residents, and provides for the purchaser of Edgemere’s assets pursuant to the Sale Procedures Motion to offer the Current Residents new residency agreements. Accordingly, the

Residents will have rejection damages claims against Edgemere, including claims for the refund of their entrance fees due and owing under the rejected Residency Agreements, in the following approximate amounts:

- a. Escrow Residents: \$16,494,326 is currently held in escrow for the benefit of Escrow Residents (the “Entrance Fee Escrow Deposits”). The Plan provides for Entrance Fee Escrow Deposits to be returned to the Escrow Residents in full and final satisfaction of their claims within ten (10) days of the Effective Date of the Plan.
- b. Former Residents: Former Residents shall have allowed entrance fee refund obligation claims against Edgemere of approximately \$38,339,305.00 (individually, an “Allowed Former Resident Claim” and in the aggregate, “Allowed Former Resident Claims”).
- c. Current Residents: Current Residents shall have allowed entrance fee refund obligation claims against Edgemere of approximately \$105,168,213.00 (individually, an “Allowed Current Resident Claim” and in the aggregate, “Allowed Current Resident Claims” and together with the Allowed Former Resident Claims, the “Allowed Refund Claims”).

G. Settlement

1. Pursuant to the terms of the Plan and this Agreement, Lifespace has agreed to fund contributions to the Residents Trust (hereinafter defined) pursuant to the Plan as a settlement of any potential claims the Debtors, the Trustee and/or the Residents (who do not OPT OUT under the terms of the Plan) may have against Lifespace pursuant to the Residency

Agreements, the Affiliation Agreement, under the Bankruptcy Code, at law or in equity and in exchange for full releases and exculpations provided under the Plan (the “Plan Releases”).

2. The Committee actively participated in the negotiation of this Agreement with Lifespace, supports and endorses its approval, and has encouraged Edgemere to likewise support and endorse this Agreement.

3. After considering the Committee’s recommendation, Edgemere has evaluated this Agreement and has concluded it represents the best outcome presented to Edgemere for the Residents.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, reliance upon the Committee’s negotiations and support, and the promises and mutual covenants contained herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree and stipulate, contingent upon Bankruptcy Court confirmation of the Plan, to the terms set forth below:

1. The Residents Trust. On the Effective Date of the Plan, a trust (the “Residents Trust”) shall be formed for the benefit of Former Residents and Current Residents who do not OPT OUT of the settlement and the releases in the Plan (the “Participating Former Residents” and “Participating Current Residents,” respectively) pursuant to the terms of the Plan and a Residents Trust Agreement in form and substance satisfactory to Lifespace and the Committee.

(a) Lifespace Contributions to the Residents Trust. Lifespace hereby agrees to contribute to the Residents Trust an amount equal to the sum of (i) the total Allowed Refund Claims of Participating Former Residents, (ii) the total Allowed Refund Claims of Participating Current Residents, and (iii) the total projected Residents Trust expenses

(the “Lifespace Trust Contribution”), in annual payments in the amounts listed on the Contribution Schedule attached hereto as **Exhibit 1.**² The annual Lifespace Trust Contributions listed on Exhibit 1 shall be made on December 31 of each year for the subsequent calendar year (the “Payment Date”). By way of example, the Lifespace Trust Contribution for 2024 shall be made on December 31, 2023.

2. Beginning in year 2025:

(a) If any portion of any required annual payment of the Lifespace Trust Contribution would result in Lifespace failing to maintain at least 250 days of cash and cash equivalents on hand (the “Lifespace Minimum DCOH”) then such portion of the annual payment may be deferred to the following year (the “Lifespace Deferral”);

(b) Any Lifespace Deferral that has accrued for two years is due to be paid in full the following year unless it may be deferred under the following paragraph.

(c) If any portion of any Lifespace Trust Contribution would trigger an event of default (an “MTI Default”) under the Lifespace Master Trust Indenture dated November 1, 2010, (as amended, and as may be further amended, the “Master Trust Indenture”), then any such portion may be deferred until such deferred portion would not trigger an MTI Default.

(d) Commencing on December 15, 2024 and on December 15 of each year thereafter, Lifespace shall prepare and deliver to the Trustee a statement setting forth its good faith estimate of the Lifespace Minimum DCOH projection as of the Payment Date for the following year to determine if any portion of the required Lifespace Trust

² Exhibit 1 currently assumes that all Residents will participate in the settlement and releases in the Plan. If any Resident elects to OPT OUT of the settlement and releases in the Plan, such Resident will not participate in any distributions under this Agreement or the Residents Trust, and the Lifespace Trust Contribution set forth on Exhibit 1 will be reduced by an amount equal to such Resident’s Allowed Resident Claim.

Contribution for that year will cause the Lifespace days of cash and cash equivalents on hand (“DCOH”) to go below the Lifespace Minimum DCOH or cause an MTI Default as of the Payment Date (the “Financial Threshold Estimate”). The Financial Threshold Estimate shall contain a certificate of the Chief Financial Officer of Lifespace certifying that the Financial Threshold Estimate was prepared in accordance with GAAP applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the Audited Financial Statements for the most recent fiscal year end as if such Financial Threshold Estimate was being prepared and audited as of a fiscal year end.

3. Post-Payment Date Adjustment.

(a) Within 150 days after the Payment Date, Lifespace shall deliver to the Trustee a statement certified by the Lifespace auditor setting forth the final calculation of the Lifespace DCOH as of the Payment Date (the “Final DCOH Calculations”) and final determination of whether an MTI Default would have in fact occurred from the payment due on the Payment Date (the “MTI Default Calculation” and together with the Final DCOH Calculation the “Final Audited Certification”).

(b) Lifespace shall pay any underpayment, and the Trustee shall return any overpayment, within 30 days of delivery of the Final Audited Certification.

4. Examination and Review.

(a) After receipt of the Final Audited Certification, the Trustee shall have 30 days (the “Review Period”) to review the Final Audited Certification. During the Review Period, the Trustee shall have reasonable access to Lifespace information relating to the

Final Audited Certification. The Trustee may object to the Final Audited Certification by delivering to Lifespace before the expiration of the Review Period a written objection setting forth in reasonable detail the basis for the Trustee's objection (the "Objection"). If the Trustee does not deliver an Objection before the expiration of the Review Period, the Trustee shall be deemed to have accepted and agreed to the Final Audited Certification.

(b) If the Trustee delivers an Objection before the expiration of the Review Period, Lifespace and the Trustee shall negotiate in good faith to resolve such objections within 30 days after the delivery of the Objection, which Resolution Period may be extended upon the written mutual agreement of Lifespace and the Trustee (the "Resolution Period"). If any part of the Objection is not resolved by the expiration of the Resolution Period, the unresolved portion of the Objection shall be submitted to KPMG (the "Independent Accountant") for resolution. The decision of the Independent Accountant (the "Independent Accountant Decision") shall be final and binding on the Parties. Any payments required to be made under this Agreement shall be consistent with the Independent Accountant Decision and shall be made within 30 days after the Independent Accountant Decision. The costs of the Independent Accountant shall be paid by the losing Party.

5. Distributions of Trust Assets. The Residents Trust shall receive the Lifespace Trust Contributions and distribute the trust funds as set forth below:

(a) Participating Former Residents shall receive a distribution in the amount of their Allowed Former Resident Claims within sixty (60) days of:

(i) the earlier of the date (a) the Residents Trust has been informed that the Participating Former Resident's independent living unit

has been re-leased³ by a new resident, and (b) October 31, 2025; and

- (ii) the Residents Trust has sufficient funds, after reasonable reserves, to make such distribution (the Trustee shall reserve sufficient funds in the Residents Trust as he or she deems necessary for the payment of Residents Trust expenses and future Life Care Subsidy (defined below) payments to Participating Current Residents (the “Reserve”).

(b) Participating Current Residents shall receive a distribution in the amount of their Allowed Refund Claims within sixty (60) days of:

- (i) vacating the Edgemere facility, either through death or by moving out of the facility;
- (ii) the earlier of the date (a) the Residents Trust has been informed that the Participating Current Resident’s independent living unit has been re-leased³ by a new resident, and (b) three (3) years from the date the Resident vacated the Community; and
- (iii) the Residents Trust has sufficient funds, after a Reserve, to make such distribution.

(c) Potential Queue. If there are insufficient funds in the Residents Trust to fully pay an Allowed Refund Claim, such Resident shall receive whatever portion of the Allowed Resident Claim is available at that time (subject to an adequate Reserve), with the remaining portion of the Allowed Resident Claim payable in subsequent years as funds become available. If there is more than one Resident who is not fully paid their Allowed Resident Claim when due under this Agreement, the Residents Trust shall pay those Participating Residents in the chronological order of the Refund Trigger Date (defined in the Plan) as funds become available to the Residents Trust.

³ The Residents Trust shall be informed of units which have been re-leased semi-annually by the Purchaser, which shall be the date the Residents Trust is deemed informed of units which have been re-leased for purposes of the Refund Trigger Date. In addition, the parties anticipate that unique factual scenarios may arise from time to time which will require the Trustee to use his or her discretion to determine if the vacated unit has been re-leased within the spirit of this Agreement.

6. Life Care Subsidy

(a) Participating Current Residents that reside in a higher level of care as of the Effective Date of the Plan, and who are receiving life care benefits under their existing Residency Agreements from Edgemere prior to the Effective Date of the Plan, may request, and the Residents Trust shall pay directly to such Participating Current Resident (subject to the availability of funds in the Residents Trust and an adequate Reserve), a monthly amount equal to the life care benefit being received from Edgemere prior to the Effective Date of the Plan. Subsequent increases after the Effective Date of the Plan in the monthly fee charged to such Resident for the higher level of care will not be advanced by the Residents Trust unless such Resident qualifies under Sections 6(b) or 6(c) below. All payments made directly to any Participating Current Resident hereunder shall be deducted from such Participating Current Resident's Allowed Refund Claim until the Allowed Refund Claim is exhausted, at which time all payments from the Residents Trust to the Resident shall cease.

(b) Participating Current Residents who advance from independent living to a higher level of care within the community on or after the Effective Date of the Plan may request, and the Residents Trust shall pay directly to such Participating Current Resident (subject to the availability of funds in the Residents Trust, and an adequate Reserve), the portion of such Resident's monthly fee for the elevated level of care that exceeds the then-current monthly fee charged to such Resident for his or her independent living services, measured as of the date such Resident advances to that higher level of care (subsequent increases in the monthly fee of the higher level of care will not be advanced by the Trust unless such Resident qualifies under Sections 6(c) or 6(d) below). All

payments made directly to any Participating Current Resident hereunder shall be deducted from such Participating Current Resident's Allowed Refund Claim until the Resident's Allowed Refund Claim is exhausted, at which time all payments from the Residents Trust to the Resident shall cease.

(c) Participating Current Residents receiving benefits pursuant to paragraph 6(a) or 6(b) hereof and who subsequently advance to an even higher level of care in the community (for example, a Participating Current Resident who advances from independent living to assisted living pursuant to the terms outlined in paragraph 6(b), and then later advances from assisted living to skilled nursing) may request, and the Residents Trust shall pay directly to such Participating Current Resident (subject to the availability of funds in the Residents Trust, and an adequate Reserve), the portion of such Resident's monthly fee for the elevated level of care that exceeds the then-current monthly fee charged to such Resident, measured as of the date such Resident advances to that higher level of care (subsequent increases in the monthly fee of the higher level of care will not be advanced by the Residents Trust unless such Resident qualifies under Section 6(d) below). All payments made directly to any Participating Current Resident hereunder shall be deducted from such Participating Current Resident's Allowed Refund Claim until the Resident's Allowed Refund Claim is exhausted, at which time all payments from the Residents Trust to the Resident shall cease.

(d) In addition, Participating Current Residents that are able to establish to the satisfaction of the Residents Trust Trustee that he or she is indigent and unable to pay all or any portion of their monthly fee may request, and the Residents Trust shall pay directly to such Participating Current Resident (subject to an adequate Reserve), such portion of

the Participating Current Resident's monthly fee (in any level of care) that the Trustee determines, in his or her sole discretion, the indigent Resident is unable to pay. All payments made directly to any Participating Current Resident hereunder shall be deducted from such Participating Current Resident's Allowed Refund Claim until the Participating Current Resident's Allowed Refund Claim has been exhausted, at which time all payments from the Residents Trust to the Resident shall cease. Requests for distribution of Residents Trust assets directly to such Participating Current Resident in accordance with Sections 6(a), (b), (c) and (d) hereof (collectively referred to herein as the "Life Care Subsidy") shall be given priority in timing of payment to distributions to Residents who vacate the community.

(e) Residents who OPT OUT of the Plan Releases pursuant to the terms of the Plan shall receive no distributions from the Residents Trust and shall not be entitled to payment of a Life Care Subsidy from the Residents Trust.

7. Condition Precedent to Effectiveness. The effectiveness of this Agreement is subject to and conditioned upon entry of a Final Order confirming the Plan by the Bankruptcy Court in a form satisfactory to Lifespace, and the Effective Date of the Plan occurring. If these conditions do not occur (unless waived by all of the Parties), then this Agreement shall become null and void *ab initio*, and no settlement, contribution or distributions will be made to any party pursuant to this Agreement.

8. Non-Admission. All Parties agree that by entering into this Agreement, no Party acknowledges, admits, concedes, confesses, or recognizes any wrongdoing, liability, or fault whatsoever. Nothing contained herein shall be construed as an admission of liability and neither the Agreement, nor any of its terms or provisions, nor any of the negotiations or proceedings

connected with the Agreement, shall be deemed or construed in any judicial, non-judicial, arbitration or other proceeding, to be evidence of, or a presumption, concession, or admission by any Party of the truth of any fact alleged or the validity of any claim that has been, could have been or in the future might be asserted against any of the Parties, or of any liability, fault, wrongdoing or otherwise.

9. Successors and Assigns. The Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, executors, administrators, successors and assigns. The Trustee of the Residents Trust shall be a third part beneficiary of this Agreement. **Edgemere is expressly allowed, and shall assign all of its rights under this Agreement, to the Residents Trust, including the right to enforce Lifespace's contribution obligations under this Agreement.**

10. Arms Length Transaction. The Parties along with the Committee acknowledge and agree that this Agreement is the product of arms-length negotiations, and that it is entered into in good faith, and in the best interests of each of the Parties and the Residents. Each Party along with the Committee has carefully read the Agreement and the contents thereof are known and understood by each of the Parties along with the Committee. Each Party along with the Committee has had the opportunity to receive and has received independent legal advice from attorneys of its choice with respect to the advisability of making this settlement and the releases provided herein and with respect to the advisability of executing the Agreement.

11. Entire Agreement. The Parties acknowledge and agree that this Agreement together with the Plan constitute the entire agreement between and among the Parties and supersedes all prior agreements and understandings, both written and oral, among the Parties or between any of them with respect to the subject matter hereof; provided that the Agreement shall

not be interpreted inconsistently with the terms of the Plan and that the Plan Releases shall not be impaired, diminished or otherwise affected by the terms of the Agreement.

12. Specific Performance/Covenant Not to Sue/Injunction. The Parties acknowledge that money damages are an inadequate remedy for breach of this Agreement. Therefore, the Parties agree that each of them has the right, in addition to any other right that they may have under the Agreement or otherwise (including the right to seek money damages), to specific performance of the Agreement in the event of any breach hereof by any Party.

13. Waiver. The failure of any Party to insist on strict adherence to any term of the Agreement shall not be considered a waiver of, or deprive that Party of the right thereafter to insist upon strict adherence to that term or any other term of the Agreement. Any waiver (express or implied) of any default or breach of the Agreement shall not constitute a waiver of any other or subsequent default or breach.

14. Further Assurances, Best Efforts, Exclusive Jurisdiction. Each Party agrees to use its reasonable best efforts to take or cause to be taken all actions and to do or cause to be done all things necessary, proper or advisable under applicable laws and regulations to implement and make effective the settlement transactions contemplated by this Agreement. Each Party further agrees that the Bankruptcy Court shall retain exclusive jurisdiction to enforce this Agreement in connection with the Plan.

15. Amendment or Modification. The Agreement may be amended, modified, altered or supplemented only upon written agreement of all of the Parties.

16. Binding Effect. The Agreement is intended to and shall confer upon the Resident Trust and its Trustee all rights to enforce this Agreement and the remedies hereunder. The Agreement is binding upon and is for the benefit of the Parties, the Residents, the Residents

Trust, and the Trustee of the Residents Trust and their respective successors, assigns and legal representatives.

17. Warranty of Authority. Each Party and the Committee in its respective representative capacity represents and warrants that it is authorized to execute this Agreement on behalf of and to bind the entity on whose behalf its signature is affixed.

(a) Edgemere represents that it is duly organized, validly existing and in good standing under the laws of the State of Texas and has the requisite power to enter into and perform the Agreement, subject to confirmation of the Plan. The Agreement has been duly authorized by all necessary actions on the part of Edgemere, has been duly executed, and, constitutes a binding agreement, enforceable in accordance with its terms.

(b) Lifespace represents that it is duly organized, validly existing and in good standing under the laws of Iowa and has the requisite power to enter into and perform the Agreement. The Agreement has been duly authorized by all necessary action on the part of Lifespace, has been duly executed by Lifespace and constitutes a binding agreement of Lifespace, enforceable against Lifespace in accordance with its terms.

(c) The Parties represent that there are no other persons or entities whose consent is required in order to give full force and effect to the terms of this Agreement.

18. No Representations or Warranties. The Parties acknowledge that they are entering into this Agreement without any representations, warranties, express or implied (other than those expressly set forth herein).

19. Headings. The headings contained in the Agreement are for convenience of reference purposes only and do not form a part of the Agreement and in no way modify, interpret or construe the agreements and understandings of the Parties contained in the Agreement.

20. Notices. All notices, requests, claims, or demands hereunder shall be in writing and shall be delivered by electronic mail or by Federal Express mail, and addressed as follows:

IF TO THE LIFESPACE:

Cooley LLP
110 North Wacker Drive
42nd Floor
Chicago, IL 60606
Attention: Eric Walker
ewalker@cooley.com

-and-

Lifespace Communities, Inc.
3501 Olympus Blvd, Suite 300
Dallas, TX 75019
Attention: Tim Gorman, General Counsel
Tim.Gorman@lifespacecommunities.com

IF TO EDMERERE RELATED PARTIES:

Polsinelli PC
2950 N. Harwood, Suite 2100
Dallas, TX 75201
Attention: Jeremy Johnson and Trinitee Green
Jeremy.johnson@polsinelli.com
Tggreen@polsinelli.com

IF TO RESIDENTS TRUST:

Foley & Lardner LLP
2021 McKinney Avenue, Suite 1600
Dallas, TX 75201
Attention: Stephen McCartin, Mark Moore and Tom Scannell
smccartin@foley.com
mmoore@foley.com
tscannell@foley.com

21. Counterparts. The Agreement may be signed in counterparts and delivered by electronic mail, and so executed, shall constitute one agreement. The Agreement shall be

considered executed and binding on all Parties when all signatories designated herein have executed the Agreement.

22. Severability. If one or more of the provisions contained in the Agreement is determined by a court of jurisdiction to be invalid or unenforceable in any respect, the validity and enforceability of the remaining provisions of the Agreement shall not be affected or impaired, and the Parties will in good faith agree upon a valid and enforceable provision that shall be a reasonable substitute for such invalid or unenforceable provision.

23. Governing Law. The Agreement, and the rights and obligations of the Parties under this agreement shall be governed by, and construed in accordance with, the laws of the State of Texas, without regard to conflict of laws principles, and the Parties consent to jurisdiction in the State of Texas.

24. Jurisdiction. Any dispute, difference or controversy arising under the Agreement may be settled and finally determined by the Bankruptcy Court. The Bankruptcy Court shall retain jurisdiction for purposes of enforcing this Agreement and the Parties consent to the jurisdiction of the Bankruptcy Court for such purpose. Each Party waives any right to request or obtain a trial by jury in any judicial proceeding pertaining to the matters governed by the Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

NORTHWEST SENIOR HOUSING CORPORATION:

By: David Stewart
B02C0EAE00949D...

Its: Director and Chairperson of the Restructuring Committee of the Board of Directors, and not individually

LIFESPACE COMMUNITIES, INC.:

By: _____

Its: _____

Agreed, Acknowledged and Approved as Set Forth Above:

OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF THE DEBTORS

By: _____

Its Chairperson

**NORTHWEST SENIOR HOUSING
CORPORATION:**

By: _____

Its: Director and Chairperson of the
Restructuring Committee of the Board of
Directors, and not individually

LIFESPACE COMMUNITIES, INC.:

By:  _____

Its: President + CEO

**Agreed, Acknowledged and Approved as
Set Forth Above:**

**OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF THE
DEBTORS**

By:  _____

Its Chairperson

Exhibit 3-2

Redline of First Amended and Restated Settlement and Contribution Agreement

FIRST AMENDED AND RESTATED
SETTLEMENT AND CONTRIBUTION AGREEMENT

This FIRST AMENDED AND RESTATED SETTLEMENT AND CONTRIBUTION AGREEMENT (“Agreement”) is executed by and entered into between Northwest Senior Housing Corporation d/b/a Edgemere (“Edgemere” and Lifespace Communities, Inc. (“Lifespace”) (each individually a “Party”, and collectively the “Parties”) effective as of ~~December~~February __, ~~2022~~2023.

RECITALS¹

A. Overview of Edgemere’s Business.

1. Edgemere is an upscale and well-established continuing care retirement community (“CCRC”) that offers senior residents a continuum of care in a luxury campus-style setting, providing living accommodations and related health care and support services to a target market of seniors aged sixty-two (62) and older. Edgemere consists of approximately 304 independent living (“IL”) apartment-style residences in one, two and three-bedroom configurations. Edgemere also houses 68 residential-style assisted living (“AL”) suites, 45 memory support (“MS”) assisted living suites and a skilled nursing Community (“SNF”) with 87 skilled nursing beds, all located on a 16.25 acre campus.

2. As of October 19, 2022, 219 IL units were occupied (72.04% occupancy), 39 AL units were occupied (57.35% occupancy), 21 MS units occupied (46.67% occupancy), and 54 SNF units were occupied (62.07% occupancy). The Community is currently the home of approximately 376 residents.

¹ Capitalized terms not defined herein shall have the meaning ascribed to them in the Plan.

3. As is common practice in the CCRC industry, Edgemere primarily receives revenue from entrance fees and monthly service fees. Historically, the residents have been required to enter into one of the following types of Residency Agreements to move into the Community: Life Care Agreements, Assisted Living Residency Agreements, and SNF Residency Agreements.

B. Current, Former and Escrow Residents

1. There are three (3) categories of Edgemere residents:
 - a. Former residents of Edgemere (“Former Residents”);
 - b. Current residents of Edgemere, excluding the Escrow Residents (“Current Residents”); and
 - c. Residents that currently reside at Edgemere under the terms and conditions of an Escrow Agreement dated September 27, 2021, by and among Edgemere, the Trustee, and Regions Bank as escrow agent (the “Escrow Residents” and, together with the Current and Former Residents, the “Residents”).

C. Lifespace Affiliation Agreement

1. In June 2019, Lifespace entered into an Affiliation Agreement pursuant to which Lifespace became the new sole member of Edgemere.

2. Edgemere relies on revenue generated by existing and new residents to, among other things, maintain day-to-day operations, service debt obligations and honor Resident obligations. However, for some time Edgemere has faced challenges that have threatened its ability to honor its obligations and maintain operational stability, including optimal occupancy levels.

D. The Chapter 11 Cases

1. On April 14, 2022 (the “Petition Date”), Edgemere filed a voluntary petition in this Court jointly with affiliate Senior Quality Lifestyles Corporation (together with Edgemere, the “Debtors”) commencing a case for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the “Bankruptcy Court”) [Lead Case No. 22-30659] (the “Chapter 11 Cases”). The factual background regarding the Debtors, including their business operations, their capital and debt structures, and the events leading to the filing of the Chapter 11 Cases, is set forth in detail in the *Declaration of Nick Harshfield in Support of Chapter 11 Petition and First Day Pleadings* [Docket No. 7] (“First Day Declaration”) and fully incorporated herein by reference.

2. The Chapter 11 Cases are being jointly administered pursuant to Bankruptcy Rule 1015(b). The Debtors continue to operate and manage their businesses as debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108.

3. On April 28, 2022, the Office of the United States Trustee for the Northern District of Texas (the “U.S. Trustee”) appointed an official committee of unsecured creditors (the “Committee”) pursuant to Bankruptcy Code section 1102(a)(1).

E. Joint Chapter 11 Plan

1. On ~~December 6, 2022, Edgemere~~ [February 17, 2023](#), the Trustee and the DIP Lender filed their ~~First~~ [Fourth](#) *Amended Joint Plan of Reorganization* [Docket No. ~~870~~ [1241](#)] ([as amended](#), the “Plan”), which is supported by Lifespace and the Committee. The Plan incorporates the terms of this Agreement.

F. Resident Refund Obligations

1. The Plan proposes to reject all Residency Agreements with Current, Former, and Escrow Residents, and provides for the purchaser of Edgemere’s assets pursuant to the Sale

Procedures Motion to offer the Current Residents new residency agreements. Accordingly, the Residents will have rejection damages claims against Edgemere, including claims for the refund of their entrance fees due and owing under the rejected Residency Agreements, in the following approximate amounts:

- a. Escrow Residents: \$16,494,326 is currently held in escrow for the benefit of Escrow Residents (the “Entrance Fee Escrow Deposits”). The Plan provides for Entrance Fee Escrow Deposits to be returned to the Escrow Residents in full and final satisfaction of their claims within ten (10) days of the Effective Date of the Plan.
- b. Former Residents: Former Residents shall have allowed entrance fee refund obligation claims against Edgemere of approximately ~~\$40,705,569.67~~38,339,305.00 (individually, an “Allowed Former Resident Claim” and in the aggregate, “Allowed Former Resident Claims”).
- c. Current Residents: Current Residents shall have allowed entrance fee refund obligation claims against Edgemere of approximately ~~\$101,130,040.00~~105,168,213.00 (individually, an “Allowed Current Resident Claim” and in the aggregate, “Allowed Current Resident Claims” and together with the Allowed Former Resident Claims, the “Allowed ~~Resident~~Refund Claims”).

G. Settlement

1. Pursuant to the terms of the Plan and this Agreement, Lifespace has agreed to fund contributions to the Residents Trust (hereinafter defined) pursuant to the Plan as a settlement of any potential claims the Debtors, the Trustee and/or the Residents (who do not OPT OUT under

the terms of the Plan) may have against Lifespace pursuant to the Residency Agreements, the Affiliation Agreement, under the Bankruptcy Code, at law or in equity and in exchange for full releases and exculpations provided under the Plan (the “Plan Releases”).

2. The Committee actively participated in the negotiation of this Agreement with Lifespace, ~~both~~ supports and endorses its approval, and has encouraged Edgemere to likewise support and endorse this Agreement.

3. After considering the Committee’s recommendation, Edgemere has evaluated this Agreement and has concluded it represents the best outcome presented to Edgemere for the Residents.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, reliance upon the Committee’s negotiations and support, and the promises and mutual covenants ~~herein~~ contained herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree and stipulate, contingent upon Bankruptcy Court confirmation of the Plan, to the terms set forth below:

1. The Residents Trust. On the Effective Date of the Plan, a trust (the “Residents Trust”) shall be formed for the benefit of Former Residents and Current Residents who do not OPT OUT of the settlement and the releases in the Plan (the “Participating Former Residents” and “Participating Current Residents,” respectively) pursuant to the terms of the Plan and a Residents Trust Agreement in form and substance satisfactory to Lifespace and the Committee.

(a) Lifespace Contributions to the Residents Trust. Lifespace hereby agrees to contribute to the Residents Trust an amount equal to the sum of (i) the total Allowed ~~Former Resident~~ Refund Claims of Participating Former Residents, (ii) the total Allowed ~~Current~~

~~Resident~~Refund Claims of Participating Current Residents, and (iii) the total projected Residents Trust expenses (the “Lifespace Trust Contribution”), in annual payments in the amounts listed on the Contribution Schedule attached hereto as **Exhibit 1.**² The annual Lifespace Trust Contributions listed on Exhibit 1 shall be made on December 31 of each year for the subsequent calendar year (the “Payment Date”). By way of example, the Lifespace Trust Contribution for 2024 shall be made on December 31, 2023.

2. Beginning in year 2025:

(a) If any portion of any required annual payment of the Lifespace Trust Contribution would result in Lifespace failing to maintain at least 250 days of cash and cash equivalents on hand (the “Lifespace Minimum DCOH”) then such portion of the annual payment may be deferred to the following year (the “Lifespace Deferral”);

(b) Any Lifespace Deferral that has accrued for two years is due to be paid in full the following year unless it may be deferred under the following paragraph.

(c) If any portion of any Lifespace Trust Contribution would trigger an event of default (an “MTI Default”) under the Lifespace Master Trust Indenture dated November 1, 2010, (as amended, and as may be further amended, the “Master Trust Indenture”), then any such portion may be deferred until ~~payment in full~~such deferred portion would not trigger an MTI Default.

~~(d) The annual Lifespace Trust Contributions listed on Exhibit 1 shall be made on December 31 of each year for the subsequent calendar year (the “Payment Date”). By way~~

² Exhibit 1 currently assumes that all Residents will participate in the settlement and releases in the Plan. If any Resident elects to OPT OUT of the settlement and releases in the Plan, such Resident will not participate in any distributions under this Agreement or the Residents Trust, and the Lifespace Trust Contribution set forth on Exhibit 1 will be reduced by an amount equal to such Resident’s Allowed Resident Claim.

~~of example, the Lifespace Trust Contribution for 2024 shall be made on December 31, 2023.~~

(d) ~~(e) On~~ Commencing on December 15, 2024 and on December 15 of each year thereafter, Lifespace shall prepare and deliver to the Trustee a statement setting forth its good faith estimate of the Lifespace Minimum DCOH projection as of the Payment Date for the following year to determine if any portion of the required Lifespace Trust Contribution for that year will cause the Lifespace days of cash and cash equivalents on hand (“DCOH”) to go below the Lifespace Minimum DCOH or cause an MTI Default as of the Payment Date (the “Financial Threshold Estimate”). The Financial Threshold Estimate shall contain a certificate of the Chief Financial Officer of Lifespace certifying that the Financial Threshold Estimate was prepared in accordance with GAAP applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the Audited Financial Statements for the most recent fiscal year end as if such Financial Threshold Estimate was being prepared and audited as of a fiscal year end.

3. Post-Payment Date Adjustment.

(a) Within 150 days after the Payment Date, Lifespace shall deliver to the Trustee a statement certified by the Lifespace auditor setting forth the final calculation of the Lifespace DCOH as of the Payment Date (the “Final DCOH Calculations”) and final determination of whether an MTI Default would have in fact occurred from the payment due on the Payment Date (the “MTI Default Calculation” and together with the Final DCOH Calculation the “Final Audited Certification”).

(b) Lifespace shall pay any underpayment, and the Trustee shall return any overpayment, within 30 days of delivery of the Final Audited Certification.

4. Examination and Review.

(a) After receipt of the Final Audited Certification, the Trustee shall have 30 days (the “Review Period”) to review the Final Audited Certification. During the Review Period, the Trustee shall have reasonable access to Lifespace information relating to the Final Audited Certification. The Trustee may object to the Final Audited Certification by delivering to Lifespace before the expiration of the Review Period a written objection setting forth in reasonable detail the basis for the Trustee’s objection (the “Objection”). If the Trustee does not deliver an Objection before the expiration of the Review Period, the Trustee shall be deemed to have accepted and agreed to the Final Audited Certification.

(b) If the Trustee delivers an Objection before the expiration of the Review Period, Lifespace and the Trustee shall negotiate in good faith to resolve such objections within 30 days after the delivery of the Objection, which Resolution Period may be extended upon the written mutual agreement of Lifespace and the Trustee (the “Resolution Period”). If any part of the Objection is not resolved by the expiration of the Resolution Period, the unresolved portion of the Objection shall be submitted to KPMG (the “Independent Accountant”) for resolution. The decision of the Independent Accountant (the “Independent Accountant Decision”) shall be final and binding on the Parties. Any payments required to be made under this Agreement shall be consistent with the Independent Accountant Decision and shall be made within 30 days after the Independent Accountant Decision. The costs of the Independent Accountant shall be paid by the losing Party.

5. Distributions of Trust Assets. The Residents Trust shall receive the Lifespace Trust Contributions and distribute the trust funds as set forth below:

(a) Participating Former Residents shall receive a distribution in the amount of their Allowed Former Resident Claims within sixty (60) days ~~after~~ of:

(i) the earlier of the date (a) the Residents Trust has been informed that the Participating Former Resident's independent living unit has been re-leased ~~to~~³ by a new resident, and (b) October 31, 2025; and

(ii) the Residents Trust has sufficient funds, after reasonable reserves, to make such distribution (the Trustee shall reserve sufficient funds in the Residents Trust ~~for reasonable~~ as he or she deems necessary for the payment of Residents Trust expenses and ~~the future payments of the projected Life Care Subsidy (defined below)~~ payments to Participating Current Residents (the "Reserve")).

(b) Participating Current Residents shall receive a distribution in the amount of their Allowed ~~Current Resident~~ Refund Claims within sixty (60) days ~~after (a) vacating the Edgemere facility, either through death or by moving out of the facility,~~ of:

(i) vacating the Edgemere facility, either through death or by moving out of the facility;

(ii) the earlier of the date (ba) the Residents Trust has been informed that the Participating Current Resident's independent living unit has been re-leased ~~to~~³ by a new resident, and ~~(e) the Trust has sufficient funds, after reasonable reserves, to make such distribution (the Trustee shall reserve sufficient funds in the Residents Trust for reasonable Trust expenses and the future payments of the projected Life Care Subsidy to Participating Current Residents).~~ b) three (3) years from the date the Resident vacated the Community; and

³ The Residents Trust shall be informed of units which have been re-leased semi-annually by the Purchaser, which shall be the date the Residents Trust is deemed informed of units which have been re-leased for purposes of the Refund Trigger Date. In addition, the parties anticipate that unique factual scenarios may arise from time to time which will require the Trustee to use his or her discretion to determine if the vacated unit has been re-leased within the spirit of this Agreement.

(iii) the Residents Trust has sufficient funds, after a Reserve, to make such distribution.

(c) Potential Queue. If there are insufficient funds in the Residents Trust to fully pay an Allowed ~~Resident~~Refund Claim, such Resident shall receive whatever portion of the Allowed Resident Claim is available at that time (subject to an adequate Reserve), with the remaining portion of the Allowed Resident Claim payable in subsequent years as funds become available. If there is more than one Resident who is not fully paid their Allowed Resident Claim when due under this Agreement, the Residents Trust shall pay those Participating Residents in the chronological order of the Refund Trigger Date (defined in the Plan) as funds ~~are~~become available to the Residents Trust.

6. Life Care Subsidy

(a) Participating Current Residents that reside in a higher level of care as of the Effective Date of the Plan, and who are receiving life care benefits under their existing Residency Agreements from Edgemere prior to the Effective Date of the Plan, may request, and the Residents Trust shall pay directly to such Participating Current Resident (subject to the availability of funds in the Residents Trust and an adequate Reserve), a monthly amount equal to the life care benefit being received from Edgemere prior to the Effective Date of the Plan. Subsequent increases after the Effective Date of the Plan in the monthly fee charged to such Resident for the higher level of care will not be advanced by the Residents Trust unless such Resident qualifies under Sections 6(b) or 6(c) below. All payments made directly to any Participating Current Resident hereunder shall be deducted from such Participating Current Resident's Allowed Refund Claim until the Allowed

Refund Claim is exhausted, at which time all payments from the Residents Trust to the Resident shall cease.

(b) ~~(d)~~ Participating Current Residents who advance to from independent living to a higher levelslevel of care within the community on or after the Effective Date of the Plan may request, and the Residents Trust shall pay directly to such Participating Current Resident (subject to the availability of funds in the Residents Trust, and an adequate Reserve), the portion of such Resident's monthly fee for the elevated level of care that exceeds the then-current monthly fee charged to such Resident for his or her independent living services, measured as of the date such Resident advances to that higher level of care (subsequent increases in the monthly fee of the higher level of care will not be advanced by the Trust unless such Resident qualifies under Sections 6(c) or 6(d) below). All payments made directly to any Participating Current Resident hereunder shall be deducted from such Participating Current Resident's Allowed ~~Current Resident Claim~~ Refund Claim until the Resident's Allowed Refund Claim is exhausted, at which time all payments from the Residents Trust to the Resident shall cease.

(c) Participating Current Residents receiving benefits pursuant to paragraph 6(a) or 6(b) hereof and who subsequently advance to an even higher level of care in the community (for example, a Participating Current Resident who advances from independent living to assisted living pursuant to the terms outlined in paragraph 6(b), and then later advances from assisted living to skilled nursing) may request, and the Residents Trust shall pay directly to such Participating Current Resident (subject to the availability of funds in the Residents Trust, and an adequate Reserve), the portion of such Resident's monthly fee for the elevated level of care that exceeds the then-current monthly fee charged to such

Resident, measured as of the date such Resident advances to that higher level of care (subsequent increases in the monthly fee of the higher level of care will not be advanced by the Residents Trust unless such Resident qualifies under Section 6(d) below). All payments made directly to any Participating Current Resident hereunder shall be deducted from such Participating Current Resident's Allowed Refund Claim until the Resident's Allowed Refund Claim is exhausted, at which time all payments from the Residents Trust to the Resident shall cease.

(d) ~~(e)~~ In addition, Participating Current Residents that are able to establish to the satisfaction of the Residents Trust Trustee that he or she is indigent and unable to pay all or any portion of their monthly fee may request, and the Residents Trust shall pay directly to such Participating Current Resident (subject to ~~the availability of funds in the Residents Trust~~) such an adequate Reserve), such portion of the Participating Current Resident's monthly fee (in any level of care) ~~until~~ that the Trustee determines, in his or her sole discretion, the indigent Resident is unable to pay. All payments made directly to any Participating Current Resident hereunder shall be deducted from such Participating Current Resident's Allowed Refund Claim until the Participating Current ~~Resident~~ Resident's Allowed Refund Claim has been exhausted, at which time all payments from the Residents Trust to the Resident shall cease. Requests for distribution of Residents Trust assets directly to such Participating Current Resident in accordance with ~~this paragraph and the preceding paragraph~~ (Sections 6(a), (b), (c) and (d) hereof (collectively referred to herein as the "Life Care Subsidy") shall be given priority in timing of payment to distributions to ~~residents~~ Residents who vacate the community.²

(e) ~~(f)~~ Residents who OPT OUT of the Plan Releases pursuant to the terms of the Plan shall receive no distributions from the Residents Trust and shall not be entitled to payment of a Life Care ~~Benefits~~ Subsidy from the Residents Trust.

7. ~~6.~~ Condition Precedent to Effectiveness. The effectiveness of this Agreement is subject to and conditioned upon ~~(i)~~ entry of a Final Order confirming the Plan by the Bankruptcy Court in a form satisfactory to Lifespace ~~on or before February 15, 2023~~, and ~~(ii)~~ the Effective Date of the Plan occurring ~~on or before May 15, 2023~~. If ~~either of~~ these conditions ~~does~~ do not occur (unless waived by all of the Parties), then this Agreement shall become null and void *ab initio*, and no settlement, contribution or distributions will be made to any party pursuant to this Agreement.

8. ~~7.~~ Non-Admission. All Parties agree that by entering into this Agreement, no Party acknowledges, admits, concedes, confesses, or recognizes any wrongdoing, liability, or fault whatsoever. Nothing contained herein shall be construed as an admission of liability and neither the Agreement, nor any of its terms or provisions, nor any of the negotiations or proceedings connected with the Agreement, shall be deemed or construed in any judicial, non-judicial, arbitration or other proceeding, to be evidence of, or a presumption, concession, or admission by any Party of the truth of any fact alleged or the validity of any claim that has been, could have been or in the future might be asserted against any of the Parties, or of any liability, fault, wrongdoing or otherwise.

9. ~~8.~~ Successors and Assigns. The Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, executors, administrators, successors and assigns. The Trustee of the Residents Trust shall be a third part beneficiary of this Agreement. **Edgemere is expressly allowed, and shall assign all of its rights under this Agreement, to the Residents**

Trust, including the right to enforce Lifespace's contribution obligations under this Agreement.

10. ~~9.~~ Arms Length Transaction. The Parties along with the Committee acknowledge and agree that this Agreement is the product of arms-length negotiations, and that it is entered into in good faith, and in the best interests of each of the Parties and the Residents. Each Party along with the Committee has carefully read the Agreement and the contents thereof are known and understood by each of the Parties along with the Committee. Each Party along with the Committee has had the opportunity to receive and has received independent legal advice from attorneys of its choice with respect to the advisability of making this settlement and the releases provided herein and with respect to the advisability of executing the Agreement.

11. ~~10.~~ Entire Agreement. The Parties acknowledge and agree that this Agreement together with the Plan constitute the entire agreement between and among the Parties and supersedes all prior agreements and understandings, both written and oral, among the Parties or between any of them with respect to the subject matter hereof; provided that the Agreement shall not be interpreted inconsistently with the terms of the Plan and that the Plan Releases shall not be impaired, diminished or otherwise affected by the terms of the Agreement.

12. ~~11.~~ Specific Performance/Covenant Not to Sue/Injunction. The Parties acknowledge that money damages are an inadequate remedy for breach of this Agreement. Therefore, the Parties agree that each of them has the right, in addition to any other right that they may have under the Agreement or otherwise (including the right to seek money damages), to specific performance of the Agreement in the event of any breach hereof by any Party.

13. ~~12.~~ Waiver. The failure of any Party to insist on strict adherence to any term of the Agreement shall not be considered a waiver of, or deprive that Party of the right thereafter to insist

upon strict adherence to that term or any other term of the Agreement. Any waiver (express or implied) of any default or breach of the Agreement shall not constitute a waiver of any other or subsequent default or breach.

14. ~~13.~~ Further Assurances, Best Efforts, Exclusive Jurisdiction. Each Party agrees to use its reasonable best efforts to take or cause to be taken all actions and to do or cause to be done all things necessary, proper or advisable under applicable laws and regulations to implement and make effective the settlement transactions contemplated by this Agreement. Each Party further agrees that the Bankruptcy Court shall retain exclusive jurisdiction to enforce this Agreement in connection with the Plan.

15. ~~14.~~ Amendment or Modification. The Agreement may be amended, modified, altered or supplemented only upon written agreement of all of the Parties.

16. ~~15.~~ Binding Effect. The Agreement is intended to and shall confer upon the Resident Trust and its Trustee all rights to enforce this Agreement and the remedies hereunder. The Agreement is binding upon and is for the benefit of the Parties, the Residents, the Residents Trust, and the Trustee of the Residents Trust and their respective successors, assigns and legal representatives.

17. ~~16.~~ Warranty of Authority. Each Party and the Committee in its respective representative capacity represents and warrants that it is authorized to execute this Agreement on behalf of and to bind the entity on whose behalf its signature is affixed.

(a) Edgemere represents that it is duly organized, validly existing and in good standing under the laws of the State of Texas and has the requisite power to enter into and perform the Agreement, subject to confirmation of the Plan. The Agreement has been duly

authorized by all necessary actions on the part of Edgemere, has been duly executed, and, constitutes a binding agreement, enforceable in accordance with its terms.

(b) Lifespace represents that it is duly organized, validly existing and in good standing under the laws of Iowa and has the requisite power to enter into and perform the Agreement. The Agreement has been duly authorized by all necessary action on the part of Lifespace, has been duly executed by Lifespace and constitutes a binding agreement of Lifespace, enforceable against Lifespace in accordance with its terms.

(c) The Parties represent that there are no other persons or entities whose consent is required in order to give full force and effect to the terms of this Agreement.

18. ~~17.~~ No Representations or Warranties. The Parties acknowledge that they are entering into this Agreement without any representations, warranties, express or implied (other than those expressly set forth herein).

19. ~~18.~~ Headings. The headings contained in the Agreement are for convenience of reference purposes only and do not form a part of the Agreement and in no way modify, interpret or construe the agreements and understandings of the Parties contained in the Agreement.

20. ~~19.~~ Notices. All notices, requests, claims, or demands hereunder shall be in writing and shall be delivered by electronic mail or by Federal Express mail, and addressed as follows:

IF TO THE LIFESPACE:

Cooley LLP
110 North Wacker Drive
42nd Floor
Chicago, IL 60606
Attention: Eric Walker
ewalker@cooley.com

-and-

Lifespace Communities, Inc.
3501 Olympus Blvd, Suite 300

Dallas, TX 75019
Attention: Tim Gorman, General Counsel
Tim.Gorman@lifespacecommunities.com

IF TO EDGEMERE RELATED PARTIES:

Polsinelli PC
2950 N. Harwood, Suite 2100
Dallas, TX 75201
Attention: Jeremy Johnson and Trinitee Green
Jeremy.johnson@polsinelli.com
Tggreen@polsinelli.com

IF TO RESIDENTS TRUST:

Foley & Lardner LLP
2021 McKinney Avenue, Suite 1600
Dallas, TX 75201
Attention: Stephen McCartin, Mark Moore and Tom Scannell
smccartin@foley.com
mmoore@foley.com
tscannell@foley.com

21. ~~20.~~ Counterparts. The Agreement may be signed in counterparts and delivered by electronic mail, and so executed, shall constitute one agreement. The Agreement shall be considered executed and binding on all Parties when all signatories designated herein have executed the Agreement.

22. ~~21.~~ Severability. If one or more of the provisions contained in the Agreement is determined by a court of jurisdiction to be invalid or unenforceable in any respect, the validity and enforceability of the remaining provisions of the Agreement shall not be affected or impaired, and the Parties will in good faith agree upon a valid and enforceable provision that shall be a reasonable substitute for such invalid or unenforceable provision.

23. ~~22.~~ Governing Law. The Agreement, and the rights and obligations of the Parties under this agreement shall be governed by, and construed in accordance with, the laws of the State

of Texas, without regard to conflict of laws principles, and the Parties consent to jurisdiction in the State of Texas.

24. ~~23.~~ Jurisdiction. Any dispute, difference or controversy arising under the Agreement may be settled and finally determined by the Bankruptcy Court. The Bankruptcy Court shall retain jurisdiction for purposes of enforcing this Agreement and the Parties consent to the jurisdiction of the Bankruptcy Court for such purpose. Each Party waives any right to request or obtain a trial by jury in any judicial proceeding pertaining to the matters governed by the Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

NORTHWEST SENIOR HOUSING CORPORATION:

By: _____

Its: _____

LIFESPACE COMMUNITIES, INC.:

By: _____

Its: _____

Agreed, Acknowledged and Approved as Set Forth Above:

OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF THE DEBTORS

By: _____

Its Chairperson

Summary report:	
Litera® Change-Pro for Word 10.14.0.46 Document comparison done on 2/22/2023 11:12:30 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original DMS: nd://4872-5732-6400/13/UCC Lifespace Settlement Agreement.doc	
Modified DMS: nd://4875-8801-8504/5/Amended and Restated UCC Lifespace Settlement Agreement.doc	
Changes:	
Add	110
Delete	83
Move From	5
Move To	5
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	203