



Penobscot Shores **Disclosure Statement** **Document #1**

Introduction

We are delighted with your interest in **Penobscot Shores** retirement community located on the shores of Penobscot Bay in Belfast, Maine. **Penobscot Shores** is designed to enable residents to live graciously and with independence throughout their retirement years. This booklet explains to prospective residents the concept and operation of **Penobscot Shores**. If you, your family members or professional advisors have additional questions after reviewing this booklet, or would like to review any of the other **Penobscot Shores** project documents, you may contact Penobscot Shores at: (207) 338-2332 , Fax: (207) 338-8408 or E-Mail: sbowler@wcgh.org, or visit our web site at: www.penobscotshores.com.

Definitions

Deposits:	A nonrefundable deposit of \$10,000 is due from purchaser at the time of execution of a Purchase and Sales Agreement.
Cooperative:	The Maine corporation known as Penobscot Shores Association which owns the cooperative housing project known as Penobscot Shores , located in Belfast, Maine.
Core Services:	The services the Cooperative is required to offer to residents include an emergency response system, meal service, property maintenance, and health screening and assessments. These services may be changed by the Manager and a super majority of the Cooperative's stockholders.
Ground Lease:	The 99 year ground lease between the Landlord and the Cooperative granting the Cooperative use of the land on which Penobscot Shores is located.
Health Services Coordinator:	The person engaged by the Cooperative to oversee health services and wellness programs for the residents of Penobscot Shores .
Hospital:	Waldo County General Hospital
Landlord:	Waldo County Healthcare Management Company , or any successor owner of the land on which Penobscot Shores is located.

Manager:	Waldo County Healthcare Management Company , or any successor professional manager of Penobscot Shores .
Monthly Fee:	The fee payable by residents on a monthly basis to cover the Cooperative's expenses, taxes, and maintenance.
Penobscot Shores:	The retirement community owned by the Cooperative located in Belfast, Maine.
Priority Waiting List:	The waiting list maintained by the Manager, giving prospects priority positions for the selection of units at Penobscot Shores .
Project:	The retirement community and related amenities which comprise Penobscot Shores .
Reservation Fee:	The fully refundable fee paid by a person for a position on the Priority Waiting List.
Residency Agreement:	The Residency Agreement representing the purchaser's right to occupy a specific residential unit, to be executed by Purchaser and the Cooperative at the time of closing.
Permitted Subtenant:	A person approved by the Manager to occupy a unit as the subtenant of a Stockholder.
Rules of Residency and Regulations:	The rules and regulations adopted from time to time by the Board of Directors of the Cooperative.
Stock Transfer Fee:	A fee of up to eight (8%) percent payable by a resident to the Manager upon transfer of an interest in the Cooperative.
Super Majority Vote:	The vote of the holders of at least seventy five (75%) percent of the issued shares of the Cooperative's stock and the Manager.

The Participants

Penobscot Shores has been developed by **Waldo County Healthcare, Inc.**, the parent company of **Waldo County General Hospital** (“Hospital”) and **Waldo County Healthcare Management Company** (the “Manager”). **Waldo County Healthcare Management Company** owns the land on which the Project is located, and will act as the Manager for **Penobscot Shores**.

Residential units may be owned by **Penobscot Shores Association** (the “Cooperative”), which may lease the units to residents. Residents may or may not be stockholders of the Cooperative.

Site and Design

1. The Site - Penobscot Shores is situated on a 20.8 acre parcel on Shoreland Drive in Belfast, Maine. The land is leased by the landlord to the Cooperative, pursuant to a 99 year Ground Lease (**Document 5**). The rent under the Ground Lease is adjusted annually. At the end of the term of the Ground Lease the Cooperative will have the right to buy the land at its then fair market value as determined by an independent appraisal.

The site offers open vistas of Penobscot Bay over an expanse of open meadows, which slope gently down to the shorefront. The edges of the site offer some forested areas. The site is within a half mile of the Hospital in an area of mixed residential and commercial uses. The location of the buildings in the first and second phases of the Project are shown on the site plan included in **Exhibit A**.

2. The Buildings and Common Facilities - The Ocean House, the central building at Penobscot Shores, is a three-story complex containing twenty-eight (28) apartment units. The Ocean House has many common areas for all residents including a lobby, central dining room, mail area, activity room, health coordinators office, hair salon, library, and fitness room.

Adjacent to the central building, there are twenty-six (26) cottage units containing duplex or quadruple groupings.

The grounds have outside seating areas, gazebo, personal and public garden spaces, and a path to the shore.

3. Residential Units - Each of the residential units is spaciouly designed in either one-bedroom or two-bedroom layouts; cottages all have two-bedroom layouts. An outline specification and floor plan for a unit leased will accompany the Purchase and Sale Agreement. Each unit will have the following features and furnishings:

- * wall to wall carpeting, wood laminate or hardwood flooring
- * self-defrosting refrigerator/freezer
- * stove with self-cleaning oven
- * dishwasher and garbage disposal
- * washer and dryer
- * telephone and cable television hook-up available
- * individual thermostats to control heat
- * an emergency response system

The apartment units have separate designated storage areas, and outside parking facilities. The cottage units have separate entrances and attached garages.

4. Parking - In addition to the outdoor parking and attached garages, residents have the option of leasing one of the fourteen (14) covered carport for a monthly fee on a first come, first served basis at the Ocean House. Ownership of the carports is to be retained by the Manager. The form of Carport Lease Agreement is included Document (6).

Maintenance and Insurance

The Cooperative maintains the common facilities and grounds. The Cooperative is also responsible for maintaining the structural and mechanical systems for the community and for maintaining the appliances provided with each residential unit. Residents are responsible for their own housekeeping and for maintaining any furnishings, appliances or fixtures provided by them. Residents are liable for any damages they or their guests cause to their units because of misuse or negligence.

The Cooperative maintains liability and property insurance for loss or damage to the buildings, but residents are responsible to insure their own belongings and to obtain their own liability insurance (so-called tenant's insurance).

Cooperative Concept and Taxes

Penobscot Shores is structured as a cooperative. The community is owned by **Penobscot Shores Association** stockholders. The Manager gives units to the Cooperative in exchange for its stock; residents may then purchase shares from the Manager.

Upon acquiring stock in the Cooperative, a resident will enter into a Residency Agreement with the Cooperative granting to the resident the exclusive right to occupy a particular residential unit at **Penobscot Shores**. The Residency Agreement is included as **Document (3)**. The Cooperative model allows residents of Penobscot Shores to have an ownership interest in the community. This ownership interest consists of one share of cooperative stock per unit, and the owner's right under the Residency Agreement.

If two residents occupy one unit, both will sign the Residency Agreement and they may own the share of stock jointly or in common, as they choose. In the event a resident remarries, the new spouse must meet all entrance criteria and execute the Residency Agreement.

Residents will pay a monthly fee to the Cooperative to cover the cost of services provided by the Cooperative and will be billed on a fee-for-service basis for any additional a la carte services requested by the resident.

The cooperative form of ownership enables residents to deduct for income tax purposes their pro-rated share of real estate taxes and mortgage interest (if any) paid by the Cooperative relative to the units.

Management

1. The Manager - The community is managed on a day-to-day basis by **Waldo County Healthcare Management Company**. The Manager may not be removed except with its consent and by Super Majority Vote of the stockholders. In the event of any such termination, the Ground Lease requires that the Cooperative engage a successor professional manager. The term "Manager," accordingly, refers to either **Waldo County Healthcare Management Company** or any successor management agent for the Project. The Manager will receive a fee of up to six (6%) percent of the Cooperative's gross revenues for its services.

The Manager will be responsible for the daily operations of **Penobscot Shores**. These duties will include staffing, training, and supervising all personnel; collecting all revenues; paying all bills; preparing draft budgets; and determining stockholder eligibility. The Manager is also responsible for the coordination of all sales of the Cooperative's stock. For its services in maintaining a waiting list of interested owners and handling sales transactions, owners are obligated to pay the Manager a Stock

Transfer Fee of up to eight (8%) percent in the event of a sale of their stock. Some of this fee may be used to refurbish the unit.

2. The Board of Directors - The Cooperative will be governed by its elected Board of Directors. A majority of the Board will at all times be nominated by the Manager. The Board will be responsible for proposing rules and regulations for the Cooperative, overseeing its fiscal affairs, setting the resale prices for each share of Cooperative stock and generally managing the cooperative's affairs.

Stockholder Eligibility and Rights

1. Eligibility - All stockholders must meet certain financial and other criteria set by the Cooperative's Board of Directors or, with the approval of the Manager, must have designated another person who meets these eligibility criteria to reside in the unit (a Permitted Subtenant). The criteria are designed to ensure that residents are capable of meeting the requirements of stock ownership and residency.

2. Voting Requirements - A stockholder will be issued one share of Cooperative stock. Each share is entitled to one vote on any issue presented to the stockholders. In the event two individuals reside in one unit, the share of stock must be voted as a unit. No split voting on a share of stock will be allowed. Most stockholder actions require majority approval at a meeting at which a quorum is present. However, the bylaws provide that any of the following proposals must be approved by the Manager and a Super Majority Vote:

- (a) Cessation of, or substantial charge in, the operation of **Penobscot Shores** as a retirement community, or termination of all, or a substantial portion, of the core services described in the Residency Agreements.
- (b) Amendments to the stockholder eligibility criteria set forth in the bylaws.
- (c) Termination of Waldo County Healthcare Management Company as the Manager.
- (d) Amendment to the method of electing Directors or removal of any Director nominated by the Manager.
- (e) Termination of the Manager's rights to act as exclusive sales agent for the sale of Cooperative

stock or any reduction in the stock transfer fee payable to the Manager for such services.

- (f) Any encumbrance, pledge, hypothecation, sale, transfer or other disposition of all or substantially all the assets of the Cooperative, except in connection with the construction or renovation of the facilities which comprise **Penobscot Shores** where the mortgage holder has entered into a non-disturbance agreement protecting the occupancy right of non-defaulting stockholders of **Penobscot Shores**.
- (g) Amendment to the Articles of Incorporation.
- (h) Approval of a consolidation or merger involving the Cooperative.
- (i) Amendment to any section of the bylaws requiring a vote of the owners of at least seventy-five (75%) percent of the outstanding shares of the Cooperative's stock.

3. Stock Pledge - Each stockholder's Cooperative stock will be pledged to the Cooperative to secure the resident's obligations to the Cooperative under the Residency Agreement, unless otherwise agreed to by the Management.

Services

1. Core Services - The Cooperative must maintain certain Core Services for its residents unless there is consent by the Manager and a Super Majority vote to terminate those services. These Core services include: (a) emergency response system, (b) property and grounds maintenance, (c) meal plan availability, (d) health screening and assessments, (e) water and sewer, and (f) scheduled transportation services for residents.

2. Other Cooperative Services - In addition to the services available to all residents, a resident of an apartment unit at the Ocean House will receive heat.

Each shareholder is required to purchase at least one meal per month; all sub-lessees (renters) will receive 20 meals per month as part of their sub-lease (rental) agreement.

Residents will pay their own utility charges for electricity, telephone, and cable television fees. Separate agreements on utilities may be made on sub-lease agreements.

The Cooperative offers additional services on an a la carte, fee-for-service basis from time to time. These services are likely to include: housekeeping, additional transportation, additional meals, maintenance personnel, and selected home health services.

3. Health Screening and Assessments - One of the features of **Penobscot Shores** is the presence of a part time Health Services Coordinator. The Health Services Coordinator will conduct programs promoting wellness and preventative health maintenance, including regularly scheduled exercise programs and blood pressure screening. The Health Services Coordinator will be available at no cost to Residents for general consultation and advice and will coordinate the provision of home health services by independent providers.

4. Assisted Living Units - Future phases of development at **Penobscot Shores** may include the development of assisted living units. Services provided to residents of the assisted living units include meals, housekeeping, and social, cultural, recreational, and wellness programs, as well as assistance with so called “activities of daily living” such as getting in and out of bed, bathing and dressing. If assisted living units are built at **Penobscot Shores**, a resident will have the option to move into these assisted living units. Any assisted living units will be available for rental from the Manager on a first come, first served basis. Temporary occupancy of an assisted living unit will not affect an apartment or cottage unit resident’s ownership of stock in the Cooperative. The costs of occupying an assisted living unit are the responsibility of the resident.

5. Additional Health Care; Long Term Care Insurance - Residents requiring a level of health care service not provided by the Cooperative will be assisted by the Manager in locating appropriate care, however, the ultimate responsibility for obtaining such care and paying for such additional care is the resident’s.

Quarry Hill in Camden is a sister retirement community to Penobscot Shores and offers a full range of healthcare services. Both community are part of Coastal Healthcare Alliance and are MaineHealth Members.

Tall Pines Nursing Home is located within one (1) mile of Penobscot Shores. Harbor Hill, an Assisted Living and Health Care Facility is approximately four (4) miles from Penobscot Shores. There is no affiliation between the Cooperative and the Tall Pines Nursing Home or Harbor Hill.

6. Acute Care - Waldo County General Hospital is located less than a half mile from **Penobscot Shores**. Its location makes acute health care services convenient for residents of **Penobscot Shores**. All costs of acute care shall be paid for by the individual.

Future Development

The Manager retains authority to continue development of the site. Any such development must be consistent with applicable zoning and must be architecturally consistent with the Project. Currently a total of seventy eight (78) residential units are approved for the site. At the Manager's option, all other additional residential units may be transferred to the Cooperative in exchange for shares of stock. Residents of those units will become stockholders of the Cooperative with comparable rights to those of existing stockholders. Accordingly, if any of the new units are assisted living units, higher monthly fees will be charged for those units.

In the event of further development of the site, the Manager may pledge some or all of its interest in **Penobscot Shores** as security for development financing. The Cooperative may also be obligated to pledge its interests under the Ground Lease and Residency Agreements as security for bank financing and to cooperate with the Manager and any lenders in any proceedings to subdivide the undeveloped portions of the site. However, the rights of existing, non-defaulting residents to reside at **Penobscot Shores** pursuant to their Residency Agreements shall not be disturbed by such financings or subdivisions.

Operations and Budgets

The Manager will assist in the preparation of the budgets, but the ultimate responsibility for approving the budgets rests with the Board of Directors of the Cooperative. There can be no assurance that actual results will be consistent with these budgets. Residents should be aware that Monthly Fees proposed are subject to change on a regular basis and must be sufficient to include property taxes, costs of operations and to provide a reasonable reserve for replacements and maintenance.

Stock Transfer Restrictions

1. Right and Obligation to Sell - All sales of the Cooperative's stock must be handled by the Manager. Upon termination of a resident's Residency Agreement the share of stock owned by that resident must be offered for sale. A resident may voluntarily seek to sell his or her interest in the Cooperative at any time. In addition, the Cooperative may seek to terminate a resident's Residency Agreement upon the occurrence of certain events. For example, a Residency Agreement may be terminated if a resident fails to abide by the Rules of Residency and Regulations, fails to pay the monthly fees, or if the resident transfers permanently to a licensed health care facility. The decision to characterize a transfer as permanent will be made by the Manager after consultation, whenever possible, with the resident and the resident's family and physician.

It is anticipated that residents, in consultation with their personal physician and the Health Services Coordinator, will decide when they are in need of services not reasonably offered by or at **Penobscot Shores**.

2. Manager's Right to Sell; Sales Price - The Manager will manage all resales of stock. The maximum and minimum purchase price for each share of stock and its accompanying leasehold interest is determined by the Cooperative's Board of Directors every six (6) months. The purchase price set by the Board will reflect its best estimate of the unit's fair market value and shall take into consideration the size and location of the unit, and physical improvements made by the resident, the most recent sales prices of shares, and such other factors as the Board of Directors deems appropriate. The decision of the Board on the valuation of the units will be final. A resident may, however, offer his or her unit at a lower price.

3. Transfers; Priorities and Waiting Lists - Residents who wish to transfer to a different unit within **Penobscot Shores** will have the first right of refusal to purchase any share which is offered for resale. The manager will also maintain a waiting list of prospective residents. If no resident exercises his or her right to purchase a share which is offered for resale, the share will be sold to the individual highest on the waiting list who meets the admissions criteria of **Penobscot Shores**. If there is no waiting list, the Manager will offer the share on the open market.

4. Stock Transfer Fee - Upon the resale of a share of stock, the Manager will receive a Stock Transfer Fee which will equal the lesser of (a) eight (8%) percent of the gross proceeds of the sale or (b) one (1%) percent of the gross proceeds of the sale multiplied by the number of months the resident has owned the share. The Stock Transfer Fee is intended, in part, to reimburse the Manager for the costs of marketing and refurbishing a vacated unit. If the resident is selling his or her share and buying another share for a different unit within Penobscot Shores, then in lieu of the Stock Transfer Fee, the selling resident will reimburse the Manager for its costs to refurbish the sold unit.

5. Replacement Reserve Contribution - Upon a resale, the buyer and the seller each, will pay 2% of the sale price to be placed in the Replacement Reserve for capital improvements.

6. Continuing Obligation for Fees - Pending resale of the share of stock, the resident will be responsible for the payment of the Monthly Fees applicable to the resident's unit.

Purchase Price and Costs

1. Purchase Prices - The purchase price for shares of the Cooperative stock will be set when a Purchase and Sales Agreement for the unit is executed. Until a Purchase and Sales Agreement for a particular unit is signed, the price may be modified by the Board of Directors.

2. Monthly Fees; Assessment - The Monthly Fees for each unit will consist of a pro-rated share of the costs incurred by the Cooperative, including operating, maintenance, management costs, replacement reserve fund, and real estate taxes. The Monthly Fees for the apartment units will be higher, reflecting the cost of heating each unit.

Because the Monthly Fees have been structured to provide the services to the residents at cost, they will necessarily increase as the costs of these services increase or if the Board of Directors elects to increase the level of services available to residents at **Penobscot Shores**. In addition, the Cooperative can levy periodic assessments onto shareholders to help pay for unexpected repairs or other expenses incurred by the community.

3. Additional A la Carte Services - **Exhibit C** lists the additional services that are available to residents. These services are subject to change by the Cooperative's Board of Directors.

4. Billing - The Monthly Fees and the costs for a la carte services used by resident will be billed monthly.

The Purchase Process

1. The Priority Waiting List - The Manager has developed a Priority Waiting List comprised of interested people who have signed a Priority Waiting List Agreement and have paid a \$1,000 refundable reservation fee. The reservation fee entitles the individual to a priority position for the selection of a unit at Penobscot Shores. Names will continue to be added to the Priority Waiting List. A resident may seek a refund of the reservation fee at any time, or may apply the \$1,000 reservation fee toward the purchase of a Share.

2. The Purchase and Sale Agreement - The Manager will review all applications and will offer to individuals on the Priority Waiting List the opportunity to enter into a Purchase and Sale Agreement for a share of the Cooperative stock. The Purchase and Sales Agreement is appended to this statement as **Document (2)**. At the time a Purchase and Sales Agreement is signed, an applicant will select a unit and represent that he or she meets the eligibility criteria for occupancy at **Penobscot Shores**. The Manager's obligation to close the sale will be contingent upon the prospective resident's continuing compliance with the eligibility criteria at the time of the closing.

3. Deposits - At the time the Purchase and Sale Agreement is signed, the prospective resident will advance to the Manager an initial deposit of \$10,000. The deposits are NON-REFUNDABLE. In the event the prospective resident fails to meet the eligibility criteria for admission at the time of the closing, and therefore is unable to

purchase stock in the Cooperative, or the prospective resident dies, the prospect's deposits will be refunded when a new purchaser has been found for that share of stock. If an individual decides not to close on a Purchase and Sales Agreement for any other reason, the Manager will retain all deposits.

4. Closing - The prospect will enter into a Residency Agreement with the Cooperative and, if applicable, enter into an agreement to license a carport. Stock will be issued to the prospective resident, but the certificate evidencing the stock will be retained by the Cooperative as part of the resident's agreement to pledge the stock as security for the resident's obligations under the Residency Agreement. A 2% fee is collected from both the seller and the buyer at the closing designated for the Replacement Reserve.

Changes

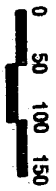
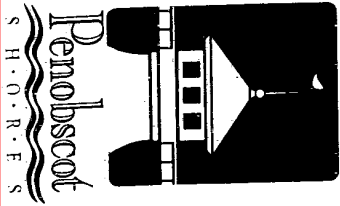
Programs described in this disclosure statement are subject to change.

Unit Rentals

The Manager has a select number of units available for rental.

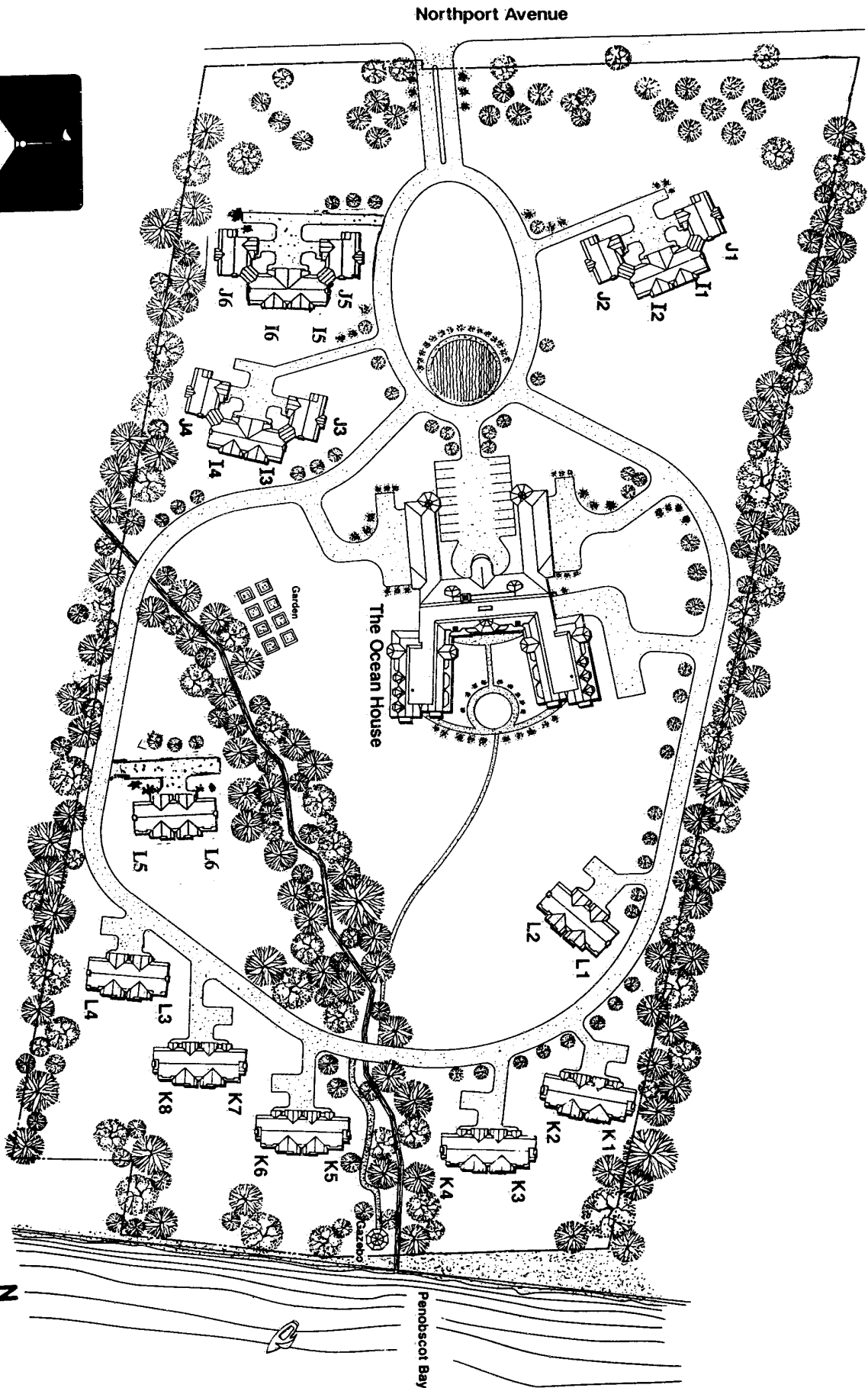
Other Project Documents

Throughout this booklet there are references to Community documents. Those documents are listed in the Index of Documents provided in this Disclosure Statement. Although we are unaware of any discrepancies, if there should be any differences between this statement and the documents, the documents will control.



SITE PLAN

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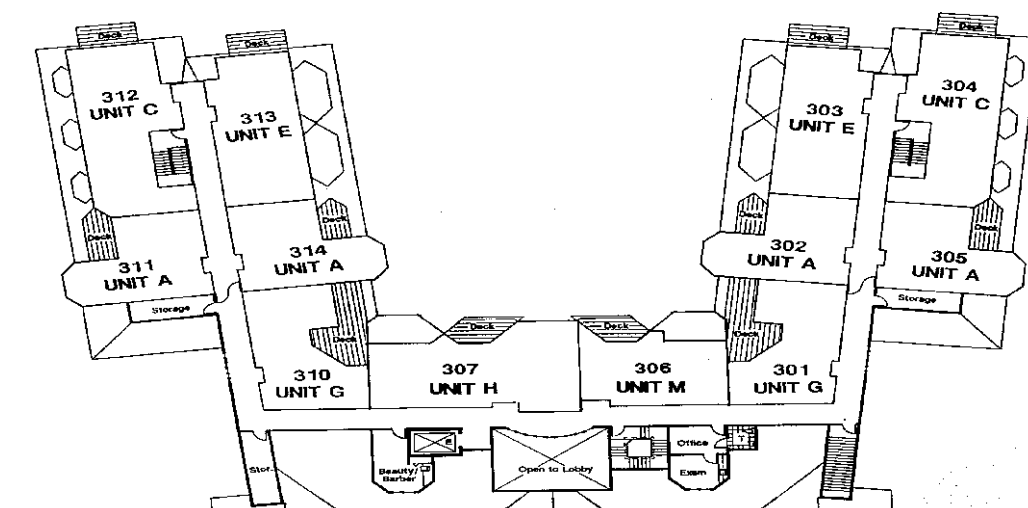
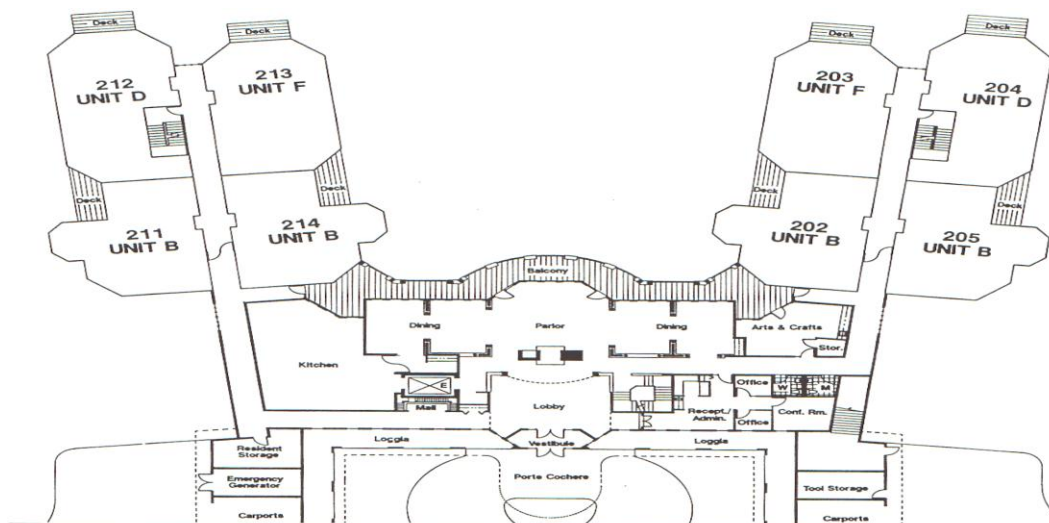
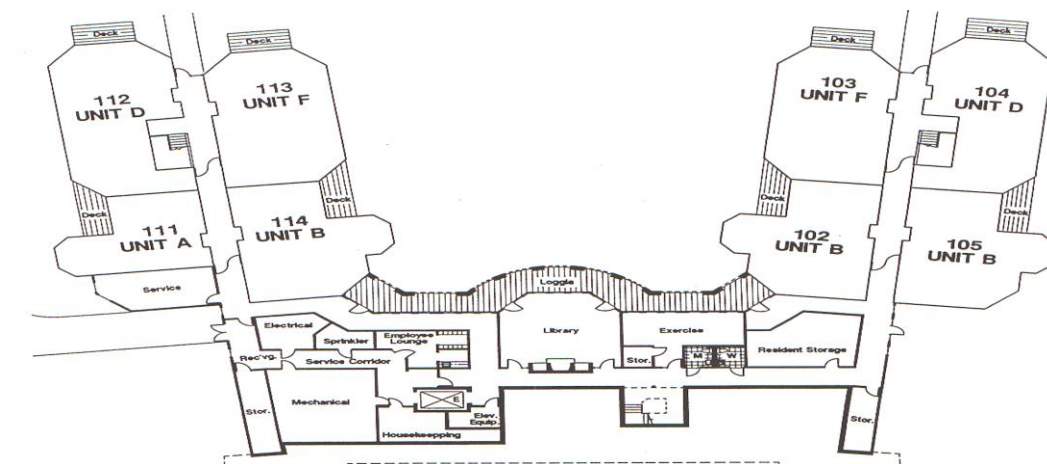


Exhibit B

Services for all Penobscot Shores Units

The services described below are currently included for all units at Penobscot Shores.

Utilities: Sewer and water for the Units are provided. The unit is centrally wired for cable television and telephone hook-up. Installation and monthly cable charges will be paid by the Resident if those services are desired. Electricity charges are not included in the Monthly Fee.

Emergency Response System: The Manager will be responsible for providing the emergency response system for residents.

Security: The Ocean House has a security access system to allow residents the ability to open the main door for their visitors. Waldo County General Hospital security does regular daily rounds of the community and Ocean House.

Maintenance: Cooperative will maintain all grounds and community areas, and will be responsible for repairs, maintain and replacement of the Unit's appliances provided by the Cooperative and the Unit's mechanical systems as necessary due to normal wear and tear. Residents are responsible for the cost of repairs and/or replacements due to the Resident or their guest misuse or negligence.

Transportation: Transportation to designated shopping, social events, medical facilities, and other local destinations are available on a regularly scheduled basis.

Health Services - Population Health: Waldo County General Hospital provides wellness and preventative health maintenance including scheduled exercise programs and blood pressure screenings. The service is available at no cost to residents for general consultation and advice and can coordinate the provision of home health services by independent providers.

Meals: All shareholders are charged for one evening meal per resident per month in the Ocean House Dining Room. Ocean House apartment renters will generally be provided with 20 meals per month as part of their lease agreement.

Apartment Units

Residents of the apartments units will have the following services in addition to the services available to all residents.

Utilities: Residents of apartments will have heat included in their monthly fee.

Cottage Units

Residents of the cottages units will have the following services in addition to the services available to all residents.

Lawn & Garden: Cottage residents will have lawn and garden services provided on a scheduled basis.

Snow Removal: Snow removal after a storm is provided to the cottages; we even shovel up to the front door.

Exhibit C

Additional a La Carte Services

The following additional services are anticipated to be available to residents on a fee-for-service basis:

- . Housekeeping
- . Additional transportation
- . Additional meals and guests meals (on a reservation basis)
- . Maintenance personnel
- . Selected home health services

The services offered by the Cooperative are subject to change from time to time by Cooperative's Board of Directors or in some cases by vote of the stock holders with Manager's approval.

Exhibit D

Rules of Residency

Resident and all occupants of the Unit shall be obligated at all times to comply with the following rules:

1. Not to provide accommodations to boarders or lodgers.
2. To use the Unit solely as a private dwelling for Resident and approved occupants, and not to permit its use for any other purpose.
3. To abide by necessary and reasonable regulations promulgated by the Cooperative for the benefit and well-being of **Penobscot Shores** and the other residents.
4. To comply with all obligations imposed by applicable provisions of building and housing codes materially affecting health and safety.
5. To keep the Unit in a clean and safe condition.
6. To dispose of all ashes, garbage, rubbish, and other waste from the Unit in a sanitary and safe manner.
7. To use only in a reasonable manner all electrical, plumbing, sanitary, heating, ventilating, air-conditioning and other facilities.
8. To refrain from, and to cause other occupants and guests to refrain from, destroying, defacing, damaging, or removing any part of the Unit.
9. To pay reasonable charges (other than for wear and tear) for the repair of damages to the Unit, or to **Penobscot Shores**, caused by Resident or any other occupant of the Unit.
10. To act, and to cause all other occupants and guests of the Unit to act, in a manner which will not disturb other residents' peaceful enjoyment of their Units and will be conducive to maintaining **Penobscot Shores** in a decent, safe and sanitary condition.
11. To assure that Resident and any other occupant of the Unit shall not engage in any criminal activity that threatens the health, safety, or right of peaceful enjoyment of **Penobscot Shores** by other residents or employees.
12. To comply with the Penobscot Shores smoke free campus policy, and to refrain from smoking in all interior and exterior areas.
13. To keep pets in a clean and sanitary manner, refrain from disturbing other residents, and leashed at all times when outside of the unit, and in accordance with the pet policy established by the cooperative.

Exhibit E

List of Included Fixtures and Appliances

All Units: All residential units at Penobscot Shores contain flooring which may be carpeting, laminate, hardwood, tile and vinyl; refrigerator, stove, dishwasher, garbage disposal, washer and dryer, telephone and cable television hook ups, individual thermostats to control heat and an emergency call alert (the “Basic Furnishings”).

In Addition

Apartment Units: If the Purchaser/Renter occupies an apartment unit, the Resident will be allocated a designated storage area for Purchaser’s personal use. The Resident will also have the right with other residents to use the uncovered parking spaces around the Ocean House.

Cottage Units: If the Resident occupies a cottage unit, the unit will contain an attached garage designated for Resident’s exclusive use.

Exhibit F

Title Encumbrances

All rights and easements of record affecting the Land, including

- (i) Mortgages entered into by Seller in connection with the construction or renovation of the Community.
- (ii) Ground Lease between Landlord (**Waldo County Healthcare Management Company**) and Cooperative.
- (iii) State and local land use restrictions.
- (iv) The right of all residents of Penobscot Shores to use common areas and facilities.
- (v) The right of Landlord (**Waldo County Healthcare Management Company**) to develop the property and, in connection with the Financing of such development, to pledge its interest in the Land and the Ground Lease.
- (vi) Utility and access easements generally affecting the Premises which do not materially interfere with Buyer's use or enjoyment of the Unit.

Exhibit G

Pet Policy

PENOBSCOT SHORES

In order to make community living at Penobscot Shores a pleasant experience for everyone, we have established the following pet policy. The purpose of this policy is to establish a guideline that will recognize the safety and comfort of all of the members of Penobscot Shores.

GENERAL

1. All pets must be neutered or spayed.
2. All pets must have current rabies and distemper shots.
3. Pets must be licensed in accordance with local law.
4. Owners are responsible for the behavior of their pets at all times, and bear sole liability for any consequences of that behavior.
5. Pets must be kept within the confines of the owner's unit or on a leash at all times.
6. Pets must not interfere with the safety and comfort of other members of the Penobscot Shores Community.
7. Members are fully responsible for cleaning up after their pets, both in and outside the unit.
8. Members agree to keep their pets clean and free of fleas, mites, etc.
9. Members agree to provide the management of Penobscot Shores with verification of shots, licensing, and neutering.
10. Members acknowledge that the presence of pets may necessitate periodic pest control precautions. Pet owners agree to cooperate with these efforts and accept responsibility for additional cost which may be incurred.
11. There will be no more than two (2) pets per unit.

COTTAGES RESIDENTS

1. The following common domestic pets shall be allowed in the cottage units; dogs, cats, caged birds, hamsters, and gerbils.

OCEAN HOUSE RESIDENTS

1. The following common domestic pets shall be allowed in the apartments; dogs (under 25 lbs), cats, caged birds, hamsters and gerbils.

Dated: _____ Approved by: _____

Exhibit H

Building & Grounds Guidelines

The residents of Penobscot Shores want this to be an attractive and friendly community. To achieve this, the following guidelines were proposed by the Building & Grounds Committee and approved by a vote of the membership. In the interest of simplicity, the list is short and not comprehensive. **Residents should consult the manager prior to making any modification that will affect the exterior appearance of the buildings or the grounds.**

Exterior Lights

The only exterior lighting that may be added to cottage units is a sensor light, for security purposes. Temporary lights, such as Christmas lights, are permissible if not intrusive to neighbors. Floodlights should not be used. All seasonal lights and decorations are to be removed no later than six weeks after celebration.

Parking

Licensed passenger vehicles, if frequently used, may be parked on the community driveways in front of the garage door or on other paved parking areas in such a way as to allow easy entrance and egress of neighbors.

Residents' RVs, boats, trucks, trailers, etc. are to be stored elsewhere, except that these may be brought onto the property for short periods with management approval.

A guest traveling in a recreational vehicle may park up to five days in any consecutive two-week period in a resident's driveway. Such vehicles must park so that entrance and egress by residents is not impeded.

Chairs, Tables and Other Portable Items

When placed on lawns they should be moved periodically to prevent damage to grass, and should be removed by residents for mowing, etc.

If deck and lawn furniture are left on the decks during the winter months, it should be stored neatly. If covered, neat and tight fitting covers should be used and these should be of a color that will blend with the buildings. Winter storage is the responsibility of the owner.

Awnings, Pentawings, Umbrellas

These may be used within the deck and adjacent areas. The color material, and style must be compatible with the building and are subject to management approval. Winter storage is **the resident's responsibility. Screened decks are not permitted.**

Signs

Cottage residents may place a small freestanding name sign in front of their unit within a mulched plant bed. (Refer to sign specifications adopted 8/99).

Antennae: Wire or Dish

TV satellite dishes, maximum 18" in diameter, and other types of antennae may be used within the deck area. Style, size and installation of all exterior antennae are subject to prior approval by management.

Fences and Living Screens

Decorative plant containers may be used on decks and within cottage private garden and cottage main entrance areas. Containers may not be permanently attached to the building. Residents are responsible for maintenance and winter storage of containers. Free standing trellises and other plant supports may be used within private bed areas. (Refer to trellis specifications adopted 8/98).

FLAGS

Individual flagstaffs may be attached to residences, subject to management approval.

Wind Chimes

Wind chimes are permissible with management approval and providing they are not objectionable to neighbors.

Outdoor Grills

For safety reasons, only propane, containerized natural gas, and electric grills are permitted on decks. It is recommended that gas tanks not be stored inside.

Landscaping

Maintenance of plants and beds, lawns, native trees and shrubs, and other natural vegetation is the responsibility of management, however, shrubs, trees and flowers around the cottages may be watered, when needed, by residents. Lawns should not be watered during hot, dry periods when grasses become naturally dormant, since such watering is neither helpful nor cost effective.

Areas around cottages designated within the master landscape plan as “private bed” areas may be planted by residents. Maintenance of these areas, if planted, is the resident’s responsibility. The planting of trees, shrubs and perennials outside private bed areas is not permitted, however low growing annuals may be used with discretion.

Colors and quantity should be compatible with the permanent landscape planting. Statuary garden ornaments and birdbaths may be used with discretion within plant bed areas and should be harmonious with the surroundings. Planting boxes in the community garden area near the Ocean House are available to residents without charge, by applications to management.

Pets, Trash and Other Items

There are additional items included in your Penobscot Shores Documents, which are not included in this list of guidelines.

ARTICLES OF INCORPORATION PENOBSCOT SHORES ASSOCIATION

1. Purposes. The Corporation has been formed to acquire, develop, own, use, operate and maintain a retirement community known as **Penobscot Shores** in Belfast, Maine to be owned and operated by its shareholders.

The Corporation shall have any and all powers now or hereafter vested in or conferred upon Maine corporations by the common and statutory laws of the State of Maine, as from time to time amended.

2. Issuance of Shares. The directors of the Corporation shall issue one share of the Corporation's authorized by issued stock for each completed residential unit developed by, or conveyed to, the Corporation from time to time. It shall be a condition of the issuance of such share that the Corporation shall enter into a Residency Agreement with the owner of such shares, pursuant to which Agreement the owner or the owner's permitted subtenants shall be entitled to exclusive occupancy of a specific residential unit at **Penobscot Shores**. All stock must be issued to persons or entities who satisfy the eligibility criteria established under the Corporation's bylaws.

3. Restrictions on Transfers. All of the Corporation's shares are subject to restrictions on ownership and transfer as provided in the Corporation's bylaws and the Residency Agreements. The Manager shall act as the exclusive sales agent for the Corporation's stock and shall receive from each selling stockholder a stock transfer fee as provided in the bylaws and Residency Agreements.

4. Amendments. The power to amend the bylaws and Articles of Incorporation of the corporation is vested exclusively with the stockholders, who may do so by majority vote, except that the following actions shall require the approval of the manager and the vote of the owners of at least seventy-five percent (75%) of the outstanding shares of the Corporation's stock:

- (a) Cessation of, substantial change in, the operation of Penobscot Shores as a retirement community, or termination of all, or substantial portion, of the core services described in the Residency Agreements.
- (b) Amendment to the stockholder eligibility criteria set forth in the bylaws.
- (c) Termination of **Waldo County Healthcare Management Company** as the manager.

- (d) Amendment of the method of electing Directors or the removal of any Director nominated by the Manager.
- (e) Termination of the Manager's rights to act as exclusive sales agent for the sale of Corporation stock or any reduction in the stock transfer fee payable to the Manager for such services.
- (f) Any encumbrance, pledge, hypothecation, sale, transfer or other disposition of all or substantially all the assets of the Corporation, except in connection with the construction or renovation of the facilities which comprise **Penobscot Shores**, where the mortgage holder has entered into a non disturbance agreement protecting the occupancy rights of non defaulting stockholders of **Penobscot Shores**.
- (g) Amendment to the Articles of Incorporation.
- (h) Approval of a consolidation or merger involving the Corporation.
- (i) Amendment to any Section of the bylaws requiring a vote of the owners of at least seventy-five percent (75%) of the outstanding shares of the Corporation's stock.

5. Directors. Until thirty (30) shares of the Corporation's stock have been sold to persons unrelated to the manager, the Board of Directors shall be selected from a slate proposed by the Manager. Thereafter, at least a majority of the Board of Directors shall be nominated from a slate proposed by the Manager.

6. Distributions. No holder of any shares of the Corporation's capital stock, shall, as such holder, be entitled to receive any distribution out of earnings and profits of the Corporation, except on a complete or partial liquidation of the Corporation. In the event of the Corporation's complete or partial liquidation, after paying all debts and obligations of the Corporation or making adequate provision for such payment, the remaining assets of the Corporation shall be distributed to the share holders in proportion to the respective maximum resale prices of their shares of stock as most recently determined by the Board of Directors. For purposes of the foregoing, each share of stock shall be deemed a separate series under Section 502 of the Maine Business Corporation Act. Nothing contained herein shall prohibit the Corporation from rebating to its stockholders monthly fees and assessments, which exceed the amount reasonably needed by the Corporation to fund its operational and capital needs.

7. Definitions – Documents. Terms used herein shall have the meanings provided in the Corporation's bylaws, Residency Agreement, Ground Lease and Management Agreement. Copies of all documents referred to herein shall be made available to all stockholders upon request at any time.



**Penobscot Shores
Ground Lease
Document #5**

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GROUND LEASE made as of this _____ day of _____, 2018 between **Waldo County Healthcare Management Company** ("Landlord"), located at 118 Northport Avenue, Belfast, Maine and having a mailing address of P.O. Box 287, Belfast, Maine 04915 and **Penobscot Shores Association** ("Cooperative"), located at 10 Shoreland Drive, Belfast, Maine 04915 and having the same mailing address of 10 Shoreland Drive, Belfast, Maine 04915.

BACKGROUND AND PURPOSE

Landlord is the owner of a certain parcel of land in Belfast, Maine (the "Land") upon which it intends to construct certain buildings and improvements consisting of residential apartment units, cottages, common areas, covered carports and other facilities ancillary thereto all to be known as "**Penobscot Shores**".

Cooperative is a corporation the stockholders of which will be residents of **Penobscot Shores**.

At the commencement of the term of this Lease, Landlord shall convey to Cooperative all of Landlord's right, title and interest in and to the residential improvements then existing on the Land, except for the covered carports. Landlord shall retain all right, title and interest in and to the Land.

Landlord and Cooperative desire to enter into a lease of the Land and Landlord desires to impose certain restrictions on the operation of **Penobscot Shores** aimed at providing a quality living environment for the residents of **Penobscot Shores**.

The parties agree as follows:

ARTICLE 1

TERM

Section 1.1 This Lease shall commence on the date of the first sale of any residential unit in **Penobscot Shores** to a buyer other than Landlord or an affiliate of Landlord (the "Commencement Date") and expires on the ninety-ninth (99th) anniversary thereof.

ARTICLE 2

LAND AND IMPROVEMENTS

Section 2.1 Description of the Land. Landlord is the fee owner of a 20.8 acre parcel of the Land, more particularly described in Exhibit "A" attached hereto.

The Land has the benefit of and is subject to certain easements, restrictions, encumbrances and rights appurtenant as expressly set forth on Exhibit "A". In addition, the Land is served by certain utilities including, without limitation, water, sewer, electric, telephone and gas.

Section 2.2 Definition of Improvements. Landlord and its affiliates may from time to time construct on the Land buildings and other improvements consisting of residential apartment units and cottages, common rooms, dining facilities, recreational areas, covered carports, paved parking areas, walking trails and other facilities and improvements ancillary thereto (the "Improvements"). The term "Original Improvements" shall mean all Improvements constructed by Landlord and existing on the Commencement Date as conveyed to Cooperative. Pursuant to a Bill of Sale of near or even date, Landlord has conveyed the Original Improvements to Cooperative.

Section 2.3 Lease. Landlord does hereby lease to Cooperative, and Cooperative does hereby lease from Landlord the Land, excepting and reserving to Landlord the exclusive right, but not the obligation, to develop, control, own and manage any Additional Improvements (as defined below) constructed on the Land. Cooperative accepts the Land in its current condition and agrees that its rights in the Land are subject to, and have the benefit of, all easements, restrictions and conditions of record affecting the Land, in common with Landlord and others entitled or subject thereto.

Section 2.4 Reservation of Rights. Landlord also expressly reserves, for itself, its invitees and licensees, in common with Cooperative and others entitled thereto, all rights and easements now existing or hereafter arising which are appurtenant to the Land, including, without limitation, rights to use all access ways, emergency access driveways, parking areas, pathways, driveways, loading docks, common ducts, utility lines and all other exterior common facilities serving the Land in whole or in part.

Section 2.5 Additional Improvements. Landlord reserves unto itself, its successors and assigns the right to construct an additional building or buildings in locations determined by it or expand vertically or horizontally any buildings located on the Land in order to add additional residential units or other amenities, including long term care facilities, to **Penobscot Shores**. Such Improvements are hereinafter referred to as the "Additional Improvements." The right reserved shall be subject to the conditions that (a) the quality of material and workmanship will be at least equal to the Original Improvements and of compatible architectural design; (b) the maximum number of living units shall not exceed that permitted by applicable zoning; (c) all work shall comply with all applicable laws, codes, rules and regulations and Landlord shall be responsible for obtaining all necessary permits and approvals; (d) Landlord shall indemnify Cooperative and hold it harmless from all cost, expense, loss, liability or damages arising in connection with the construction of the Additional Improvements from the commencement to completion of construction; and (e) land and buildings disturbed shall be appropriately restored and landscaped in a manner compatible with the then existing Improvements. Landlord further reserves such rights and easements as are reasonably appropriate to connect utilities to the new components and to provide access over existing roads and driveways for construction and other vehicles to the construction area.

Section 2.6 Ownership and Maintenance of Additional Improvements. Landlord may retain ownership of any Additional Improvements constructed on the Land (the "Retained Improvements") or may transfer ownership of the Additional Improvements to Cooperative, in whole or in part. Cooperative agrees to accept title to any Additional Improvements and agrees that with respect to any residential units, which are to be leased to residents as cooperative units, Cooperative shall issue to Landlord or its designee one share of stock for each such cooperative unit. Cooperative hereby agrees to assume the responsibility of operating and maintaining any service facilities included in the Additional Improvements transferred to it. Residents of any new cooperative units shall be stockholders of Cooperative on comparable terms and with the same

rights, privileges, responsibilities and restrictions as all other resident owners with the same force and effect as if the units were part of the Original Improvements at **Penobscot Shores**, except only that eligibility criteria may differ for different types of cooperative units and the monthly fees and other assessments charged by Cooperative to the residents of such additional cooperative units shall reflect the actual level of services provided to those residents. Landlord agrees that until the stock allocated to any cooperative unit contained in any Additional Improvements, which, is conveyed to Cooperative is sold, Landlord shall pay the monthly fee for such unit less costs of services attributable to actual occupancy of the unit, such as meal costs.

ARTICLE 3

USE OF THE LAND

Section 3.1 General Restrictions. Cooperative shall have the right to use the Land only for a retirement community and for no other purpose whatsoever. When used in this Lease, the term "retirement community" shall mean a community consisting of residential living units which provides at least an emergency response system, meal services, property maintenance, and health screening and assessments (the "Core Services").

Section 3.2 Compliance with Laws and Management Agreement. Cooperative shall conform with all local, state and federal laws, statutes and regulations pertaining to the operation and maintenance of a retirement community. Cooperative and Landlord have entered a Management Agreement of near or even date and Cooperative agrees that any default under the Management Agreement shall be a default under this Lease.

ARTICLE 4

BASE RENT

Section 4.1 Base Rent. Cooperative shall pay to Landlord base rent for the Land in accordance with the following schedule:

First year of Lease term:	No Rent
Second year of Lease term:	\$200/cooperative unit/year
Third year of Lease term:	\$300/cooperative unit/year
Thereafter:	As adjusted per formula below

payable in equal monthly installments due on the first day of each month during the Lease term. Commencing on the fourth anniversary of this Lease and continuing on each anniversary thereafter, the base rent shall be adjusted upward, but not downward, annually by the percentage that the Price Index (as defined herein) on an anniversary date exceeds the Price Index on the immediately preceding anniversary date. Until such adjustment percentage can be calculated each year Cooperative shall continue to pay the rent amount at the rate applicable to the preceding year.

The term "Price Index" shall mean the Consumer Price Index for all Urban Consumers (CPI-U): Boston Average; all items (unadjusted) (1967=100), published monthly by the Bureau of Labor statistics, U.S. Department of Labor, or any similar successor index published or maintained by the United States government.

Section 4.2 Rent Payment. Rent shall be paid to Landlord at the address set forth on Page 1 of this Lease or to such other address as Landlord shall from time to time designate in writing to Cooperative.

ARTICLE 5

ADDITIONAL RENT; REAL ESTATE TAXES

Section 5.1 Impositions. Cooperative agrees to pay, as additional rent, directly to the appropriate taxing or other governmental authorities having jurisdiction (before any fine, penalty, interest or cost may be added thereto for the non-payment thereof) any and all taxes; assessments including, but not limited to, all assessments for public improvements or benefits, water, sewer, charges for public utilities, excise, levies, licenses, permit and inspection fees; and other governmental charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever, which at any time during the term of this Lease are assessed, levied, imposed upon, or become due and payable out of or in respect of, or become a lien on the Land or the leasehold estate hereby created or which arise in respect of the operation, possession, occupancy or use of the Land (collectively the "Impositions" and individually "Imposition").

Section 5.2 Evidence of Payment; Escrows. Cooperative shall furnish to Landlord, promptly after payment of any Impositions, and in all events not later than fifteen (15) days prior to the date when any Imposition would become delinquent, official receipts or other satisfactory proof evidencing payment of such Impositions. Upon Cooperative's failure to pay such Impositions as above provided, and the continuation of such failure for ten (10) days after notice from Landlord, Landlord shall have the right, at Landlord's option, to require Cooperative to (a) promptly deposit with Landlord funds for the payment of current Impositions required to be paid by Cooperative, and (b) also deposit one-twelfth (1/12th) of the current annual Impositions or those of the preceding year, if the current amounts thereof have not been fixed, on the first day of each month in advance. Any deposits so received by Landlord shall be held and applied to the payment of such Impositions, but in no event shall the Cooperative be entitled to receive interest upon such deposits.

Section 5.3 Right to Contest. Cooperative shall have the right to contest the amount or validity, in whole or in part, of any Imposition by appropriate proceedings diligently conducted in good faith, but only after payment of such Imposition or, if payment would operate as a bar or impediment to such contest, after depositing with Landlord security reasonably satisfactory to Landlord sufficient to cover any such contested Imposition, interest, penalties and charges. Cooperative further agrees that each such contest shall be promptly prosecuted to a final conclusion or settlement, at Cooperative's sole cost. Promptly after the final settlement or determination Cooperative shall pay all amounts, which shall be assessed, together with all penalties, fines, interest, costs and expenses.

Section 5.4 Retained Improvements. Notwithstanding the foregoing, Landlord shall be solely responsible for all Impositions relative to the Retained Improvements. Landlord and Cooperative agree to cooperate with each other in any petition made to any governmental authority for a separate assessment of the Retained Improvements. In the event the Retained Improvements are not separately assessed or valued for tax purposes, Landlord agrees to pay to Cooperative Landlord's allocable share of all Impositions within thirty (30) days after Cooperative's submission to Landlord of an invoice therefor.

For the purposes of the immediately preceding paragraph, Landlord's allocable share of Impositions with respect to Retained Improvements shall be equal to that percentage which is based upon the relation that the relative value (based upon a fair estimate of relative construction replacement costs) of any Retained Improvements bears to the total value of all other Improvements ("Landlord's Value Percentage").

ARTICLE 6

ADDITIONAL RENT; INSURANCE

Section 6.1 Liability, Hazard and Other Insurance. Cooperative, at its sole expense, shall maintain, or caused to be maintained, for the benefit of Landlord (and Landlord shall be named as a party-insured or loss payee in said policies), comprehensive general public liability insurance with respect to the Land and Improvements, such insurance to afford protection in minimum limits of liability of not less than Five Hundred Thousand Dollars (\$500,000) per occurrence, and One Million Five Hundred Thousand Dollars (\$1,500,000) in the aggregate. Cooperative, at its sole cost and expense, shall carry with respect to the Improvements, for the benefit of Landlord (and Landlord shall be named as a party-insured or loss payee in said policies), insurance against loss or damage to the Improvements by fire and any of the risks covered by insurance of the type now known as "risks of physical loss" or "all risk" which shall contain a "Replacement Cost Endorsement" (covering 100% of the full replacement costs, from time to time of any Improvements) and insurance against such other hazards and contingencies as Landlord shall from time to time reasonably require (including, without limitation, builder's risk insurance) during any construction, and loss of income insurance. Each such policy of insurance required to be carried by Cooperative pursuant to this Article 6, or a certificate thereof, shall be promptly deposited with Landlord, and in the case of the renewal of such policy, shall be deposited not less than seven (7) days prior to the expiration date of the expiring policy. Such policies shall provide that they may not be canceled or coverage reduced without at least thirty (30) days' prior written notice to Landlord or such lesser notice period as is available under insurance policies issued by responsible insurance companies then doing business in the State of Maine. In addition, if Cooperative shall elect not to renew any such policy, Cooperative shall send Landlord written notice thereof at least seven (7) days prior to the expiration of such policy, accompanied by copies of the policy or policies which Cooperative proposes to substitute therefor. Such policies of insurance as Cooperative is required to carry hereunder may contain reasonable deductibles if Cooperative so elects. Cooperative agrees to increase the amount of insurance it carries if higher limits than those provided for in the preceding paragraph are generally being carried on buildings used for purposes similar to the uses being conducted on the Land from time to time, or upon the written request of Landlord.

Section 6.2 Additional Insurance. In addition to the insurance required to be maintained by Cooperative pursuant to the provisions of Section 6.1, Cooperative shall maintain, at its sole expense, such other insurance as from time to time shall be required by the holder of any mortgage on the Land.

Section 6.3 Retained Improvements; Landlord's Insurance. Landlord agrees to carry, with respect to any Retained Improvements, fire and casualty insurance in such form as Cooperative is required to carry hereunder (e.g., "risks of physical loss" or "all risk" insurance containing a "Replacement Cost Endorsement") or, if Cooperative carries such insurance on Landlord's behalf, to reimburse Cooperative for Landlord's Value Percentage of all costs associated with such insurance.

Section 6.4 Release of Claims. Insofar as and to the extent that the following provision may be effective without invalidating or making it impossible to secure insurance coverage obtainable from responsible insurance companies doing business in the State of Maine (even through extra premium may result therefrom), Landlord and Cooperative mutually agree that with respect to any loss which is covered by insurance then being carried by each of them, respectively, the one carrying such insurance and suffering said loss releases the other of and from any and all claims with respect to such loss; and they further mutually agree that their respective insurance companies shall have no right of subrogation against the other on account thereof. In the event that an additional premium is payable by either party as a result of this provision, the other party shall reimburse the party paying such premium in the amount of such extra premium.

Section 6.5 Indemnity by Cooperative. Cooperative agrees to defend, indemnify and save harmless Landlord from and against all claims of whatever nature, including environmental claims arising from any act, omission or negligence of Cooperative, or Cooperative's stockholders, contractors, licensees, agents, employees or invitees, or arising from any accident, injury, or damage whatsoever caused to any person, or to the property of any person on the Land or the Improvements where such accident, damage or injury results or is claimed to have resulted from an act or omission on the part of Cooperative or Cooperative's stockholders, contractors, licensees, agents, employees or invitees. This indemnity and hold harmless agreement shall include indemnity against all costs, expenses and liabilities incurred in or in connection with any such claim or proceeding brought thereon, and the defense thereof and shall expressly survive the termination of this Lease.

ARTICLE 7

CONSTRUCTION, REPAIRS, MAINTENANCE AND ALTERATIONS

Section 7.1 Construction. On the Commencement Date and periodically thereafter, Landlord shall assign to Cooperative all construction guarantees and warranties given to Landlord by material suppliers and the like with respect to the Improvements (the "Assignment") conveyed to Cooperative from time to time. Landlord agrees to remedy, at its sole cost and expense, any defects in construction of the Improvements provided that (a) notice of such defect with respect to any building included in the Improvements is given to Landlord by Cooperative within one (1) year from the date of issuance of the final and unconditional certificate of occupancy for that building, (b) the defect is not a result of any act, omission, misuse or negligence of Cooperative, its stockholders, contractors, licensees, agents, employees or invitees, and (c) the defect is not covered by any guaranty or warranty which Cooperative can enforce by virtue of its rights under the Assignment.

Section 7.2 Cooperative's Repair and Maintenance Obligations. Except as expressly set forth in Sections 7.1 and 7.3, Cooperative agrees to be solely responsible for maintaining the Land and the Improvements and each and every part thereof in good condition throughout the term of this Lease, reasonable wear and use only excepted and agrees, without limitation, to: (a) maintain, repair

and replace the roofs, foundations, exterior walls, paved parking areas, garages and all other structural components, (b) maintain, repair and replace the HVAC, gas, electric, water, sewer, telephone and all other utilities, pipes and conduits serving the Improvements, (c) maintain the grounds, trails, landscaping and other natural features, (d) promptly remove snow and ice from all driveways and walkways, (e) repair or replace any cracked or broken glass, and (f) maintain, repair and replace the interior portions of the Improvements, whether part of common areas or residential units, including periodic painting, carpeting and redecorating. All work performed by Cooperative shall be done in a good and workmanlike manner consistent with the quality of the original construction and in compliance with all applicable laws, ordinances and regulations. Cooperative shall not permit or commit any misuse or waste.

Section 7.3 Retained Improvements. Landlord agrees to be solely responsible for all maintenance, repairs and replacements to any Retained Improvements and all utility pipes, lines or conduits wholly located therein and exclusively servicing the Retained Improvements. However, Cooperative agrees to assume all obligations for maintenance, repair and replacement of all easements and utility lines serving both the Retained Improvements and the Improvements owned by Cooperative. In addition, if Cooperative provides maintenance and repair services for the Retained Improvements, Landlord shall reimburse Cooperative the cost of such services. If the services jointly benefit Cooperative's Improvement and the Retained Improvements, the cost will be allocated to Landlord based on the Landlord's Value Percentage.

Section 7.4 Alterations; Compliance. Cooperative agrees that it shall not make any alterations to the Improvements which would affect the structural or exterior portions thereof or which would materially alter the present aesthetic quality of the Improvements or construct any additional improvements on the Land without first obtaining the express written consent of Landlord.

Cooperative shall not request or apply for any variance, special permit, license or rezoning with respect to the Land or the Improvements without the prior written consent of Landlord. To the extent that joinder of Landlord therein shall be required in connection with any such request or application, Landlord agrees to cooperate fully with Cooperative; but any and all proceedings shall be solely at the cost and expense of Cooperative.

All Improvements structures hereafter erected on the Land shall be constructed in a good and workmanlike manner, consistent with the quality of the Original Improvements and in compliance with all applicable building and environmental laws, ordinances and regulations.

Section 7.5 Mechanic's Liens. No mechanic's, material men's or similar lien shall ever attach against the Landlord's interest in the Land by reason of any work performed by or for Cooperative. If any such lien shall be put of record, Cooperative agrees immediately to arrange for the discharge of said lien by payment, bonding, or otherwise as may be required to discharge the lien.

Section 7.6 Hazardous Waste. Cooperative agrees that it shall not use or dispose of any toxic or hazardous materials or substances on the Land and shall promptly notify Landlord of any filing, notice, claim or action, pending or threatened, by any governmental agency having jurisdiction over the Land or Improvements on account of any toxic or hazardous materials or substances. In the event any liability is imposed upon Landlord pursuant to any federal, state or local law governing toxic or hazardous waste on account of any act or negligence of Cooperative, its agents, servants, employees or independent contractors, Cooperative agrees to be solely responsible for all

costs of removal, clean-up or remediation associated therewith and to fully indemnify and hold Landlord harmless from all loss, costs, liability and claims, including defense thereof, suffered by Landlord in connection therewith which indemnity agreement shall expressly survive the termination of this Lease. In the event of any hazardous or toxic material is deposited on the Land, without the fault of either Landlord or Cooperative, the parties agree to share in all costs of removal or remediation of such hazardous or toxic materials, in the proportion as costs of maintenance are allocated pursuant to Section 7.3.

ARTICLE 8

PARKING AND EXTERIOR COMMON AREAS

Section 8.1 Parking. Parking on the Land consists of certain parking spaces reserved for the use of **Penobscot Shores** residents, and certain covered carports also located on the Land. So long as the covered carports are retained by Landlord as Retained Improvements, parking in the carports shall be in accordance with separate license agreements between Landlord and **Penobscot Shores** residents.

Section 8.2 Exterior Common Areas. Cooperative agrees that its use of the Land is subject to the rights, privileges and encumbrances of record including the right of others to use pathways and walkways located on the Land. Cooperative covenants and agrees to maintain all exterior common facilities in accordance with the terms of this Lease and to insure that the same are not obstructed or disturbed in any manner.

ARTICLE 9

UTILITIES

Section 9.1 Payment by Cooperative. Cooperative shall pay for all of its requirements for utilities, including, but not limited to, gas, steam, water, electricity, telephone, sewer and the like. Landlord agrees to pay for its allocable share of all utilities consumed by any Retained Improvements to the extent that the same are not separately metered. Landlord agrees to reimburse Cooperative for Landlord's allocable share of such costs and expenses within thirty (30) days after it has received a bill from Cooperative. For the purposes of this Article 9, Landlord's allocable share of said costs and expenses shall be equal to Landlord's Value Percentage. In all events, Cooperative agrees to pay all utility charges at such time and in such manner to assure that there is no interruption of service to any Retained Improvements or to residents of **Penobscot Shores**.

ARTICLE 10

CORE SERVICES

Section 10.1 General Requirements and Standards. Cooperative agrees that it shall provide at a minimum the Core Services to residents of **Penobscot Shores**. Cooperative expressly covenants and agrees that it shall not eliminate or substantially modify the availability of the Core Services without the express written consent of Landlord. In addition, Cooperative agrees that

during the term of this Lease it shall operate and maintain the Land and the Improvements in a quality manner consistent with such reasonable standards as Landlord may impose.

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ARTICLE 11

MANAGEMENT AND OPERATION

Section 11.1 Management Agreement. Cooperative has, contemporaneously with the execution of this Lease, entered into a Management Agreement with Landlord (the Landlord is accordingly sometimes referred to herein as the "Manager"). In the event the Management Agreement is terminated for any reason, Cooperative agrees that it shall not enter into any other management agreement without first presenting for Landlord's review and approval a substitute professionally qualified manager and the proposed form of the new management agreement and obtaining the express consent of Landlord thereto, which consent shall not be unreasonably withheld or delayed.

Section 11.2 Resale Restrictions. Cooperative agrees that throughout the term of this Lease, Manager shall have the exclusive right to act as sales agent relative to cooperative shares in the Cooperative and shall be paid fees for such services as provided in Cooperative's bylaws and in the Residency Agreements with **Penobscot Shores** residents. Cooperative agrees that it shall not authorize, permit or consummate any transfers of its stock, which have not been made in compliance with such resale procedures.

Section 11.3 Operating Budget. Cooperative agrees that all fees charged by Cooperative to residents of **Penobscot Shores** shall be sufficient (a) to cover the reasonably projected expenses of operation, (b) to fund and maintain adequate reserves for capital repairs and replacements to **Penobscot Shores**; (c) to cover projected costs of maintaining any vacant residential unit, and (d) to meet Cooperative's contractual obligations, all in accordance with the standards provided in this Lease and with sound fiscal management.

Section 11.4 Compliance with Organizational Documents. Cooperative agrees to enforce against its stockholders, directors and officers the terms of its Articles of Incorporation, bylaws and Residency Agreements, including those provisions applicable to voting rights, the election of directors, eligibility to reside at **Penobscot Shores** and the resale of stock. The purpose of this Section 11.4 is to make Landlord a third party beneficiary of these agreements and, in furtherance of this purpose, Cooperative agrees that Landlord shall have the right to enforce directly any of Cooperative's rights under such documents.

ARTICLE 12

FINANCING

Section 12.1 Construction Loan. Landlord has obtained, and there is presently of record, a mortgage to Key Bank of Maine (the "Lender") securing a construction loan with respect to the construction of the Original Improvements in the original principal amount not to exceed \$4,700,000. This Lease is subordinate to the lien and rights of the Lender under said mortgage, and to all amounts advanced and to be advanced by Lender thereunder. Upon the initial sale of cooperative shares to third parties and the execution by Cooperative of Residency Agreements for units in **Penobscot Shores**, the sales proceeds shall be applied to reduce the construction loan indebtedness and the Lender shall execute and deliver, in recordable form, recognition and non-disturbance agreements in favor of the stockholders with respect to the shares so sold and the units so leased.

Section 12.2 Future Loans. This Lease is subject to the Landlord's exclusive right to control all future development on the Land. In the event Landlord obtains financing relative to such future development it may, without the consent of Cooperative, mortgage, pledge or assign its interest in the Land and in this Lease, and may require the Cooperative to assign its interest in this Lease and to the Residency Agreements as security for such loans; provided that it shall be a condition of such mortgage, pledge or assignment that the lender execute a recognition and non-disturbance agreement in favor of Cooperative and all persons who are then stockholders of Cooperative and who by virtue of such stock ownership occupy units at **Penobscot Shores** under Residency Agreements. Cooperative agrees to execute and deliver any and all documents reasonably deemed necessary by the Landlord or the mortgagee, pledgee or assignee to give effect to the foregoing, including a subordination agreement relative to its interest in the Lease or to the Land.

Section 12.3 Protection of Mortgagee. If in connection with any mortgage by Landlord of the Land there shall be executed an assignment by Landlord of Landlord's interest in this Lease, or the rents payable hereunder, conditional in nature or otherwise, Cooperative agrees:

A. That the execution thereof by Landlord and the acceptance thereof by the mortgagee or assignee (herein referred to as the "Holder"), shall never be deemed an assumption by the Holder of any of the obligations of the Landlord hereunder unless the Holder shall, by written notice sent to Cooperative, specifically otherwise elect; and

B. That Cooperative shall execute such instruments as may be reasonably required to assure the Holder that without written consent of the Holder: (i) no rent shall be prepaid hereunder other than for the current and next ensuing month or as expressly set forth in this Lease; (ii) no modifications shall be made in the provisions of this Lease; and (iii) this Lease shall not be terminated except as expressly provided herein, nor shall the Cooperative accept a surrender of this Lease except incident to a termination provided for herein.

Section 12.4 Pledges and Encumbrances. Cooperative covenants and agrees that it shall not sell, transfer, mortgage, pledge, encumber or hypothecate the Improvements or Cooperative's leasehold interest in the Land nor permit the same to become encumbered without the express written consent of Landlord, which consent shall not be unreasonably withheld or delayed.

ARTICLE 13

ASSIGNMENT AND SUBLETTING

Section 13.1 Subletting; Prohibition. Except with respect to the rental by Cooperative of residential units and ancillary improvements owned by it at **Penobscot Shores**, Cooperative shall not have the right to sublet all or any portion of the Land without the prior written consent of Landlord, which consent Cooperative agrees Landlord may withhold in its sole discretion.

Section 13.2 No Assignment. Cooperative shall not without the prior written consent of Landlord, which consent Cooperative agrees Landlord may withhold in its sole discretion, assign this Lease or Cooperative's interest herein.

Section 13.3 Agreement to be Bound. In the event Landlord consents to a subletting of all or any portion of the Land, or to an assignment of Cooperative's interest herein, it shall be a condition of any such subletting or assignment that the sublessee or assignee agree in writing with Landlord to be bound by the terms of this Lease. Furthermore, any such subletting or assignment shall not relieve Cooperative of its obligations under this Lease.

Section 13.4 Landlord's Right to Sell. Landlord retains the right to sell, transfer or convey its interest in the Land at any time, conditioned only to the transferee accepting title to the property subject to this Lease. Upon the occurrence of any such transfer, Landlord shall have no further obligations under this Lease.

ARTICLE 14

CASUALTY DAMAGE

Section 14.1 Duty to Reconstruct or Terminate. In the event of fire or other casualty to the Improvements, Cooperative shall commence and diligently complete the repair of such damage and the restoration of the Improvements at least to their condition immediately prior to such damage. Should any insurance proceeds available to Cooperative on account of any such fire or other casualty be insufficient to fully restore the Improvements to their former condition, or if the same is an uninsured casualty, Cooperative shall nevertheless be obligated to make up any insufficiency.

Notwithstanding the foregoing, if more than fifty percent (50%) of the total square footage of the Improvements are damaged by fire or other casualty, then Cooperative shall have the right to terminate this Lease upon written notice to Landlord given within thirty (30) days from the date such damage occurs and to receive all insurance proceeds payable on account of such casualty. Failure to give such notice within said thirty (30) day period shall be deemed an agreement on the part of Cooperative to restore the Improvements as aforesaid. Whether or not Cooperative terminates this Lease pursuant to the provisions of this Section 14.1, Cooperative shall be obligated to complete any demolition, remove all unsightly and unsafe debris and rubble and put the Land in as neat and clean a condition as practicable promptly following receipt of insurance proceeds on account of any casualty.

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Section 14.2 No Rent Abatement. Except upon termination of this Lease in accordance with this Article 14, in no event shall base rent or additional rent be suspended or abated as a result of any fire or other casualty loss.

ARTICLE 15

EMINENT DOMAIN AND PUBLIC DEDICATION

Section 15.1 Termination and Allocation of Award. In the event of a taking of fifty percent (50%) or more of the Land or Improvements by reason of eminent domain or other action of public authority this Lease shall forthwith terminate and the entire amount of any award(s) paid or payable shall be allocated as follows:

A. First there shall be paid to the Lender, or any other lender relative to future developments, the amount required to pay and discharge in full all indebtedness secured by mortgages on the Land and the Improvements.

B. The balance, if any, shall be allocated between Landlord and Cooperative in a manner, which shall reflect the respective interests of Landlord and Cooperative in the demised premises immediately prior to such taking.

Section 15.2 Partial Taking. In the event of a taking (as aforesaid) of less than fifty percent (50%) of the entire Land or the Improvements, then the proceeds paid or payable by reason of such taking shall be allocated as follows:

A. If the Improvements may be restored with reasonable prospects of economic viability, the proceeds shall be made available to the extent necessary to enable Cooperative to repair and restore the premises.

B. If the then holder or holders of mortgage(s) on the Land or the Improvements shall require that the balance of the proceeds be applied against the mortgage indebtedness, that application shall be made.

C. Any remainder shall be paid over in accordance with an allocation made as provided in Section 15.1B.

Unless Landlord shall have received any portion of said proceeds, there shall be no abatement of the rent payable by Cooperative to Landlord under this Lease. In the event that Landlord shall have received any such proceeds, then the rent payable hereunder shall be proportionately reduced.

Section 15.3 Temporary Taking. If the temporary use of the whole or any part of the Land or the Improvements shall be taken at any time during the term of this Lease for any public or quasi-public purpose Cooperative shall give prompt written notice thereof to Landlord and the term of this Lease shall not be reduced or affected in any way. Cooperative shall continue to pay in full the rent, additional rent, and other sum or sums of money provided to be paid by Cooperative in accordance with this Lease, but Cooperative shall be entitled to retain the entire award for such taking.

Section 15.4 Costs; Joinder. Any and all proceedings brought by Cooperative in connection with any taking referred to in this Article 15 shall be conducted by and at the sole expense of Cooperative, but Cooperative shall, be entitled to be reimbursed for all costs incurred in prosecuting such claim (including without limitation, legal, accounting, engineering and appraisal expenses) and the award to be allocated as set forth above shall be the net award after deducting such costs and expenses. If any provision of law now or hereafter in effect shall require that said proceedings be brought by or in the name of the Landlord, or any owner of the Land, Landlord shall join in such proceeding.

ARTICLE 16

DEFAULT; DISPUTE RESOLUTION

Section 16.1 Events of Default. An "Event of Default" shall occur: (a) if Cooperative shall neglect or fail to perform any of the monetary or non-monetary covenants, terms or provisions contained in this Lease or the Management Agreement on Cooperative's part to be performed or observed within thirty (30) days after receipt of notice of default from Landlord, or within such additional time beyond said thirty (30) day period as may be reasonably required to correct any default (but only if Cooperative promptly commences and thereafter diligently prosecutes to completion all necessary curative action), or (b) if Cooperative shall be adjudicated bankrupt or insolvent, or if a receiver, trustee, or liquidating officer shall be appointed with respect to the Land and any of the same is not discharged within sixty (60) days after appointment, or (c) if Cooperative shall make an assignment for the benefit of its creditors by trust, mortgage or otherwise, or (d) if Cooperative shall file a voluntary petition in bankruptcy or insolvency under any bankruptcy or insolvency law now in force or hereafter enacted (federal, state or otherwise), or (e) if an involuntary petition under any of such laws shall be filed against Cooperative and such petition shall not be discharged within sixty (60) days after its filing.

Section 16.2 Default. Should any Event of Default occur, then, Landlord lawfully may, in addition to any remedies otherwise available to Landlord, immediately or at any time thereafter, and without demand or notice, enter into and upon the Land or any part thereof in the name of the whole and repossess the same as Landlord's former estate, and expel Cooperative and those claiming through or under it and remove its or their effects (forcibly if necessary) without being deemed guilty of any manner of trespass, and without prejudice to any other legal or equitable remedies which might otherwise be available to Landlord and/or Landlord may send written notice to Cooperative terminating this Lease. Upon the first to occur of (a) entry as aforesaid or (b) the fifth (5th) day following mailing of such notice of termination, this Lease shall terminate. Alternatively, Landlord shall have the right, should any Event of Default occur, to require specific performance of Cooperative's obligations hereunder.

Section 16.3 Liability for Rent and Charges. Cooperative agrees, to pay and be liable for all rent and other charges due from Cooperative under this Lease as if this Lease had not been terminated for the remainder of the term; but in the event the Land be relet by Landlord, Cooperative shall be entitled to a credit in the net amount received by Landlord in reletting, after deduction of all expenses incurred in reletting the Land (including, without limitation, brokerage fees and remodeling costs), and in collecting the rent in connection therewith. Cooperative hereby waives, to the extent permitted by applicable law, any obligation the Landlord may have to mitigate Cooperative's damages. As an alternative, at the election of Landlord, Cooperative will upon such termination pay to Landlord, as damages, such a sum as at the time of such termination represents

the amount of the excess, if any, of the then value of the total rent and other benefits which would have accrued to Landlord under this Lease for the remainder of the term if the Lease terms had been fully complied with by Cooperative over and above the then cash rental value (in advance) of the Land for the balance of the term.

Section 16.3 Self Help. If Cooperative shall default in the performance or observance of any agreement, condition or other provision contained in this Lease on its part to be performed or observed and shall not cure such default within thirty (30) days after notice in writing from Landlord specifying the default (or, in the event such default shall require more than thirty (30) days to be cured, if the Cooperative shall not, within said period, commence to cure such default and thereafter, with due diligence, prosecute the curing of such default to completion) Landlord may, at its option, without waiving any claim for breach of agreement, at any time thereafter, cure such default for the account of Cooperative, and Cooperative shall reimburse Landlord for any amount paid and any expense or contractual liability so incurred, including reasonable attorneys' fees.

Section 16.4 Mediation. Each party agrees to negotiate reasonably and in good faith with the other to determine or settle the proper interpretation of this Lease and their relative rights and duties hereunder; but if they are unable promptly to agree, the entire matter shall be submitted to mediation conducted by a reputable mediation service selected jointly by the parties and operating in the vicinity of Belfast, Maine. If any dispute is not resolved expeditiously through mediation, either party may enforce its rights under this Lease by seeking such legal and equitable remedies as may be available to it.

ARTICLE 17

MISCELLANEOUS PROVISIONS

Section 17.1 Status Report. Landlord and Cooperative agree at any time, and from time to time, upon not less than ten (10) days' prior written request by the other, to execute, acknowledge and deliver to the other a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified, and stating the modifications), and the dates to which the rent and other charges have been paid in advance, if any, it being intended that any such statement delivered pursuant to this Section 17.1 may be relied upon by any prospective mortgagee or assignee of any mortgage on the Land, or any portion thereof.

Section 17.2 Provisions Binding; Liability Limited. The term "Landlord" wherever used in this Lease shall be deemed to mean the corporation, persons or other legal entity holding the rights of Landlord under this Lease at the time in question. Cooperative specifically agrees to look solely to Landlord's interest in the Land for recovery of any judgment from Landlord; it being specifically agreed that neither the Landlord nor anyone claiming under the Landlord shall ever be personally liable for any such judgment, and in no event shall Landlord ever be liable to Cooperative for any indirect or consequential damages.

All of the covenants, agreements, stipulations, provisions, conditions, options and obligations herein expressed and set forth shall be considered as running with the Land and shall (unless herein otherwise specifically provided) extend to, bind and inure to the benefit of, as the case may require, the successors and assigns of Landlord and Cooperative, respectively, or their successors in interest.

Section 17.3 Notices. Any and all notices, requests, designations, demands and the like, required to be given or served by the terms of this Lease, either by Landlord to Cooperative, or by Cooperative to Landlord, shall be in writing, and shall be delivered in person or by facsimile transmission or be sent by registered or certified mail, return receipt requested, addressed to the party intended to be notified. Communications on behalf of Landlord and Cooperative shall be addressed to them at the addresses set forth on Page 1 of this instrument or to such other address or addresses as either party shall from time to time hereafter designated by like notice to the other. Notices shall be deemed to be effective upon delivery in the case of delivery in person or by facsimile delivery or three (3) days after delivery by mail.

Section 17.4 Invalidity of Particular Provisions. If any term or provision of this Lease or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and shall be enforceable to the fullest extent permitted by law.

Section 17.5 Recording. Each party hereto, on the request of the other, agrees to execute a so-called Memorandum of Lease in recordable form complying with applicable law. In no event shall such document set forth the rent or other charges payable by Cooperative hereunder.

Section 17.6 Waiver. No failure by Landlord or Cooperative to insist upon the strict performance of any provision, condition or agreement contained in this Lease to be performed by the other shall ever be deemed to be a waiver of such provision as to any subsequent event constituting nonperformance or observance by such party.

Section 17.7 Force Majeure. Except with respect to the payment of monetary sums due from one party to the other, each party to this Lease shall be excused from performance of its other obligations hereunder for such period of time that such party is prevented from performing the same for causes beyond its reasonable control, such as acts of God, strikes, and the like (but financial inability shall never be deemed to be a cause beyond the reasonable control of such party), provided: (i) the party so delayed shall promptly notify the other of the reason for any such delay; and (ii) the party thus delayed shall complete performance of such obligations within a reasonable period of time after the cessation of the cause of such delay and with all due diligence.

Section 17.8 Interest. All payments becoming due under this Lease and not paid when due shall bear interest from the applicable due date until received by Landlord at the lesser of (i) two percent (2%) per annum above the prime rate published from time to time in the Wall Street Journal; or (ii) the highest lawful rate of interest permitted at the time in the State of Maine.

Section 17.9 Amendments. This document shall become effective and binding only upon the execution and delivery hereof by both Landlord and Cooperative. All negotiations, considerations, representations and understandings between Landlord and Cooperative are incorporated herein and this Agreement may be modified or altered only agreement in writing between Landlord and Cooperative.

Section 17.10 Paragraph Headings. The paragraph headings throughout this instrument are for convenience only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation or construction of meaning of the provisions of this Lease.

Section 17.11 Governing Law. This Lease shall be governed exclusively by the provisions hereof and by the laws of the State of Maine, as the same may from time to time exist. This Lease may be enforced in the courts of the State of Maine, with venue in the County of Waldo, if feasible.

Section 17.12 Purchase Option. At the expiration of the term of this Lease, Cooperative shall have the right and option to purchase the Land from Landlord for its then fair market value, determined by independent appraisal conducted by a qualified appraiser jointly selected by Landlord and Cooperative. Such option must be exercised by Cooperative delivering written notice to Landlord within ninety (90) days after such expiration.

WITNESS the execution hereof as of the date and year first above written.

Witness:

PENOBSCOT SHORES ASSOCIATION

By: _____
Its Authorized Agent

**WALDO COUNTY HEALTHCARE
MANAGEMENT COMPANY**

By: _____
Its President

EXHIBIT A

That certain lot or parcel of land ...

Penobscot Shores

Purchase and Sales Agreement

Document #2

This agreement is entered into this (day) of (month) 2019 between the ("Shareholder") and the purchaser identified below ("Purchaser") relative to the proposed purchase of a share of stock in **Penobscot Shores Association** ("Cooperative"), which shall entitle Purchaser to enter into a Residency Agreement granting Purchaser exclusive occupancy rights of the residential unit identified below (the "Unit").

1. Basic Data

Shareholder's Name and Address		Purchaser's Name and Address	
Name		Name	
Residential	Shoreland Dr.	Initial Deposit	-\$ 10,000.00
Unit Number	Belfast, ME 04915	Priority List Deposit	-\$ 1,000.00
Purchase Price	\$ 000,000.00		
Projected Monthly Fee:	\$ 0,000.00	Reductions	
*All fees subject to change per the yearly budget.		Addition	\$0,000.00
Meal Fee	\$ 22.00	2% Contribution to Replacement Reserve	
Closing Date:	No later than	Balance Due	\$000,000
	, 2019	At Closing	Certified or Bank Check
		*Wire transfer costs additional \$60.00	

2. Definitions

Closing Date: As defined in Section 18 of this Agreement.

Cooperative: The Maine corporation known as **Penobscot Shores Association** which owns the cooperative housing known as **Penobscot Shores**.

Deposits: The initial and additional renovation deposits payable by Purchaser under this Agreement.

Ground Lease: The 99 year ground lease between the Landlord and Cooperative granting Cooperative use of the land on which **Penobscot Shores** is located.

Landlord: **Waldo County Healthcare Management Company**, or any successor owner of the land on which **Penobscot Shores** is located.

Manager: **Waldo County Healthcare Management Company**, or any successor professional manager of **Penobscot Shores**.

Penobscot Shores: The retirement community owned by Cooperative located in Belfast, Maine

Residency Agreement: The Residency Agreement representing Purchaser's right to occupy the Unit, to be executed by Purchaser and Cooperative on the Closing Date.

Shareholder: Current Shareholder

Other capitalized terms not defined in this Section 2, are defined elsewhere in this Agreement.

3. Governing Documents and Structure - Landlord is the owner of the land on which **Penobscot Shores** retirement community is situated. From time to time improvements at **Penobscot Shores** will be conveyed by Manager to Cooperative. In exchange for the improvements, the Manager will be given the right to sell a share of stock in Cooperative to Purchaser, and upon such sale Cooperative will be obligated to enter into a Residency Agreement with Purchaser for the Unit. Cooperative has entered into a 99-year ground lease with **Waldo County Healthcare Management Company** (also referred to as the "Landlord") granting Cooperative the right to occupy the land.

Disclosure material has been provided relative to Penobscot Shores so that purchaser has the opportunity to review and receive copies of the residency agreement currently being used to be entered into by the purchaser. Other documents provided include the cooperatives articles of incorporation, bylaws, ground lease, management agreement, and carport agreement. This material is provided to the purchaser for making an informed decision in purchasing a share of stock in the cooperative.

4. Agreement of Purchase and Sale - Shareholder agrees to sell and Purchaser agrees to buy a share of common stock of Cooperative. Upon consummation of such sale, the Cooperative and Purchaser shall enter into a Residency Agreement for the Unit. A plan for **Penobscot Shores** has been delivered to Purchaser and attached as Exhibit A showing the location of the Unit.

5. Purchase Price - The Purchase Price for the share of stock shall be the amount specified in the table on page 1, which shall be paid to Seller as follows:

a. Deposit - Upon execution of this Agreement, Purchaser shall make an initial **NON-REFUNDABLE** deposit with **Waldo County Healthcare Management Company** in the amount of **\$10,000**.

b. Balance - Upon Closing, Purchaser shall remit the balance due **\$800,000.00** to **Waldo County Healthcare Management Company** in cash or by certified bank, cashier's or treasurer's check payable to **Waldo County Healthcare Management Company**. In the event Purchaser has paid a refundable reservation fee to reserve a place on the waiting list for **Penobscot Shores**, the amount of such reservation fee may be applied to the final payment due from Purchaser under this Agreement.

6. The Unit - Unit floor plans are available. Exhibit E is a list of fixtures, appliances and standard features included as part of the Purchase Price. Purchaser shall be obligated to purchase the share of

the Cooperative's stock as intended herein for the Purchase Price. Purchaser acknowledges that **Penobscot Shores** may be built in phases and additional cooperative units, rental space or common areas may be added to it from time to time and that all the common areas and facilities shown on **Exhibit A** will not necessarily be constructed or available on the Closing Date.

7. Services & Maintenance - The Cooperative must maintain certain Core Services for its residents unless there is consent by the management and a Super Majority vote to terminate those services. These Core services include: (a) emergency response system, (b) property and grounds maintenance, (c) meal plan availability (d) health screening and assessments, (e) water and sewer, and (f) scheduled transportation services for residents. Monthly fees shall be charged to all units to cover the costs of such services.

8. Possession/Completion - Full possession of the Unit, free of all tenants and occupants, is to be delivered on the Closing Date, the Unit then to have all mechanical systems and appliances serving the unit in good working order and condition. Attached hereto as Exhibit J is a Refurbishing Work Punch List (the "Punch List") of refurbishing work to be performed at the Unit. The items identifying an allowance amount shall be paid by Manager or Cooperative up to the allowance amount, with any cost above identified on Exhibit F, as well as the custom options requested by the Purchaser pursuant to Paragraph 10, may not be completed prior to the Closing Date. Manager shall have a reasonable amount of time to complete such improvements after the Closing Date, not to exceed sixty (60) days. With the prior consent of Manager, Purchaser may elect to hire an independent contractor to install the custom options, in which case Manager will not be responsible for the quality of the work performed or deadlines for completion. All work performed by independent contractors is not permitted to begin until after the Purchaser proceeds to closing and purchases the share of stock as described herein and must be done in compliance with the Cooperative's Guidelines for Hiring a Third Party Contractor.

9. Finish Selections - Manager shall complete the Unit using standard colors and finishes. Purchaser may, at their own expense, make color and finish selections that are not standard provided Purchaser advises Manager of such selections on a timely basis.

10. Custom Options - Purchaser may elect to have Manager install any of the custom options, including, but not limited to, those listed on the attached Exhibit I. Prior to commencing custom work, option work and the work described in the Punch List (Exhibit J) that is identified as a cost to the Purchaser, Manager shall provide an estimate of the cost and Purchaser shall pay Manager 100% of such estimated cost. Purchaser shall pay Manager in full for the final cost of such custom option work and Punch List work payable by Purchaser, including all changes that are requested by Purchaser during such work that increase cost, within thirty (30) days of receipt of invoice. The parties acknowledge that the estimate of expense provided before the work commences is a preliminary figure based on information available at the time it is prepared and is not a fixed price contract. The scope and cost of the work may be adjusted before completion, including deductions for portions that are removed by change orders from the Purchaser and increases based on costs of material, labor, subcontracts and change orders. For those items that are performed by subcontractors, the final cost will include the actual cost of all subcontracts plus a mark-up to Manager as the general contractor based on Manager's standard schedule. All such options shall be selected by Purchaser and coordinated with the Manager as set forth in Paragraph 8 above. Notwithstanding any contrary provisions of Paragraph 8, 9 and 10, Seller and Purchaser agree that Purchaser may elect to have custom options work performed at the expense of Purchaser prior to the Closing Date subject to the following conditions: In the event that Purchaser does not proceed to closing and purchase the share of stock as described herein for any reason other than a default by Seller, then Purchaser shall pay on

demand the full remaining final cost of all such custom work that was requested by Purchaser, including the cost to finish partially completed custom work.

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Permission to make any such custom option modifications is permitted with the understanding that at the time of resale by Purchaser, should a new buyer not desire the custom option modifications made by the Purchaser, or not desire any custom option modifications made by the prior owner that were accepted by Purchaser, then Purchaser shall, at Purchaser's expense and as part of the sale to the new buyer, restore the Unit to the condition it existed before the custom option modifications were made, thereby restoring the unit to the standard features to have Manager perform such work at Purchaser's expense. .

11. Carport - If it is noted in Section 1 above that Purchaser intends to lease a covered carport at **Penobscot Shores**, the Purchaser shall have the right to enter into an agreement with Manager to use the covered carport identified on that Section. The initial monthly rental fees for such carport shall be as specified above, but shall be subject to change as set forth in the agreement to be executed on the Closing Date. Purchaser's right under the carport agreement shall automatically terminate upon termination of Purchaser's Residency Agreement at **Penobscot Shores** and may be terminated by Purchaser at any time upon thirty (30) days' notice to Manager.

12. Manager's Limited Warranty - Manager agrees to remedy, at Manager's sole cost and expense, any defect in construction, workmanship or materials of or in the Unit for a period of one (1) year commencing on the Closing Date ("Manager's Limited Warranty"). Purchaser agrees to give Manager prompt written notice of any defects in the Unit, specifying the extent and nature of such defects. Purchaser's failure to give such notice of any defect within the effective period of Manager's Limited Warranty for the Unit shall be deemed a waiver of any rights Purchaser might have otherwise have had against Manager pursuant to the provisions of this Section.

13. Title to the Property; Quiet Enjoyment - On the Closing Date, the Cooperative shall have good, clear, record and marketable fee title to that portion of the improvements which includes the Unit and a valid leasehold interest in the land, subject to the encumbrance listed on attached **Exhibit F** and any other encumbrances of record which will not materially interfere with Purchaser occupancy of the Unit and enjoyment of **Penobscot Shores**. So long as Purchaser is not in default of Purchaser's obligations under the Residency Agreement, including the obligation to pay monthly fees, the Purchaser shall not be disturbed from possession of the Unit notwithstanding any default by Cooperative under the Ground Lease or the default of any other purchaser of a unit at **Penobscot Shores**.

14. Estimated Operating Budget/Fees - Purchaser shall be obligated to pay to Cooperative monthly fees and charges to cover the costs of maintenance, taxes, insurance premiums and other services provided by the Cooperative to residents of **Penobscot Shores**. Monthly fees shall vary from unit to unit based on the level of service provided to occupancy for each unit. Monthly fees for different levels of services offered from time to time shall be set annually by Cooperative's Board of Directors, and shall be subject to increase in the event actual expenses exceed estimates. The current monthly fee for the Unit is listed in the table on page 1.

Actual results may differ from those estimated at this time.

15. Restrictions on Transfers of Share.

The purchaser acknowledges that the share may not be transferred, sold, pledged, hypothecated or encumbered except as expressly provided in this agreement, the residency agreement, or in the bylaws and articles of incorporation of the cooperative. All sales of the share will be handled by the Manager

and the maximum price for the share shall be set by the Cooperative's Board of Directors. The Manager will receive an eight percent (8%) transfer fee for all resales of shares.

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16. Pledge of Purchaser's Share - As security for Purchaser's obligations to Cooperative under the Residency Agreement, Purchaser will by the terms of the Residency Agreement grant to the Cooperative a first lien on the share purchased under this Agreement.

17. Eligibility Criteria; Death - By execution of this Agreement, Purchaser represents that he or she satisfies the eligibility criteria for **Penobscot Shores** as established by the Cooperative's Board of Directors. If at the time of Closing, the Purchaser no longer satisfies these requirements, this Agreement shall terminate and the Deposits shall be returned to Purchaser, with accrued interest, if any, at such time as a substitute purchaser purchases the share to be purchased under this Agreement. In addition, this Agreement shall automatically terminate upon the death of the last person who was to have been an occupant of the Unit, in which case, the Deposits shall be refunded to Purchaser's heirs immediately, with accrued interest, if any, and neither party shall have any continuing liability to the other.

18. Closing Date - The closing date shall be agreed upon by both the Purchaser and the current Shareholder. The closing shall occur at such location, on such date and at such time as shall be reasonably convenient for the parties.

19. Agreement Merged in Acceptance of the Share - The acceptance of the share by Purchaser shall be deemed to be full performance by Manager of its obligations hereunder, except those which by their express terms survive the closing. To enable the Manager to make the conveyance as herein provided the Manager may, at the time of delivery of the share, use the Purchase Price to clear title to the share of any or all encumbrances.

20. Deposit - The Deposits are **non-refundable** in all circumstances except as may be specifically provided in this Agreement. In all other circumstances, the Manager shall have the right to retain the Deposits as liquidated damages. Purchaser shall not be entitled to receive any interest on the Deposit, except as provided herein, nor shall the Manager be restricted from commingling the Deposits with Manager's other funds. With Manager's approval some or all of the Deposits shall be in the form of a pledge of liquid or marketable investments.

21. Reservation of Rights - Manager shall have, and hereby reserves, the right at any time before or after the Closing Date to raise or lower the price of any or all of the unsold shares of common stock of the Cooperative, except for the share to be purchased by Purchaser. Manager further reserves the right to maintain a sales office and/or model apartment at the Property, to erect and maintain signs and other advertising and selling devices, to enter unsold units in order to show them to potential buyers, and to undertake all usual and customary sales action.

22. Remedies - Purchaser's exclusive remedy for any breach by Manager shall be the return of the Deposits, with accrued interest, if any. In no event shall Manager be liable to Purchaser for any indirect or consequential damages.

23. Insurance - The Cooperative shall maintain fire and extended coverage and comprehensive general liability insurance policies with respect to **Penobscot Shores**. Any supplemental insurance with respect to the Unit or its contents shall be at the sole expense of Purchaser.

24. Brokerage Warranty - Purchaser represents that Purchaser has had no dealings with any broker, agent or so-called "finder" in connection with the transactions contemplated by this Agreement and

Purchaser agrees to indemnify and hold harmless Manager from any claims for brokerage commissions claimed by any broker, agent or finder.

25. Notices - All statements, notices, and mailings of any nature contemplated hereunder shall be sufficient if mailed by certified mail, return receipt requested, addressed to the respective parties at the addresses set forth on the first page of this Agreement, unless a party notifies the other by such notice of a new address, in which event such new address shall be employed for all subsequent mailings.

26. Construction of Agreement - This Agreement, which may be executed in any number of counterpart original copies, is to be construed as a Maine contract, is to take effect as a sealed instrument, and sets forth the entire contract between the parties. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, devisees, executors, administrators, successors and assigns, and may be canceled, modified or amended only by a written instrument executed by both Manager and Purchaser. Purchaser shall not assign this Agreement or any rights hereunder, including without limitation any rights in the share or the Residency Agreement. If two or more persons are named herein as Purchaser, their obligations hereunder shall be joint and several. Captions before each section are for convenience of reference only and shall be of no effect in the construction of this Agreement.

**WALDO COUNTY HEALTHCARE
MANAGEMENT COMPANY, and**

By: _____

Shareholder(S):

Purchaser(S):

X _____

X _____

X _____

X _____

Form of Ownership: **Please select one of the following.**

☐

Individual

☐

Tenancy in Common

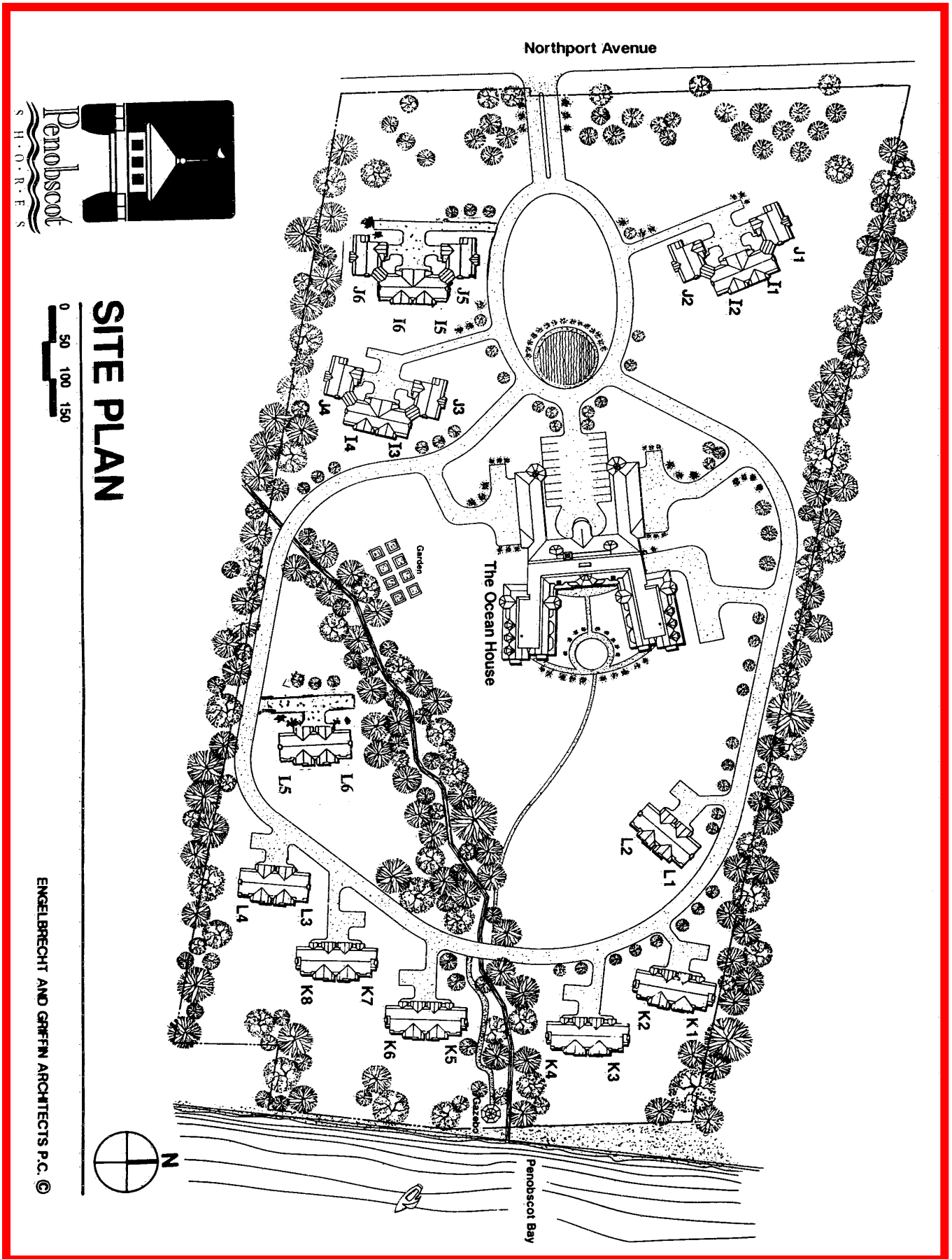
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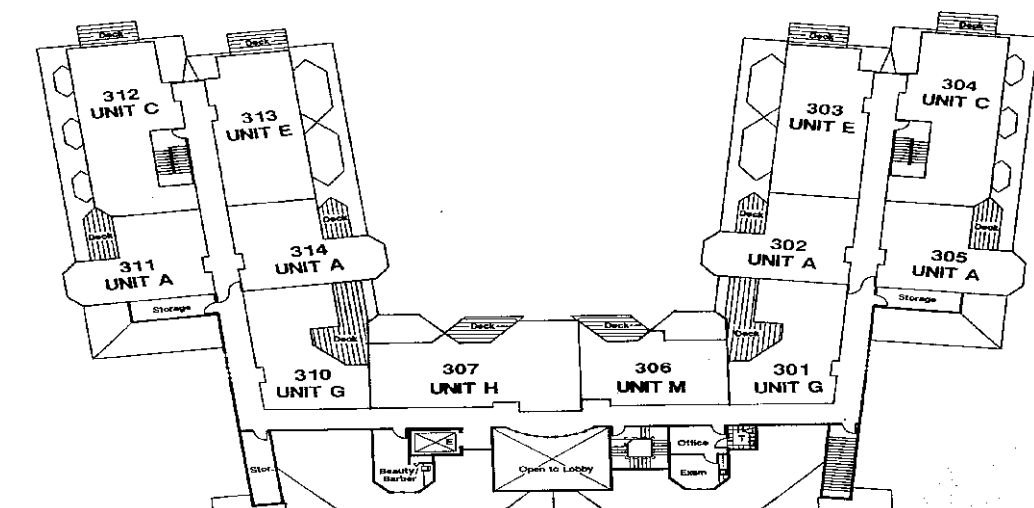
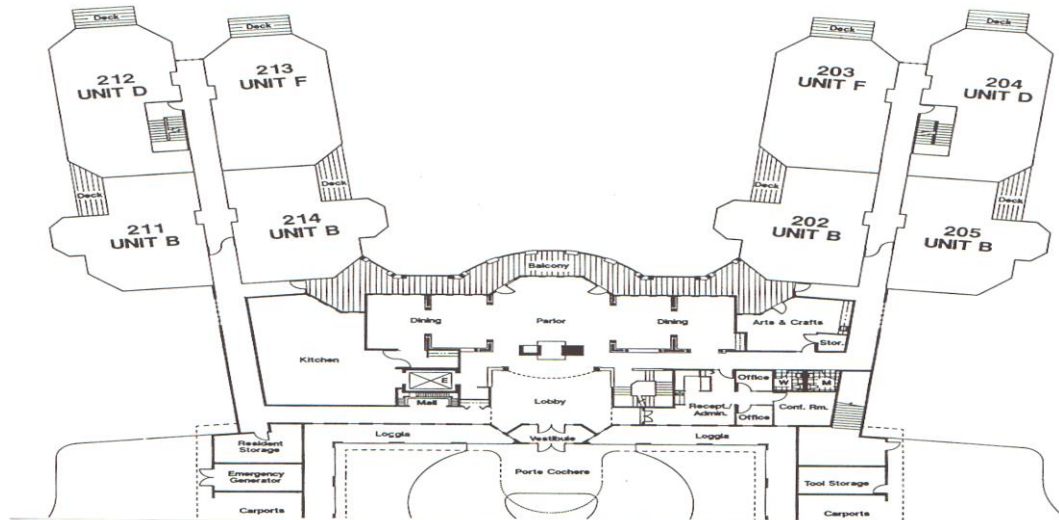
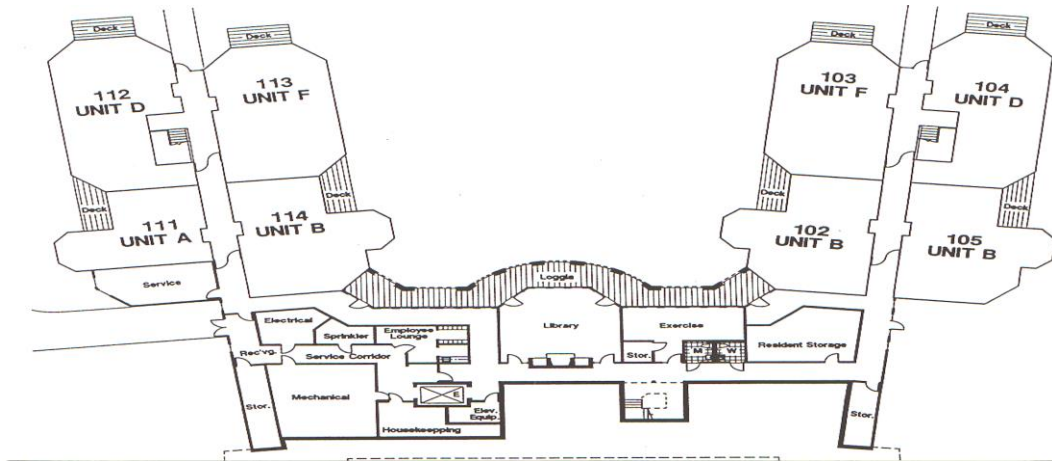
Joint Tenancy with right of survivorship; or

☐

Other (please specify):

Note: If "other" ownership is desired, Manager reserves the right to review and approve the legal documents creating the requested ownership entity.





List of Included Fixtures and Appliances

All Units: All residential units at Penobscot Shores contain flooring which may be carpeting, laminate, hardwood, tile and vinyl; refrigerator, stove, microwave, dishwasher, , washer and dryer, telephone and cable television hook ups, individual thermostats to control heat and an emergency call alert (the “Basic Furnishings”).

In Addition

Apartment Units: If the Purchaser/Renter occupies an apartment unit, the Resident will be allocated a designated storage area for Purchaser’s personal use. The Resident will also have the right with other residents to use the uncovered parking spaces around the Ocean House.

Cottage Units: If the Resident occupies a cottage unit, the unit will contain an attached garage designated for Resident’s exclusive use.

Special Note

Window treatments including blinds, shutters, shades and all other like items are the responsibility of the resident. Management does not repair, replace or maintain the window treatments.

Exhibit F

Title Encumbrances

All rights and easements of record affecting the Land, including

- (i) Mortgages entered into by Seller in connection with the construction or renovation of the Community.
- (ii) Ground Lease between Landlord (**Waldo County Healthcare Management Company**) and Cooperative.
- (iii) State and local land use restrictions.
- (iv) The right of all residents of Penobscot Shores to use common areas and facilities.
- (v) The right of Landlord **Waldo County Healthcare Management Company** to develop the property and, in connection with the Financing of such development, to pledge its interest in the Land and the Ground Lease.
- (vi) Utility and access easements generally affecting the Premises which do not materially interfere with Buyer's use or enjoyment of the Unit.

Custom Options

Options	Choices		Price
Hardwood/Laminate Floors	Yes	No	\$
Sun Porch Renovation	Yes	No	\$
Interior Fireplace	Yes	No	\$
Kitchen Cabinet Upgrade	Yes	No	\$
Kitchen Counter Upgrade	Yes	No	\$
Heat Pumps/AC	Yes	No	\$
Bathroom Cabinet Upgrade	Yes	No	\$
Bathroom Shower Upgrade	Yes	No	\$
Paint Upgrade	Yes	No	\$
Appliance Upgrades	Yes	No	\$
_____	Yes	No	\$
_____	Yes	No	\$

Punch List – Refurbishing Work

This Residency Agreement is entered into between Penobscot Shores Association, a Maine corporation (“Cooperative”) and the following Resident(s) (“Resident”):

NAME(S):	
ADDRESS:	
Unit address	

PREAMBLE

The Cooperative owns a retirement community located in Belfast, Maine known at **Penobscot Shores**. The Resident is the owner of the share of stock in the Cooperative represented by the certificate number listed below. As the owner of such stock, Resident is obligated and entitled to enter in to this Residency Agreement with respect to the residential unit at **Penobscot Shores** listed below (the “Unit”).

STOCK CERTIFICATE NUMBER	COTTAGE OR APARTMENT UNIT NUMBER

This Agreement grants Resident (or Resident's permitted subtenants) the exclusive right to occupy the Unit during the term of the Agreement. Each long term occupant of the Unit must be a party to this agreement.

1. Lease; Amenities - Resident leases from the Cooperative the Unit described above. The site plan of the Unit and its location are described in the attached **Exhibit A**. The Unit is leased without furnishings, but will contain the following amenities:

1.1 All Units - All units will contain flooring which may be wall-to-wall carpeting, wood laminate, hardwood, or vinyl; self-defrosting refrigerator/freezer; stove and self-cleaning oven; microwave; dishwasher; washer and dryer; telephone and television hook-ups; individual thermostats to control heat; and an emergency response system (the “Basic Furnishings”).

1.2 Apartment Units - If Resident will occupy an apartment unit, the Unit will contain all the Basic Furnishings and, in addition, Resident will be allocated a designated storage area for personal use and will have the right with other residents to use the uncovered parking spaces surrounding the project.

1.3 Cottage Units - If Resident will occupy a cottage unit, the Unit will contain all of the Basic Furnishings and an attached garage designated for Resident's exclusive use.

1.4 Additional Parking - Fourteen (14) covered carports are available, on a first-come first-served basis, to be separately rented by residents of **Penobscot Shores**. Ocean House residents will have first priority for covered parking. Additional uncovered parking spaces will be available for the general use of all residents and their guests.

1.5 Common Areas - In addition, Cooperative grants Resident the right, together with other residents of Penobscot Shores, to use the common areas and the grounds surrounding the retirement community. The common areas will include a lobby, central dining room, mail area, activity room, health coordinators office, hair salon, library, and fitness room. The grounds will contain outside seating areas, garden spaces, and a maintained path to the shore front.2. Services - Cooperative agrees to provide Resident with services based on the following options:

2.1 All Units - Core Services - The Cooperative must maintain certain Core Services for its residents unless there is consent by the Management and a Super Majority vote to terminate those services. These Core services include: (a) emergency response system, (b) property and grounds maintenance, (c) meal plan availability, (d) health screening and assessments, (e) water and sewer, and (f) scheduled transportation services for residents.

2.2 Apartment Units - In addition to the services available to all residents, a resident of an apartment unit will receive heat.

2.3 Cottage Units - In addition to the services available to all residents, a resident of a cottage unit will receive grounds maintenance.

2.4 A la Carte Services - In addition all residents may purchase from the Cooperative additional services, such as housekeeping services or additional dining services, on a fee-for-service basis. A more complete description of services is contained in attached **Exhibit B**. Cooperative retains the right to modify the services package from time to time to respond to resident needs and to maintain the monthly fees at affordable levels.

3 Fees

3.1 Monthly Fees - Resident agrees to pay the Cooperative the monthly fee applicable to the Unit, in advance, on the first day of each month. Fees for the first and last months of the Agreement will be prorated on a daily basis.

3.2 Amount - The monthly fee for each unit will be set annually by the Board of Directors of the Cooperative and will vary based on the level of services provided. Such fees may be increased or decreased by the cooperative at any time during the year to cover unanticipated shortfalls or excesses in the Cooperative's budget upon thirty (30) days' notice to Resident.

3.3 Meal Program – All residents are required to participate in the meal program. Meal program fees are established by the Board of Directors and charges appear on resident's monthly invoice..

3.4 Additional Service Fees - Resident agrees to pay Cooperative all charges for any additional services requested by Resident from time to time in accordance with a schedule of charges established regularly by the Board of Directors.

4. Billing - Monthly fees are due on the first day of each month. In addition, Cooperative will bill Resident monthly for any additional services fees incurred during the preceding month. Payment by Resident is due within ten (10) days of the date of the bill.

4.1 Late Charges - Resident will be assessed a late charge of one and one half percent (1.5%) per month (or the maximum amount allowed by law, if less) of the amount due if not paid in full when due.

4.2 Collection Cost - Resident shall be responsible for all costs incurred by Cooperative in enforcing the terms of the Agreement, including attorneys' fees and all other costs of collection.

4.3 Liability - Each Resident who is a party to this Agreement is jointly and severally liable for all amounts due to Cooperative from Resident under this Agreement. The release by Cooperative of any party to this Agreement shall not operate as a release of any remaining party.

5. Pledge of Stock.

5.1 Grant of Security Interest - Resident hereby pledges to Cooperative and grants to Cooperative a first security interest in the Cooperative stock held in Resident's name as security for Resident's obligations under this Agreement. Cooperative agrees to consent to the secondary pledge of the cooperative stock to any lender from whom Resident obtains financing with respect to Resident's acquisition of the stock.

5.2 Delivery of Certificate - To give full effect to the foregoing pledge, Resident herewith delivers to Cooperative the original stock certificate bearing the number set forth in the table in the Preamble to this Agreement and an undated, blank stock power relative to such certificate, duly endorsed by Resident. Resident further agrees to execute and deliver such additional documents as Cooperative reasonably deems necessary to give effect to the foregoing pledge.

5.3 Rights Prior to Default - Unless Resident is in default under this Agreement, Resident shall be entitled to vote the share represented by the certificate and to exercise all other rights relative to Cooperative stock, including the right to quiet enjoyment and occupancy of the Unit. Any lender holding a mortgage on Cooperative's assets will agree to recognize Resident's right to occupancy of the Unit so long as Resident is not in default under this Agreement.

5.4 Remedies Upon Default - In the event Resident is in default under this Agreement and such default has not been cured during any applicable cure period, Cooperative shall have the rights and remedies of a secured party under the Maine Uniform Commercial Code with respect to the stock,

including the right, without prior demand, to sell the stock at public or private sale at such price and upon such terms as Cooperative deems appropriate. Cooperative shall give at least five (5) days' prior written notice of its intent to sell the stock.

6. Alterations and Modifications - Resident may, at Resident's expense, make nonstructural alterations to the Unit (including painting, wallpapering, building of attached bookcases, and similar typical home improvements) with the prior written approval of the Manager. For safety reasons Resident agrees not to replace or add any locking devices to the Unit.

Resident will be permitted, at Resident's own expense, to make reasonable modifications to the Unit if the proposed modifications may be necessary to afford Resident or an approved occupant of the Unit the full enjoyment of the premises. Permission to make any such modification may be conditioned on Resident's agreement to restore the Unit to the condition it existed before the modification, reasonable wear and tear excepted. Resident must provide the Manager with a reasonable description of the proposed modifications as well as reasonable assurances that the work will be done in a workmanlike manner and that any required building permits will be obtained.

7. Maintenance - Cooperative will maintain the structural and mechanical components of the buildings which comprise the Penobscot Shores community, including foundations, siding, roofs, electrical, and other utility systems. In addition, Cooperative will maintain, repair and replace the appliances furnished by the Cooperative, but Resident will be liable for the cost of any work necessitated by Resident's misuse or negligence. Resident agrees to report promptly to the Manager any conditions in need of repair.

Other than those items described in the preceding paragraph which Cooperative will maintain, Resident is responsible for keeping the Unit clean and in good repair, and for conserving energy. Manager's personnel will be available for an additional charge to assist Resident in performing maintenance or repairs for which Resident is responsible.

8. Insurance - Resident acknowledges that the insurance maintained by Cooperative does not cover Resident's personal property or damages for injuries occurring in the Unit. Resident agrees to purchase personal property (i.e., tenant's insurance) and liability insurance covering the contents of, and occurrences within, the Unit or as a result of Resident's actions.

9. Resident's Obligations - The apartment and cottage units at **Penobscot Shores** are designed primarily to accommodate residents who desire the services to be provided by the Cooperative, but who do not anticipate needing special nursing or home health care services for their normal daily living. Every Resident and occupant of the Unit must comply at all times with the Rules of Residency attached as **Exhibit D**. Every occupant of the Unit, other than short term guests, must execute a Residency Agreement in the form approved by the Cooperative.

9.1 Additional Health Care Services - In the event Resident's health requires health care beyond the level provided relative to Resident's Unit, the Manager Population Health can will assist Resident in locating selected home health services from independent or affiliate providers. Future phases of **Penobscot Shores** may include construction of assisted living units. Upon completion of those units, in appropriate circumstances, and if space is available, the Resident will have the option of moving to an

assisted living unit located at **Penobscot Shores**. The assisted living units will be designed for residents who require only limited home health care or assistance with their normal daily living. If one of those units is not available or Resident requires more extensive nursing care than can reasonably be provided by or at **Penobscot Shores**, the Resident may elect to move to an appropriate alternative facility for such period of time as Resident's health requires. Although Manager will be available to counsel and advise Resident on the selection of additional health providers, it is Resident's obligation to locate and arrange for any recommended alternative or additional health care.

9.2 Additional Cost - The cost of all additional health care services not specifically included in Resident's monthly fee, including the cost of any occupancy of an assisted living unit at **Penobscot Shores** or elsewhere, long term care insurance and nursing home care, shall be the full responsibility of Resident.

9.3 Obligation to Sell Stock in Penobscot Shores - If the Unit is occupied by two persons, the permanent transfer of one occupant to another facility will not affect Resident's ownership of stock in the Cooperative or the remaining Resident's right to occupy the Unit. However, if the Unit is occupied by only one person, at the time a Resident makes a permanent transfer to another facility Resident will be obligated to offer the stock held in Resident's name for sale in accordance with Sections 10 and 11. If Resident subsequently is able to return to **Penobscot Shores**, Resident will be given priority on the appropriate waiting list maintained by the Manager.

10. Termination - The term of this Agreement is perpetual, except that this Agreement automatically terminates upon the sale of the Resident's stock in the Cooperative to another person. In addition, Cooperative may terminate this Agreement upon ten (10) days' written notice to Resident under any of the following circumstances.

- a. Upon the permanent transfer of the last remaining Resident or permitted subtenant of the Unit to another health care facility. For purposes of this provision any transfer for the foreseeable future shall be deemed "permanent".
- b. Upon Resident's repeated failure to pay any amount due hereunder when due.
- c. Upon Resident's breach of any term of this Agreement or repeated violation of any Rules of Residency or regulations established by the Cooperative, which breach or series of violations remains uncured thirty (30) days after written notice to Resident.
- d. Upon determination by the Manager that Resident's continued occupancy of the Unit presents a direct threat to the health or safety of other individuals or would result in substantial physical damage to the property of others.
- e. Upon the death of the last remaining Resident or permitted subtenant of the Unit.
- f. Upon Cooperative's election not to rebuild **Penobscot Shores** in the event of a catastrophic loss or taking, as provided in Section 17.

10.1 Effect of Termination - Upon termination of the Agreement, if Resident is still the owner of stock in the Cooperative, Resident shall be obligated to offer such stock for sale at the resale price then applicable to the Unit and Resident shall remain obligated to pay the monthly fee associated with the Unit and all other amounts due under this Agreement until the stock is sold and a new Residency Agreement entered into with the new owner. In addition, notwithstanding any sale of Resident's stock, Resident shall remain liable for any unpaid fees or cost incurred by Resident through the date of such sale. Resident's Pledge of the Cooperative Stock shall survive any termination to the Agreement.

10.2 Removal of Personal Belongings - Upon termination of this Agreement, Resident (or their personal representatives) shall promptly (not to exceed 45 days) remove all personal belongings from the Unit.

10.3 Waiver of Sale Requirement - Upon reasonable request, Cooperative may grant Resident the right to retain the stock for a defined period of time, despite the occurrence of an event which gives rise to Cooperative's right to terminate this Agreement. It shall be condition of any such approval that monthly fees and other amounts due under this Agreement are current and continue to be paid in full as they become due.

11. Stock Sale Procedures - Resident may sell the Cooperative stock held by Resident at any time in accordance with the procedures outlined in this Section. Manager shall be the exclusive sales agent of all shares of Cooperative stock. Accordingly, any resale of Resident's Cooperative stock, for whatever reason, must be handled through Manager.

11.1 Cooperative to Establish Resale Prices - The Cooperative Board of Directors will set the maximum and minimum resale prices of all shares of stock for all units at **Penobscot Shores** on a semi-annual basis. Resident may provide information from time to time about special features of the Unit for consideration in establishing the resale price. The resale price decision of the Board of Directors is final.

11.2 Waiting List; Qualified Buyers - Manager will maintain a waiting list of persons desiring entrance to **Penobscot Shores** and will give priority to residents who may wish to move to a different unit. Resident's Cooperative stock may be resold by Manager only to a purchaser who at the time of occupancy of the Unit meets the standards for admission to Penobscot Shores and intends to reside in the Unit, or to a purchaser who has agreed to assign occupancy rights under this Agreement to a permitted subtenant.

11.3 Stock Transfer Fee - Upon resale of Resident's Cooperative stock and execution of a new Residency Agreement for the Unit by the purchaser, Resident is obligated to pay the Manager a stock transfer fee. The stock transfer fee is equal to one percent (1%) for each month this Agreement is in effect up to a maximum of eight percent (8%) of the resale price of the Cooperative stock. In addition, the buyer and the seller will make a one percent (1%) contribution to the Replacement Reserve at the time of the sale.

11.4 Move to Alternate Unit - In lieu of a stock transfer fee when Resident is purchasing another share of Cooperative stock and moving to a different unit in **Penobscot Shores**, Resident shall be obligated to reimburse Manager for its costs of refurbishing the Unit vacated.

11.5 Payment Terms - Proceeds from the resale of the Cooperative stock, less the stock transfer fee and other amounts due and owing to Cooperative, will be paid to Resident within thirty (30) days after receipt by Manager.

12. Management

12.1 The Manager - Waldo County Healthcare Management Company ("Manager") is under contract with the Cooperative to serve as exclusive management agent for **Penobscot Shores**.

The Management Agreement is intended to be long term and may only be terminated with the consent of the Manager and stockholders owning at least seventy-five (75%) percent of the Cooperative's outstanding shares of stock. References to the Manager shall mean **Waldo County Healthcare Management Company** or any successor professional manager engaged by the Cooperative.

12.2 Delegation of Authority to Manager - Resident consents to the broad delegation of authority to Manager to act on the Cooperative's behalf in the ways described in this Agreement and in Cooperative's Articles of Incorporation and bylaws, including the right of Manager to determine Resident's eligibility to reside at **Penobscot Shores**, to nominate a majority of Cooperative's Board of Directors, to approve subtenants, to act as exclusive sales agent for the sale of Resident's Cooperative Stock, and to receive a fee for such services.

12.3 House Rules - The Cooperative's Board of Directors, with the advice of the Manager, will establish rules and regulations for the orderly operation and management of **Penobscot Shores** and the health, safety, welfare, peace and comfort of the residents of **Penobscot Shores**. Resident agrees to abide by such rules and regulations. For yours' and your neighbors' health and safety, tobacco products are not allowed to be used on the property.

13. Stockholder Rights and Obligation - Resident is a stockholder in the Cooperative. All of Resident's rights and obligations as a stockholder shall be subject to the Cooperative's Articles of Incorporation and bylaws, and this Agreement. In the case of any inconsistency, the Articles of Incorporation and the bylaws will take precedence.

13.1 Limitation of Resident's Rights as Stockholder - The following restrictions are among those which shall apply to Resident's exercise of voting rights as a stockholder:

a. Each share of the Cooperative's stock shall be entitled to one vote. If more than one person shall be the record owner of the stock owned by Resident, the owners of the stock must jointly agree on the manner in which to vote their single share.

b. Each stockholder may vote in person or by proxy; a proxy duly signed by one Resident shall be binding upon each occupant in the Unit, unless contested prior to or at the stockholders meeting.

c. The Cooperative's stockholders shall be entitled to nominate only a minority of the Board of Directors; the majority of the Board of Directors shall be nominated by the Manager.

d. Actions by the stockholders shall be by majority vote except that certain actions affecting the management, operation and ownership of the community may only be approved by agreement of the Manager and the holders of at least seventy-five (75%) percent of the outstanding shares of the Cooperative's stock (a "Super Majority Vote"). The following are among the actions requiring a Super Majority Vote:

(i) Cessation of, or substantial charge in, the operation of **Penobscot Shores** as a retirement community, or termination of all, or a substantial portion, of the core services described in the Residency Agreements.

(ii) Amendments to the stockholder eligibility criteria set forth in the bylaws.

(iii) Termination of Waldo County Healthcare Management Company as the Manager.

- (iv) Amendment to the method of electing Directors or removal of any Director nominated by the Manager.
- (v) Termination of the Manager's rights to act as exclusive sales agent for the sale of Cooperative stock or any reduction in the stock transfer fee payable to the Manager for such services.
- (vi) Any encumbrance, pledge, hypothecation, sale, transfer or other disposition of all or substantially all the assets of the Cooperative, except in connection with the construction or renovation of the facilities which comprise **Penobscot Shores** where the mortgage holder has entered into a non-disturbance agreement protecting the occupancy right of non-defaulting stockholders of **Penobscot Shores**.
- (vii) Amendment to the Articles of Incorporation.
- (viii) Approval of a consolidation or merger involving the Cooperative.
- (ix) Amendment to any section of the bylaws requiring a vote of the owners of at least seventy-five (75%) percent of the outstanding shares of the Cooperative's stock.

13.2 Enforcement - Every stockholder of the Cooperative and the Manager are deemed third party beneficiaries of this Agreement and as such may seek enforcement, at law or in equity, of all obligations and restrictions applicable to Resident under this Agreement at any time.

13.3 Legend - The existence of this Agreement shall be conspicuously noted on the stock certificate evidencing Resident's share and shall be binding on Resident and all other stockholders in accordance with Sections 617 and 618 of the Maine Business Corporation Act, as the same may be amended from time to time.

14. Permitted Subtenants; Guest; Use - Resident represents that the purchase of the Cooperative Stock is being made for personal or family reasons and not for an investment. Resident may assign occupancy rights under this Agreement to a permitted subtenant with the Manager's prior approval. Except as may be authorized by Manager, Resident's right to occupy the Unit is personal and may not be assigned. All subtenants must meet occupancy standards set by Manager and execute a form of sub-tenancy agreement acceptable to Manager. Manager's consent to allow a subtenant to occupy the Unit does not relieve Resident of Resident's obligations under this Agreement. Guests occupying the Unit for more than fourteen (14) days during any calendar quarter may do so only with the Manager's permission. Resident is responsible for the conduct of any persons occupying the Unit as the subtenant, invitee or guest of the Resident including any charges incurred by them. Limited professional or commercial use is allowed only with the prior written approval of Manager.

15. Right of Entry - Resident hereby authorizes employees and agents of the Manager and Cooperative to enter Resident's Unit at reasonable times and upon reasonable notice for the purpose of providing services, repairs, maintenance, alterations, pest control and inspection, showing to prospective purchasers, and in the event of perceived medical or other emergency.

16. Indemnification by Resident - Resident will defend, indemnify, protect and hold harmless the Manager and the Cooperative, its agents and employees for any loss, damage, liability, injury or expense incurred by any of them as a result of the careless, negligent or willful acts of Resident or Resident's subtenants, invitees or guests. This obligation shall survive any termination of this Agreement.

17. Damage to Penobscot Shores; Taking - If a portion of **Penobscot Shores** is damaged by fire, flood, storm or other casualty or cause, Cooperative will proceed diligently to repair and restore the same if practicable. If Cooperative deems such repair or restoration impractical or if more than fifty (50%) percent of **Penobscot Shores'** buildings (based on a calculation of useable square feet) is damaged or subject to a condemnation or taking by eminent domain, cooperative has the option of rebuilding **Penobscot Shores** or terminating this Agreement.

18. Right to Cure Defaults - Cooperative, upon such written notice to Resident as is reasonable under the circumstances, may, but is not under any obligation to, cure any failure by Resident to perform any of Resident's obligations under this Agreement. If Cooperative chooses to do so, all costs and expenses, including reasonable legal fees and costs, and interest on the amount of any sums at the prime rate of interest as published from time to time in the Wall Street Journal, will be deemed a charge against Resident.

19. Process to Resolve Disputes - The parties agree that they shall first seek to resolve any dispute under this Agreement informally by consultation among Resident, Manager, and, if appropriate, members of the Resident's family. Any dispute that cannot be resolved informally shall be submitted to the Board of Directors. The decision of the Board of Directors shall be final.

20. Miscellaneous

20.1 Amendment - This Agreement may be amended by written agreement of the parties, except that Section 13.1 may only be amended with the consent of Manager and a Super Majority Vote of the stockholders.

20.2 Binding Effect - This Agreement is binding upon the successors and assigns of Cooperative and the heirs, successors, assigns, and personal representatives of Resident.

20.3 Severability; Waiver - Each provision of this Agreement will be deemed separate from each other provision and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the remainder of this Agreement. Waiver by Cooperative of any right to remedy under this Agreement in any instance shall not constitute a waiver of any future right or remedy.

20.4 Non-Discrimination - Penobscot Shores will be operated to provide the facilities and services described in this Agreement to individuals regardless of race, color, sex, religion, ancestry, or national origin.

20.5 Notices - Any notice to Cooperative shall be given in writing and mailed or delivered to Cooperative at its administrative office or at such other address as Cooperative may designate in writing. Any notice to Manager will be given in writing and mailed or delivered to its administrative office or at such other address as the Manager may designate in writing. Any notice to Resident shall be given in writing and mailed or delivered to Resident's Unit or at such other address as Resident may designate in writing.

20.6 Governing Law - This Agreement is governed by and shall be construed in accordance with the laws of the state of Maine.

IN WITNESS WHEREOF, Penobscot Shores Association and Resident(s) have signed this Agreement under seal on this _____ day of _____, 2019.

WITNESS:

PENOBSCOT SHORES ASSOCIATION

BY: _____
Its President

WITNESS:

RESIDENT (S)

Name: Buyers name

WITNESS:

Name: Buyers name

NOTE: See attached Stock Power to be executed by Resident(s).

☐

Check here if Resident(s) are entering into a separate Carport License Agreement with Manager.



Penobscot Shores
Life with a view

Penobscot Shores Association

Document #4

(a Maine corporation operating as a housing cooperative)

BYLAWS

ARTICLE I

General Provisions

Section 1.1 Name. The name of this corporation is PENOBSCOT SHORES ASSOCIATION ("the Cooperative").

Section 1.2 Principal Office. The principal office and place of business of the Cooperative shall be at such place in the County of Waldo as the Board of Directors shall from time to time determine.

Section 1.3 Seal. The seal of the Cooperative shall be circular in form with the word "Maine" and the year of its incorporation engraved on its face, provided that the Cooperative may use a wafer seal generally or in respect of any particular document or instrument.

Section 1.4 Governing Law. These bylaws shall be subject to the statutory and common laws of the State of Maine as may be applicable to corporations organized under the Maine Business Corporations Act, Title 13-A M.R.S.A. §§ 101 et. seq., as the same may be amended from time to time.

Section 1.5 Corporate Powers. The Cooperative shall have all of the powers and authorities described, enumerated or otherwise referred to in the Maine Business Corporations Act, which shall be consistent with, or ancillary to, the Cooperative's operation as a housing cooperative.

Section 1.6 Definitions. As used in these bylaws, the following terms shall have the following meanings:

"Ground Lease" means the lease entered into by the Cooperative giving it use of the Land on which the Project is located.

"Land" means the 20.8 acre parcel on which Penobscot Shores is located.

"Landlord" means Waldo County Healthcare Management Company in its capacity as owner of the Land on which Penobscot Shores is located, or any successor owner of the Land which leases the Land to the Cooperative for its use.

"Manager" means Waldo County Healthcare Management Company or any successor professional manager engaged by the Cooperative to manage the Cooperative's day to day affairs.

"Monthly Fees" means the fees charged to the Cooperative's stockholders as established from time to time by the Board of Directors to cover the occupancy, maintenance and service costs associated with Penobscot Shores.

"Penobscot Shores" means the retirement community owned by the Cooperative located in Belfast, Maine.

"Residency Agreement" means the agreement pursuant to which a stockholder is entitled to exclusive occupancy of a Unit at Penobscot Shores.

"Unit" or "Cooperative Unit" means a residential unit at Penobscot Shores.

Section 1.7 Section Headings. The headings of Articles and Sections in these bylaws are for convenience only, and shall not be taken into account in construing these bylaws.

ARTICLE II

Annual Meetings of Stockholders

Section 2.1 Place. The annual meeting of stockholders shall be held at the principal office of the Cooperative

Section 2.2 Purposes. At the annual meeting, the stockholders shall elect directors as provided in these bylaws and transact such other business as may be brought before the meeting.

Section 2.3 Date. The annual meeting of stockholders shall be held on the second Monday in January in each year, if not a legal holiday, and if a legal holiday, then on the next secular day following, at Noon. If for any reason such annual meeting is not held on the date specified herein, the stockholders, in lieu thereof, may elect directors and transact such other business as may be brought before the meeting at a special meeting called as provided by Sections 3.2 and 3.3 or by unanimous written consent as provided by Section 4.4.

Section 2.4 Notice. Unless waived in the manner prescribed by law, written notice of the annual meeting stating the place, day, hour and purposes thereof, shall be delivered not less than 7 days nor more than 50 days before the date of the meeting, either personally, by facsimile or by mail, or in any other manner prescribed by law for annual meetings of stockholders.

ARTICLE III

Special Meetings of Stockholders

Section 3.1 Place and Date. Special meetings of stockholders for any purpose or purposes may be held at such time and place, as shall be stated in the notice of the meeting.

Section 3.2 Call. Special meetings of the stockholders, for any purpose or purposes may be called by the President, the Secretary, the Chairperson of the Board of Directors, a majority of the Board of Directors or by stockholders holding not fewer than 10% of the shares entitled to vote at such meetings. In addition, upon transfer of 30 shares of the Cooperative's stock to persons other than Manager or its affiliates, a special meeting

of the stockholders shall be called and held within 60 days for the purpose of electing new or additional directors as provided in Section 5.4.

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Section 3.3 Notice. Unless waived in the manner prescribed by law, written notice of a special meeting stating the place, day and hour thereof and the purpose or purposes for which the meeting is called, shall be delivered not fewer than 7 days nor more than 50 days before the date of the meeting, either personally, by facsimile, mail, or at the direction of the officers or persons calling the meeting.

ARTICLE IV

Quorum and Voting of Shares

Section 4.1 Quorum. Except as otherwise provided by law, the holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice (except as otherwise provided by law) other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. The stockholders present at a duly called or held meeting at which a quorum was once present may continue to do business at the meeting or at any adjournment thereof, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

Section 4.2 Voting Rights; Proxies. Each outstanding share of stock shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders. If more than one person is the record owner of any share of stock, there shall nevertheless be only one vote per share and such persons shall be required to vote their interests in the same manner in order for the stock to be voted. A stockholder may vote either in person or by proxy executed in the manner prescribed by law. A proxy purporting to have been executed by or on behalf of a person or persons owning shares of the Cooperative's stock, shall be deemed valid unless challenged at or prior to its exercise. A proxy given with respect to any share held in the name of two or more persons shall be valid if executed by one of them unless at or prior to the exercise of the proxy, the Cooperative receives a specific written notice of protest from any record owner of such share.

Section 4.3 Required Vote. Except as required by law or by the Articles of Incorporation or these bylaws, the holders of a majority of the stock entitled to vote shall decide any matter to be voted upon by the stockholders. The consent of Waldo County Healthcare Management Company in its capacity as the Manager and the vote of the owners of not less than 75% of the outstanding stock of the Cooperative shall be required for the following actions:

- (a) Cessation of, or substantial change in, the operation of Penobscot Shores as a retirement community, or termination of all, or a substantial portion, of the core services described in the Residency Agreements.
- (b) Amendment to the stockholder eligibility criteria set forth in the bylaws.
- (c) Termination of Waldo County Healthcare Management Company as the Manager.
- (d) Amendment to the method of electing directors or the removal of any director nominated by the

Manager.

(e) Termination of the Manager's rights to act as exclusive sales agent for the sale of Cooperative stock or any reduction in the stock transfer fee payable to the Manager for such services.

(f) Any encumbrance, pledge, hypothecation, sale, transfer or other disposition of all or substantially all the assets of the Cooperative, except in connection with the construction or renovation of the facilities which comprise Penobscot Shores where the mortgage holder has entered into a non disturbance agreement protecting the occupancy rights of non defaulting shareholders of Penobscot Shores.

(g) Amendment to the Articles of Incorporation.

(h) Approval of a consolidation or merger involving the Cooperative.

Section 4.4 Action by Unanimous Written Consent. Any action required or permitted by law to be taken at a meeting of stockholders may be taken without a meeting if written consents, setting forth the action taken or to be taken, at least 7 days before the intended effective date of such action, are signed by the holders of all outstanding shares entitled to vote on such action and are filed with the Clerk or Secretary of the Cooperative as part of the corporate records. Such written consents may contain statements in the form of, and in any case shall have the same effect as, unanimous vote or votes of the stockholders and may be stated as such in any certificate or document required or permitted to be filed with the Secretary of State of Maine, and in any certificate or document prepared or certified by any officer of the Cooperative for any purpose.

ARTICLE V

Directors

Section 5.1 Powers. The Board of Directors shall manage and control the business, property and affairs of the Cooperative. In the management and control of the business, property and affairs of the Cooperative, the Board of Directors is hereby vested with all of the powers and authority of the Cooperative itself, so far as not inconsistent with law, the Articles of Incorporation or these bylaws.

Section 5.2 Specific Powers. Subject to Section 5.1, the directors shall have, the specific power to:

(a) Determine the financial and other residency criteria for an individual to become a stockholder in the Cooperative and for a person to occupy a residential unit at Penobscot Shores.

(b) Contract, in the name of the Cooperative, for professional management of Penobscot Shores and for ongoing operational and maintenance services and personnel.

(c) Adopt operating and capital budgets for the Cooperative and oversee the Cooperative's financial affairs.

(d) Establish the amount of all Monthly Fees and any assessments under all Residency Agreements.

(e) Oversee the activities of the Manager in connection with the transfer and resale of stock of the Cooperative.

(f) Establish all values for shares of the Cooperative's stock in the case of transfers, redemption's and

resales of stock of the Cooperative.

(g) Adopt, modify, amend and revoke, from time to time, such rules and regulations for the management, functioning and operation of the Cooperative and its business.

(h) Contract, in the name of the Cooperative, for professional accounting, audit and legal services with respect to the financial and operational affairs of the Cooperative.

(i) Purchase, in the name of the Cooperative, such policies of insurance covering the Cooperative's property and general liability, as the directors may deem prudent.

(j) Procure policies of insurance in such amounts as the directors may reasonably determine, covering the Cooperative's directors and officers from claims and actions for negligence or other errors and omissions arising from their activities on behalf of the Cooperative.

Section 5.3 The number of directors shall be set by the stockholders annually, at their annual meeting for the ensuing year, and shall be not less than three nor more than fifteen.

Section 5.4 Election; Qualifications. Until 30 shares of the Cooperative's stock has been sold to persons other than the Manager or its affiliates, all directors shall be elected from a slate proposed by the Manager. At all times thereafter, at least a majority of the directors, who do not need to be stockholders of the Cooperative, must be elected by the stockholders from a slate of nominees proposed by Manager. The remaining directors who must be stockholders of the Cooperative of Penobscot Shores shall be elected by the stockholders from a slate proposed by the Cooperative's Nominating Committee To give effect to the foregoing, within sixty days after 30 shares of the Cooperative's stock have been sold to persons unrelated to the Manager, the Board of **Directors shall call a special meeting of the stockholders for the purpose of electing new directors.** Directors need not be residents of the State of Maine or stockholders of the Cooperative. Voting may be by written ballot.

Section 5.5 Terms. The directors shall be elected at the annual meeting of the stockholders, and each director elected shall serve until the next succeeding annual meeting and until such director's successor shall have been elected and qualified or until such director's earlier resignation, removal from office, death, or incapacity. A director may serve any number of successive terms.

Section 5.6 Chairperson. The directors, at their option, may elect a director to serve at their will as Chairperson of the Board of Directors and to preside at meetings of the directors in lieu of the President.

Section 5.7 Vacancies, Resignation and Removal. Any vacancy in the Board of Directors, including newly created directorships created by an increase in the number of directors, shall be filled by the remaining directors at an annual or special meeting of the directors to be held not more than 30 days after the vacancy occurs. Any vacancy created by the death, incapacity, resignation or removal of a director who was nominated for election by Manager must be filled by the directors from a slate proposed by the Manager. Any Director elected to fill a vacancy shall be elected for the unexpired term of the predecessor. Any director may resign office by delivering a written resignation to the President or Secretary. Directors may be removed from office in the manner prescribed by law.

Section 5.8 Compensation. The Board of Directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish

reasonable compensation of all directors for services to the Cooperative as directors, officers or otherwise.
Subject to ratification by a majority of the stockholders

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ARTICLE VI

Meetings of the Board of Directors

Section 6.1 Annual Meeting. The first meeting of each newly elected Board of Directors shall be designated as the annual meeting of the directors and shall be held as soon as reasonably practicable, but no later than 14 days after the annual meeting of the stockholders.

Section 6.2 Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall from time to time be fixed by the Board. Unless otherwise specified by the Board, no notice of regular meetings shall be necessary.

Section 6.3 Special Meetings. Special meetings of the Board of Directors may be called by the President, the Secretary or any other person or persons authorized by law to call such meetings.

Section 6.4 Notice of meetings of the Board of Directors annual, regular and special, except as waived in the manner prescribed by law, shall be given by mail, hand delivery, or facsimile delivery to a director's usual place of business or residence at **least 7 days before** the day of the meetings shall be sufficient notice thereof. Notice delivered in hand or by facsimile delivery to a director's usual or last known place of business or residence at least 24 hours before the time of the meeting shall be sufficient notice thereof. The time, place and purpose or purposes of a meeting of the Board of Directors, shall be specified in the notice thereof.

Section 6.5 Attendance as Waiver of Notice. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose, stated at the meeting, of objecting to the transaction of any business because the meeting is not lawfully called, noticed or convened.

Section 6.6 Quorum and Vote Required. A majority of the directors then in office shall constitute a quorum for the transaction of business unless a greater number is required by law or these bylaws. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or these bylaws.

Section 6.7 Meetings by Conference Telephone. Any one or more directors may participate in a meeting of the Board of Directors or any committee thereof by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time and participation by such means shall constitute presence in person at such meeting.

Section 6.8 Action by Unanimous Written Consent. Any action required or permitted to be taken at a meeting of the directors, or of a committee of the directors, may be taken without a meeting if all of the directors, or all of the members of the committee, as the case may be, sign written consents setting forth the action taken or to be taken, at any time before or after the intended effective date of such action. Such consents shall be filed with the minutes of directors' meetings or committee meetings, as the case may be, and shall have, and may be stated by any officer of the Cooperative to have, the same effect as a unanimous vote or resolution of the Board of Directors. Any such action taken by unanimous written consents may, but need not be, set forth in such consents in the form of resolutions or votes.

ARTICLE VII

Committees

A. Committees of the Board of Directors

Section A. 7.1 Executive Committee. The Board of Directors, by majority vote of the full Board of Directors may appoint from its members an Executive Committee consisting of two or more directors to serve at its pleasure and to the extent permitted by applicable law, may delegate to such Executive Committee all the authority of the Board of Directors, except that the Executive Committee shall have no authority to replace directors, to elect officers, or to enter into any transaction or activity which it knows to be contrary to the wishes of the Board of Directors.

Section A. 7.2 General. The Board of Directors may also appoint from their number, or from among such other persons as the Board may see fit, such committees as the Board may determine, which shall in each case have such powers and duties as shall from time to time be prescribed by the Board. The President shall be a voting member ex officio of each committee appointed by the Board of Directors.

Section A. 7.3 Rules; Record of Proceedings. Each Committee may prescribe rules, procedures for to call and conduct its meetings. Each Committee shall keep regular minutes of its proceedings and shall report the same to the Board of Directors and the President when required.

B. Standing Committees of the Cooperative

Section B.7.1 The Established Committees and Their Functions (Meetings are open to all residents and suggestions and feedback are welcome)

Activities Committee:	To plan activities, programs, and special events for Penobscot Shores Residents. To plan special trips and adventure journeys.
Budget Committee:	To prepare, in conjunction with other committees and the Manager, and subject to the approval of the Board of Directors, a detailed plan of the monetary application for the next fiscal year. The committee can request that any item on the monthly financial statement or trial balance that is above or below the budget figure for that month be explained by management at the next resident meeting.
Building and Grounds:	To consider such matters as continuing development of the grounds, maintenance of buildings and grounds, external appurtenances to buildings, gardening projects, and other items pertinent to overall quality and improvement.
Dining Committee:	By means of suggestions, observations, and questions to be helpful to the Chef in the maintenance of high standards of excellence.
Library Committee:	To select appropriate donated materials for the library. To select fiction according to author and non-fiction according to subject matter. To arrange for book distribution using sign-up sheets. Periodicals and newspapers may be borrowed without sign-up.
Wellness Committee:	To discuss such matters as health and wellness issues, the exercise program, outside speakers, access to health information, and concerns relevant to the health

C. Other Committees of the Cooperative

Section C.7.1 Nominating Committee: At the regular November meeting of the Residents of Penobscot Shores the stockholders of the Cooperative shall choose a three member Nominating Committee which will select its own Chairperson, and which will prepare a proposed slate of nominees for the positions of minority directors. At the regular December meeting of the Residents the Committee shall submit the proposed slate of nominees for acceptance or rejection by the stockholders present. Nominations may be made from the floor at this meeting provided that the nominees to be proposed have indicated acceptance if so nominated.

Section C.7.2 Other Ad Hoc Committees as Needed.

ARTICLE VIII

Officers

Section 8.1 Officers; Qualifications. The officers of the Cooperative shall consist of a President, a Treasurer, a Secretary, a Clerk, and such other officers as the Board of Directors may appoint, including, without limitation, one or more Vice Presidents, Assistant Secretaries, and Assistant Treasurers. The officers of the Cooperative need not be members of the Board of Directors. The Clerk of the Cooperative must be a resident of Maine.

Section 8.2 Terms; Election. The officers of the Cooperative shall be elected for such terms as the Board of Directors shall determine. The terms may be either fixed or indefinite, provided that if an officer is elected for a fixed term and the Board of Directors fails to elect a successor on or before the expiration of such term, the officer shall continue to serve until a successor is elected. The election of officers shall take place at the first meeting of the Board of Directors held after the annual meeting of the stockholders.

Section 8.3 Removal of Officers. Any officer elected or appointed by the Board of Directors may be removed without cause at any time by the Board of Directors. Any vacancy occurring in any office of the Cooperative may be filled by the Board of Directors at any regular or special meeting.

Section 8.4 Compensation of Officers. The salaries of all officers of the Cooperative shall be fixed by the Board of Directors, subject to ratification by a majority of the stockholders.

Section 8.5 President. The President shall be the chief executive officer of the Cooperative, shall have general charge and supervision of the affairs of the Cooperative, and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall preside at all meetings of the stockholders and the Board of Directors, unless a Chairperson thereof has been named.

Section 8.6 Vice President. The Vice President, if any, or if there shall be more than one, the Vice Presidents in the order determined by the Board of Directors, shall, in the absence of or in the case of the disability of the President, perform the duties and exercise the powers of the President and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 8.7 Secretary. Upon request of the Board of Directors, the Secretary shall attend meetings of the stockholders or Board of Directors and record all the proceedings of the stockholders or Board of Directors in a book kept for that purpose, and shall give notice of special meetings of the Board of Directors, and shall perform like duties for the executive committee. The Secretary shall perform such other duties as may be

prescribed by law or the Board of Directors, under whose supervision the Secretary shall be.

Section 8.8 Assistant Secretaries. The Assistant Secretary, or if there be more than one, the Assistant Secretaries, in the order determined by the Board of Directors, shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 8.9 Treasurer. The Treasurer shall be the chief financial officer of the Cooperative and shall, subject to the direction of the directors, have general charge of the financial affairs of the Cooperative. The Treasurer shall have custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Cooperative and shall deposit all monies and other valuable effects in the name and to the credit of the Cooperative in such depositories as may be designated by the Board of Directors. The Treasurer shall render to the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all the transactions of the Treasurer and of the financial condition of the Cooperative.

Section 8.10 Assistant Treasurers. The Assistant Treasurer, or, if there shall be more than one, the Assistant Treasurers, in the order determined by the Board of Directors, shall, in the absence of or in case of the disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 8.11 Clerk. The Clerk shall keep, in a book kept for such purpose, the records of ownership of the Cooperative's stock and of all stockholders' meetings, and shall perform such other ministerial duties as are prescribed by law. The Clerk may keep in a book kept for that purpose copies of all minutes and records of proceedings of the Board of Directors and the executive committee or these functions may be performed by the Secretary

ARTICLE IX

Cooperative Units; Residency Agreements and Shareholder Eligibility

Section 9.1 Units; Residency Agreements. Each residential unit owned from time to time by the Cooperative at Penobscot Shores and intended to be held in cooperative ownership shall be designated a Cooperative Unit. The Board of Directors shall adopt a form of Residency Agreement to be used by the Cooperative for the leasing of Cooperative Units to its stockholders. Each Residency Agreement shall require the stockholder to pay to the Cooperative such Monthly Fees and assessments as the Board of Directors shall establish from time to time relative to the Unit to be occupied by that stockholder. The Landlord retains the right, more fully set forth in the Ground Lease, to contribute capital in the form of additional Cooperative Units to the Cooperative in exchange for stock and may transfer other facilities to the Cooperative for such consideration as the Landlord and the Cooperative shall agree. The stockholders of such additional shares of stock shall have all the rights, privileges and responsibilities as all other stockholders with the same force and effect as if the Units were originally included in Penobscot Shores. Unless otherwise agreed by Landlord, the operation and maintenance of all additional Units and facilities transferred to the Cooperative shall be the responsibility of the Cooperative.

Section 9.2 Eligibility. The stockholders of the Cooperative shall consist of persons who own stock in the Cooperative, have signed Residency Agreements and who meet the financial and other residency criteria established from time to time by the Board of Directors, except that the Manager and its affiliates need not satisfy the foregoing criteria, and, except further, that with the prior approval of the Manager a person who

intends to assign his/her occupancy rights to a permitted subtenant in accordance with the Residency Agreement may purchase stock of the Cooperative.

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The Board of Directors may delegate the enforcement and implementation of the Cooperative's stockholder eligibility criteria to the Manager.

Persons eligible to reside in Cooperative Units are those persons who are able to meet the requirements of tenancy as stated in the Residency Agreement.

Section 9.3 Permitted Subtenants. With the prior consent of the Manager, a stockholder may assign the occupancy rights to his/her Unit to a person who satisfies and continues to satisfy the occupancy standards established from time to time by the Board (a "permitted subtenant"). Any person who has been approved as a permitted subtenant of a stockholder in accordance with the Residency Agreement shall execute and deliver to the Cooperative a sublease in such form as the Manager shall approve. The Manager may sublet any unit owned by it at any time.

Section 9.4 Required Transfers or Termination of Subtenancy. In the event a stockholder, who is the sole stockholder residing in a unit, dies or permanently transfers from Penobscot Shores to another facility, then upon such transfer, the stockholder shall be deemed to have offered for sale all shares owned by the stockholder in accordance with the procedures set forth in Article XI of these Bylaws. In the event the occupancy right of a permitted subtenant terminates, for any reason, and the resulting vacated unit is not reoccupied within six (6) months of such termination by another permitted subtenant or by the stockholder authorized to reside in the unit, who must at the time meet the occupancy eligibility criteria of the Corporation, the stockholder shall either (a) obtain the Manager's consent to the continued vacancy of the unit and continue payment to the Corporation of the Monthly Fees allocable to the unit or (b) be deemed to have offered for sale all the stockholder's shares in the Corporation in accordance with the procedures set forth in Article XI of these Bylaws.

ARTICLE X

Capital Stock

Section 10.1 Capital Stock. The Board of Directors shall have the sole authority to issue or reserve for issue the Cooperative's capital stock which may be authorized from time to time, and shall issue one share of the Cooperative's stock to the Manager for each completed cooperative unit conveyed by it to the Cooperative from time to time. Pursuant to instructions of the Manager as the exclusive sales agent for the Cooperative's stock, the directors shall authorize the Clerk to effect the issuance of stock certificates to purchasers of shares of the Cooperative's stock.

Section 10.2 Certificates of Stock. Each stockholder shall be entitled to a certificate certifying the number of the shares held by that stockholder which shall be one (1) share for each cooperative unit. Such certificates shall be signed by the President or a Vice President and by the Clerk, except that facsimiles of such signatures may be utilized to the extent permitted by law. Each certificate issued by this Cooperative for shares of stock at a time when such shares are subject to any restriction on transfer, pursuant to the Articles of Incorporation, these bylaws, or any agreement to which the Cooperative is a party, shall have the restriction noted conspicuously on the certificate.

Section 10.3 Pledges. Simultaneously upon purchase of stock in the Cooperative, each purchasing stockholder, other than the Manager, shall enter into a Residency Agreement with the Cooperative providing that the stockholder's share in the Cooperative be pledged to the Cooperative as security for the payment of all fees and other charges from time to time arising under the Residency Agreement, including but not limited to, the stock transfer fee due to the Manager.

Section 10.4 Replacement of Certificates. In case of the alleged loss, destruction or mutilation of a certificate of stock issued by the Cooperative, a duplicate certificate may be issued in place thereof, upon such terms as the directors may prescribe.

ARTICLE XI

Transfers of Stock

Section 11.1 Required Transfers upon the termination of a Residency Agreement applicable to any Cooperative Unit, the owner(s) of the share allocable to that unit shall be deemed to have offered for sale such share. In addition, an owner of a share of stock in the Cooperative may voluntarily offer the share for sale at any time. In either case, the transfer and sale of the share shall be made in accordance with the procedures set forth in this Article XI.

Section 11.2 Valuation of Shares. The Board of Directors shall cause a valuation of each share of stock owned by a person other than the Manager to be made annually. Said valuations shall serve as a guideline for pricing the unit. Shareholders may not ask higher than 115% of the appraised value, nor lower than 85% of the appraised value. The valuation of shares shall be based upon: (i) the size and location of the Unit, (ii) the physical improvements in the Unit, if any, (iii) the then most recent sales price for such unit and other Units; and (iv) such other factors as the Board of Directors deems appropriate including, but not limited to the ability of the Cooperative to maintain Penobscot Shores as an independent living retirement community, promote ready transferability of the Units, and avoid excessive vacancies in the Units. Any stockholder shall have the

right to periodically submit information to the Board of Directors for it to take into account when it next establishes a valuation for the stockholder's Unit. The Unit valuation determined by the Board of Directors shall reflect its estimated fair market value but may not in all cases reflect the very highest amount that a particular buyer might pay under certain circumstances. Any stockholder who disagrees with the price fixed for his or her stock shall be allowed a reasonable opportunity to present additional facts, which the stockholder deems relevant to a price determination. Based on that information the Board may, but shall not be obligated to, reconsider its price determination. All Unit valuation determinations of the Board of Directors shall be final.

Section 11.3 Exclusive Sales Agent. The Manager shall be solely responsible for handling sales and transfers of stock in the Cooperative and for the sale, assignment or termination of Residency Agreements. The Manager shall maintain a waiting list of persons desiring to become stockholders of the Cooperative and may further prescribe such policies and procedures as may be necessary in connection with such sales and transfers.

Section 11.4 Stock Transfer Fee. A stock transfer fee (the "stock transfer fee") in an amount equal to the lesser of (i) 8% of the total gross sale price of a stockholder's stock in the Cooperative, or (ii) 1% of the total gross sales price of the stockholder's stock in the Cooperative multiplied by the number of months the stockholder has owned the stock, shall be paid to the Manager by any stockholder whose stock in the Cooperative is sold, provided, however, that in lieu of a stock transfer fee a stockholder who remains a stockholder of the Cooperative by reason of moving from one Unit to another unit shall pay the Manager the cost of refurbishing the sold Unit. No stock transfer fee shall be paid in the event of a transfer by the Manager.

Section 11.5 Eligibility. The transfer of shares of the capital stock of the Cooperative may be made only to those persons who are approved by the Manager as being eligible as stockholders of the Cooperative.

Section 11.6 Transfer; Records. Shares of stock of the Cooperative may be transferred on the books of the Cooperative by the registered holder thereof, or by his or her attorney thereunto duly authorized by power of attorney, and on surrender of the certificate or certificates for such shares properly endorsed. The person in whose name shares stand on the books of the Cooperative shall be deemed by the Cooperative to be the owner thereof for all purposes.

Section 11.7 Other Provisions. Nothing in this Article XI shall in any way limit or restrict the right of the owners of shares of this Cooperative to pledge the same as security; provided, however, that any pledge of shares of this Cooperative shall be subject to the provisions of these bylaws.

ARTICLE XII

Voting Shares of Other Corporations

Section 12.1 Voting Shares of Other Corporations. The President, Treasurer, Secretary of this Cooperative, in that order, shall have authority to vote shares of other corporations standing in the name of this Cooperative, and the President, Treasurer, or Secretary is authorized to execute in the name and on behalf of this Cooperative proxies appointing any one or more of the officers first above named, in the order above named, as the proxy holders of this Cooperative.

ARTICLE XIII

Corporate Records

Section 13.1 Stock Records. The Cooperative shall keep at its registered office, or principal place of business, in Maine, a record of its stockholders, giving the name and address of each stockholder, and the number and class of the shares held by each and showing the dates on which such shares were issued and/or transferred.

Section 13.2 Other Corporate Records. The Cooperative shall keep at such location as the Board of Directors shall designate accurate books and records of account, written minutes of the proceedings of its stockholders, Board of Directors, committees of directors, and other or additional records, statements, lists, and information as may be required by law.

Section 13.3 Inspection of Records. A stockholder, if entitled and after making proper demand to inspect the Cooperative's books and records of account, minutes of meetings and list of stockholders, shall inspect such records only during the usual and customary hours of business and in such manner as will not unduly interfere with the regular conduct of the business of the Cooperative. A stockholder may delegate such stockholder's right of inspection to a duly authorized agent who, upon demand of the Cooperative, shall be required to furnish written proof of authority prior to inspecting such records. No stockholder shall use or permit to be used or acquiesce in the use by others of any information so obtained for a purpose which is in the interest of a business or object other than the business of the Cooperative. The Cooperative may deny any stockholder or agent the right to inspect such records if the stockholder refuses to execute and furnish to the Cooperative an affidavit stating that the information obtained by such inspection will not be used for any purpose prohibited by these bylaws and that the stockholder has not within the 5 years preceding the date of the affidavit sold or offered for sale, any list of stockholders of the Cooperative or of any other corporation and that he has not aided or abetted any other person in obtaining any list of shareholders for such purpose.

ARTICLE XIV

Indemnification

Section 14.1 General Indemnification. The Cooperative shall, to the full extent of its power to do so provided by law, including without limitation Section 719 of Title 13-A of the Maine Revised Statutes Annotated, as amended, and laws supplemental thereto or amendatory thereof, indemnify any person who was or is a director or officer of the Cooperative or is or was serving at the request of the Cooperative as a director, officer, trustee, partner, fiduciary, employee or agent of another corporation, partnership, joint venture, trust, pension or other employee benefit plan or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid actually and reasonably incurred by that person in the settlement of or in connection with any threatened, pending or completed civil, criminal, investigative or administrative suits, actions or proceedings to which that person is or was a party or is or was threatened to be made a party because of or in connection with that person's service to this Cooperative; provided, however, that no indemnification shall be provided to any person with respect to any matter as to which that person shall have been finally adjudicated not to have acted honestly or with reasonable belief that person's actions were in or not opposed to the best interests of the Cooperative or its stockholders, or, with respect to criminal proceedings, that such person is finally adjudicated to have committed a crime, an element of which is the reasonable cause to believe that that person's action was unlawful. Such indemnification shall be made in accordance with the procedures set forth in 13-A M.R.S.A. Section 719, as the same may be amended from time to time. Such indemnification shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any other bylaw, agreement or otherwise.

Section 14.2 Special Indemnification. Nothing contained in Section 14.1 shall prevent the Cooperative, by

action of its stockholders or by action of disinterested directors, from indemnifying any person, including without limitation a director, officer, fiduciary, employee or an agent of this Cooperative, in any particular case, if in the judgment of the Cooperative such indemnification should be made. Notwithstanding this section, however, the Cooperative shall not have the power to indemnify any person with respect to any claim, issue or matter asserted by or in the right of the Cooperative as to which that person is finally adjudicated to be liable to the Cooperative unless the court in which the action, suit or proceeding was brought shall determine that, in view of all the circumstances of the case, that person is fairly and reasonably entitled to indemnity for such amounts as the court shall deem reasonable.

Section 14.3 Expenses Paid in Advance. Any person eligible for indemnification under this Article XIV shall in all cases be entitled to payment in advance for expenses in accordance with the procedure set forth in 13-A M.R.S.A. Section 719 as the same may be amended from time to time.

Section 14.4 Scope. It is intended that this Article XIV be construed so as to maximize the indemnification of the persons covered hereby.

ARTICLE XV

General Provisions

Section 15.1 Fiscal Year. The fiscal year of the Cooperative shall be fixed by resolution of the Board of Directors.

Section 15.2 Execution of Documents. Unless the Board of Directors, the executive committee or the stockholders shall otherwise generally or in any specific instance provide: (a) any bill, note, check or negotiable instrument may be executed or endorsed in the name and on behalf of the Cooperative by the President or the Treasurer, acting singly and (b) any other instrument, documents, deeds, bills of sale or other writings of whatever nature shall be executed in the name and on behalf of the Cooperative by the President or the Treasurer, acting singly, and either officer may sell, acknowledge and deliver the same.

Section 15.3 Amendments. Subject to Section 4.3, the power to alter, amend or repeal these bylaws, and to adopt new bylaws, shall be vested exclusively in the stockholders of the Cooperative. A true copy.

Modifications accepted: September, 1999

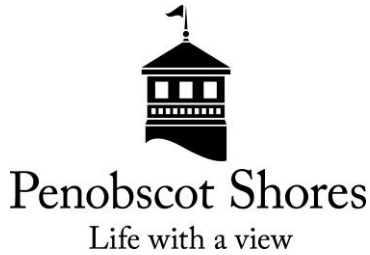
Modifications accepted: October 04, 1999

Modifications accepted: October 02, 2000

Modifications accepted: October 07, 2002

Modifications accepted: November 04, 2009

Modifications accepted: March 1, 2017



**Penobscot Shores
Carport Agreement
Document #6**

This Agreement is made this (date) between **Waldo County Healthcare Management Company** ("Manager") and the following resident(s) at **Penobscot Shores**:

Resident Information			
Name of Resident(s) ("Resident")	Unit Number	Carport Number	Monthly Rent
			\$55.00

Resident has executed a Residency Agreement for the occupancy of the residential unit identified above (the "Residency Agreement").

Resident desires to lease from Manager a carport at **Penobscot Shores**.

NOW THEREFORE, the parties hereto agree as follows:

1. Designated Parking Space - Manager hereby grants to Resident permission to park one automobile in the carport number identified above.
2. Rules & Regulations - Resident acknowledges that the operation and maintenance of the carport will be subject to reasonable rules and regulations established by Manager for the efficient operation of the premises. Said rules and regulations may include restrictions on the type of vehicles which may be parked in the carport and a requirement that a key to Resident's vehicle be deposited with Cooperative or Manager.
3. Fees and Charges - Resident agrees to pay to Manager on a monthly basis, on the same day on which Resident's monthly fee is due to Cooperative under the Residency Agreement, the monthly rent identified above. Resident acknowledges that Manager shall have the right on thirty (30) days' prior written notice to Resident to increase the monthly rent.
4. Assignment - This agreement is personal to Resident and may not be transferred or assigned by Resident to any other party except a permitted subtenant as provided in the Residency Agreement.

5. Termination - Manager shall have the right to terminate this license in the event of any breach by Resident of the terms hereof. Resident may terminate this license at any time upon thirty (30) days' written notice to Manager. In addition, this license shall terminate at such time as Resident no longer owns any stock in Cooperative.

EXECUTED as of the date set forth above.

WALDO COUNTY HEALTHCARE MANAGEMENT COMPANY, Manager

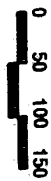
By: _____
Mary Sargent, Executive Director

RESIDENT(S)

(s): _____

Name:

Exhibit A



SITE PLAN

ENGELBRECHT AND GRIFFIN ARCHITECTS P.C. ©

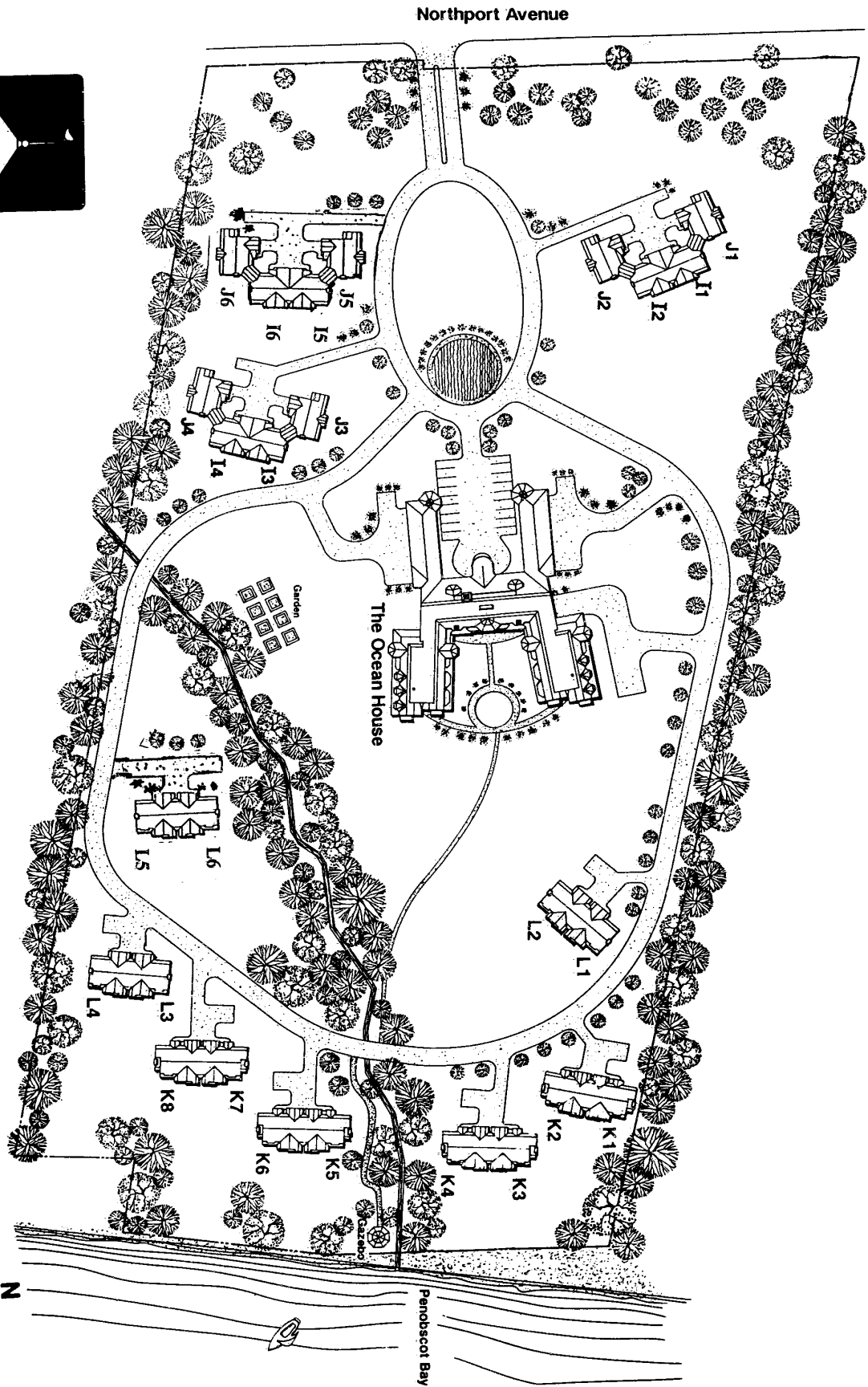
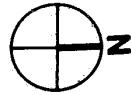


Exhibit A - Ocean House

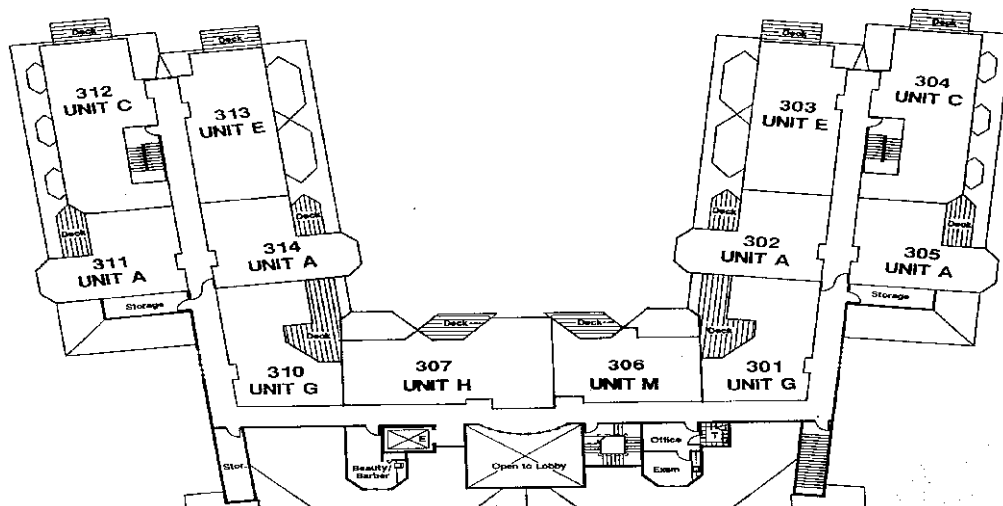
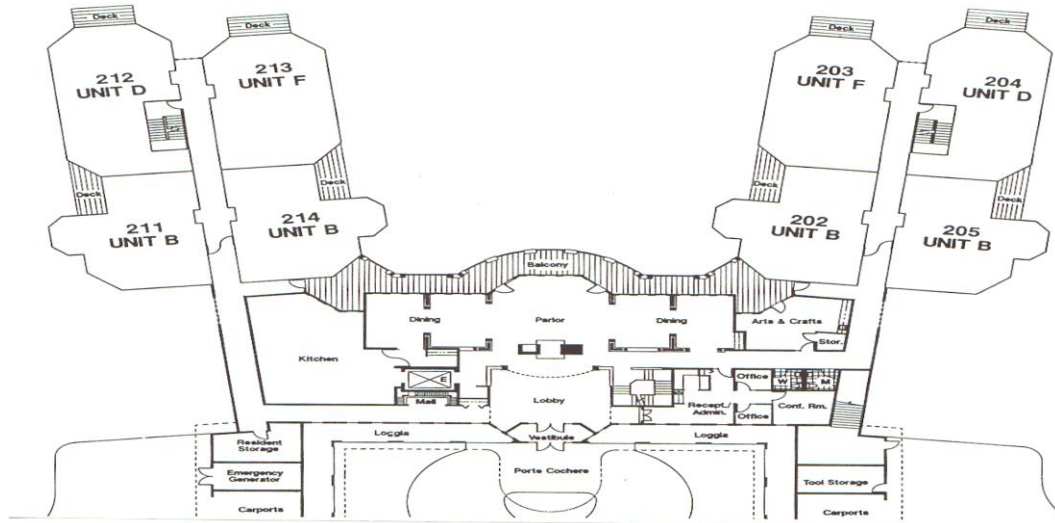
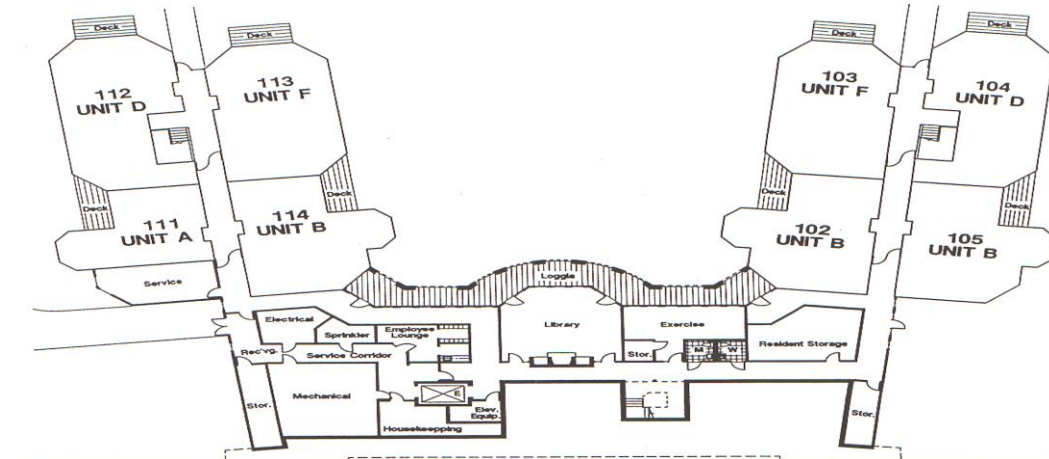


Exhibit B

Services for all Penobscot Shores Units

The services described below are currently included for all units at Penobscot Shores.

Utilities: Sewer and water for the Units are provided. The unit is centrally wired for cable television and telephone hook-up. Installation and monthly cable charges will be paid by the Resident if those services are desired. Electricity charges are not included in the Monthly Fee.

Emergency Response System: The Manager will be responsible for providing the emergency response system for residents.

Security: The Ocean House has a security access system to allow residents the ability to open the main door for their visitors. Waldo County General Hospital security does regular daily rounds of the community and Ocean House.

Maintenance: Cooperative will maintain all grounds and community areas, and will be responsible for repairs, maintain and replacement of the Unit's appliances provided by the Cooperative and the Unit's mechanical systems as necessary due to normal wear and tear. Residents are responsible for the cost of repairs and/or replacements due to the Resident or their guest misuse or negligence.

Transportation: Transportation to designated shopping, social events, medical facilities, and other local destinations are available on a regularly scheduled basis.

Health Services - Population Health: Waldo County General Hospital provides wellness and preventative health maintenance including scheduled exercise programs and blood pressure screenings. The service is available at no cost to residents for general consultation and advice and can coordinate the provision of home health services by independent providers.

Meals: All residents are required to participate in the meal program Ocean House apartment renters will generally be provided with 20 meals per month as part of their lease agreement.

Apartment Units

Residents of the apartments units will have the following services in addition to the services available to all residents.

Utilities: Residents of apartments will have heat included in their monthly fee. Shareholders are responsible for their electricity. For renters, up to \$50 per month for electricity expenses will be covered by management; any amount over \$50 will be charged to the resident.

Cottage Units

Residents of the cottages units will have the following services in addition to the services available to all residents.

Lawn & Garden: Cottage residents will have lawn and garden services provided on a scheduled basis.

Snow Removal: Snow removal after a storm is provided to the cottages; we even shovel up to the front door.

Exhibit C

Additional a La Carte Services

The following additional services are anticipated to be available to residents on a fee-for-service basis:

- . Housekeeping
- . Additional transportation
- . Additional meals and guests meals (on a reservation basis)
- . Maintenance personnel

The services offered by the Cooperative are subject to change from time to time by Cooperative's Board of Directors or in some cases by vote of the stock holders with Manager's approval.

Exhibit D

Rules of Residency

Resident and all occupants of the Unit shall be obligated at all times to comply with the following rules:

- 1. Not to provide accommodations to boarders or lodgers.**
2. To use the Unit solely as a private dwelling for Resident and approved occupants, and not to permit its use for any other purpose.
3. To abide by necessary and reasonable regulations promulgated by the Cooperative for the benefit and well-being of **Penobscot Shores** and the other residents.
4. To comply with all obligations imposed by applicable provisions of building and housing codes materially affecting health and safety.
5. To keep the Unit in a clean and safe condition. For safety reasons, the storing of boxes and encroaching clutter as to block windows and exits for easy exiting is not permitted. Management has the right to hire qualified organizers, at the shareholder or renter's expense, to correct clutter or hoarding issues. If this cannot be resolved, the shareholder or tenant will be required to vacate the unit.
6. To dispose of all ashes, garbage, rubbish, pet waste and other waste from the Unit in a timely, sanitary and safe manner.
7. To use only in a reasonable manner all electrical, plumbing, sanitary, heating, ventilating, air-conditioning and other facilities.
8. To refrain from, and to cause other occupants and guests to refrain from, destroying, defacing, damaging, or removing any part of the Unit.
9. To pay reasonable charges (other than for wear and tear) for the repair of damages to the Unit, or to **Penobscot Shores**, caused by Resident, pets or any other occupant of the Unit.
10. To act, and to cause all other occupants and guests of the Unit to act, in a manner which will not disturb other residents' peaceful enjoyment of their Units and will be conducive to maintaining **Penobscot Shores** in a decent, safe and sanitary condition.
11. To assure that Resident and any other occupant of the Unit shall not engage in any criminal activity that threatens the health, safety, or right of peaceful enjoyment of **Penobscot Shores** by other residents or employees.
12. To comply with the Penobscot Shores smoke free campus policy, and to refrain from smoking in all interior and exterior areas.

13. To keep pets in a clean and sanitary manner, refrain from disturbing other residents, and leashed at all times when outside of the unit, and in accordance with the pet policy established by the cooperative.

Exhibit G

Pet Policy

PENOBSCOT SHORES

In order to make community living at Penobscot Shores a pleasant experience for everyone, we have established the following pet policy. The purpose of this policy is to establish a guideline that will recognize the safety and comfort of all of the members of Penobscot Shores.

GENERAL

1. All pets must be neutered or spayed.
2. All pets must have current rabies and distemper shots.
3. Pets must be licensed in accordance with local law.
4. Owners are responsible for the behavior of their pets at all times, and bear sole liability for any consequences of that behavior.
5. Pets must be kept within the confines of the owner's unit or on a leash at all times.
6. Pets must not interfere with the safety and comfort of other members of the Penobscot Shores Community.
7. Members are fully responsible for cleaning up after their pets, both in and outside the unit.
8. Members agree to keep their pets clean and free of fleas, mites, etc.
9. Members agree to provide the management of Penobscot Shores with verification of shots, licensing, and neutering.
10. Members acknowledge that the presence of pets may necessitate periodic pest control precautions. Pet owners agree to cooperate with these efforts and accept responsibility for additional cost which may be incurred.
11. There will be no more than two (2) pets per unit.

COTTAGES RESIDENTS

1. The following common domestic pets shall be allowed in the cottage units; dogs, cats, caged birds, hamsters, and gerbils.

OCEAN HOUSE RESIDENTS

1. The following common domestic pets shall be allowed in the apartments; dogs (under 25 lbs), cats, caged birds, hamsters and gerbils.

Dated: _____ Approved by: _____

Exhibit H

Building & Grounds Guidelines

The residents of Penobscot Shores want this to be an attractive and friendly community. To achieve this, the following guidelines were proposed by the Building & Grounds Committee and approved by a vote of the membership. In the interest of simplicity, the list is short and not comprehensive. **Residents shall consult the manager prior to making any modification that will affect the exterior appearance of the buildings or the grounds.**

Exterior Lights

The only exterior lighting that may be added to cottage units is a sensor light, for security purposes. Temporary lights, such as Christmas lights, are permissible if not intrusive to neighbors. Floodlights should not be used. All seasonal lights and decorations are to be removed no later than six weeks after celebration.

Parking

Licensed passenger vehicles, if frequently used, may be parked on the community driveways in front of the garage door or on other paved parking areas in such a way as to allow easy entrance and egress of neighbors.

Residents' RVs, boats, trucks, trailers, etc. are to be stored elsewhere, except that these may be brought onto the property for short periods with management approval.

A guest traveling in a recreational vehicle may park up to five days in any consecutive two-week period in a resident's driveway. Such vehicles must park so that entrance and egress by residents is not impeded.

Chairs, Tables and Other Portable Items

When placed on lawns they should be moved periodically to prevent damage to grass, and should be removed by residents for mowing, etc.

If deck and lawn furniture are left on the decks during the winter months, it should be stored neatly. If covered, neat and tight fitting covers should be used and these should be of a color that will blend with the buildings. Winter storage is the responsibility of the owner.

Awnings, Pentawings, Umbrellas

These may be used within the deck and adjacent areas. The color material, and style must be compatible with the building and are subject to management approval. Winter storage is **the resident's responsibility. Screened decks are not permitted.**

Signs

Cottage residents may place a small freestanding name sign in front of their unit within a mulched plant bed. (Refer to sign specifications adopted 8/99).

Antennae: Wire or Dish

TV satellite dishes, maximum 18" in diameter, and other types of antennae may be used within the deck area. Style, size and installation of all exterior antennae are subject to prior approval by management.

Fences and Living Screens

Decorative plant containers may be used on decks and within cottage private garden and cottage main entrance areas. Containers may not be permanently attached to the building. Residents are responsible for maintenance and winter storage of containers. Free standing trellises and other plant supports may be used within private bed areas. (Refer to trellis specifications adopted 8/98).

Flags

Individual flagstaffs may be attached to residences, subject to management approval.

Wind Chimes

Wind chimes are permissible with management approval and providing they are not objectionable to neighbors.

Outdoor Grills

For safety reasons, only propane, containerized natural gas, and electric grills are permitted on decks. It is recommended that gas tanks not be stored inside.

Landscaping

Maintenance of plants and beds, lawns, native trees and shrubs, and other natural vegetation is the responsibility of management, however, shrubs, trees and flowers around the cottages may be watered, when needed, by residents. Lawns should not be watered during hot, dry periods when grasses become naturally dormant, since such watering is neither helpful nor cost effective.

Areas around cottages designated within the master landscape plan as "private bed" areas may be planted by residents. Maintenance of these areas, if planted, is the resident's responsibility. The planting of trees, shrubs and perennials outside private bed areas is not permitted, however low growing annuals may be used with discretion.

Colors and quantity should be compatible with the permanent landscape planting.

Statuary garden ornaments and birdbaths may be used with discretion within plant bed areas and should be harmonious with the surroundings. Planting boxes in the community garden area near the Ocean House are available to residents without charge, by applications to management.

Pets, Trash and Other Items

There are additional items included in your Penobscot Shores Documents, which are not included in this list of guidelines.



Penobscot Shores

Life with a view

Health Release
Document 2-C

Date:

RE: Health Release

Prospective Resident/s _____ will provide a note from his/her medical doctor addressing the ability to perform the "Activities of Daily Living" at Penobscot Shores independent retirement community.

The reason for this paragraph is to assure Penobscot Shores that you are able to reside in an independent retirement community. For your convenience, I have attached the listing of "Activities of Daily Living" requirements, as published by The American Journal of Occupational Therapy. Please have your medical doctor sign below after reviewing the "A.D.L.'s".

Thank you,

Mary Sargent
Executive Director

I Dr. _____ hereby state that resident/s _____ is/are able to live in an independent retirement community.

Date: _____

Name: _____

Address: _____

Signature: _____

Phone #: _____

6. *Dressing* – Selecting clothing and accessories appropriate to time of day, weather, and occasion; obtaining clothing from storage area; dressing and undressing in a sequential fashion; fastening and adjusting clothing and shoes; and applying and removing personal devices, prostheses, or orthoses.

I Performance Areas Activities of Daily Living

1. Grooming
2. Oral Hygiene
3. Bathing/Showering
4. Toilet Hygiene
5. Personal Device Care
6. Dressing
7. Feeding and Eating
8. Medication routine
9. Health Maintenance
10. Socialization
11. Functional Communication
12. Functional Mobility
13. Community Mobility
14. Emergency Response
15. Sexual Expression

I Performance Areas

Throughout this document, activities have been described as if individuals performed the tasks themselves. Occupational therapy also recognizes that individuals arrange for tasks to be done through others. The profession views independence as the ability to self-determine activity performance, regardless of who actually performs the activity.

A Activities of Daily Living–Self maintenance tasks.

1. *Grooming* – Obtaining and using supplies; re-moving body hair (use of razors, tweezers, lotions, etc.); applying and removing cosmetics; washing, drying, combing, styling, and brushing hair; caring for nails (hands and feet), caring for skin, ears, and eyes; and applying deodorant.
2. *Oral Hygiene* – Obtaining and using supplies; cleaning mouth; brushing and flossing teeth; or removing, cleaning, and reinserting dental orthotics and prosthetics.
3. *Bathing/Showering*–Obtaining and using supplies; soaping, rinsing, and drying body parts; maintaining bathing position; and transferring to and from bathing positions..
4. *Toilet Hygiene* – Obtaining and using supplies; clothing management; maintaining toileting position; transferring to and from toileting position; cleaning body; and caring for menstrual and continence needs (including catheters, colostomies, and suppository management)..
5. *Personal Device Care*– Cleaning and maintaining personal care items, such as hearing aids, contact lenses, glasses, orthotics, prosthetics, adaptive equipment, and contraceptive and sexual devices.

7. *Feeding and Eating* – Setting up food; selecting and using appropriate utensils and tableware; bringing food or drink to mouth; cleaning face, hands, and clothing; sucking, masticating, coughing, and swallowing; and management of alternative methods of nourishment.

8. *Medication Routine* – Obtaining medication, opening and closing containers, following prescribed schedules, taking correct quantities, reporting problems and adverse effects, and administering correct quantities by using prescribed methods.

9. *Health Maintenance* – Developing and maintaining routines for illness prevention and wellness promotion, such as physical fitness, nutrition, and decreasing health risk behaviors.

10. *Socialization* – Accessing opportunities and interacting with other people in appropriate contextual and cultural ways to meet emotional and physical needs.

11. *Functional Communication* – Using equipment or systems to send and receive information, such as writing equipment, telephones, type-writers, computers, communication boards, call lights, emergency systems, Braille writers, telecommunication devices for the deaf and augmentative communication system.

12. *Functional Mobility* – Moving from one position or place to another, such as in-bed mobility, wheelchair mobility, transfers (wheelchair, bed, car, tub, toilet, tub/shower, chair, floor)..

13. *Community Mobility* – Moving self in the community and using public or private transportation, such as driving, or accessing buses, taxi cabs, or other public transportation systems.

14. *Emergency Response* – Recognizing sudden, unexpected hazardous situations, and initiating action to reduce the threat to health and safety.

15. *Sexual Expression* – Engaging in desired sexual and intimate activities.

* **The American Journal of Occupational Therapy**