



NOTICE TO THE HOLDERS OF

**Economic Development Authority of James City County, Virginia
Residential Care Facility Revenue Bonds
(Virginia United Methodist Homes of Williamsburg, Inc.)
Series 2007A (the “Fixed Rate Bonds”)**

**Economic Development Authority of James City County, Virginia
Residential Care Facility Revenue Bonds
(Virginia United Methodist Homes of Williamsburg, Inc.)
Series 2007B (the “Adjustable Rate Bonds”)**

**Economic Development Authority of James City County, Virginia
Residential Care Facility Revenue Bonds
(Virginia United Methodist Homes of Williamsburg, Inc.)
Series 2007C (the “Variable Rate Bonds”)**

CUSIP Nos. 47029WAU1, 47029WAV9, 47029WAW7, 47029WAX5, 47029WAY3¹

This Notice contains important information that is of interest to the registered and beneficial owners of the above-referenced Fixed Rate Bonds, Adjustable Rate Bonds and Variable Rate Bonds (collectively, the “Bonds”). Each registered holder of the Bonds should forward a copy of this Notice immediately to any beneficial owner(s) of the Bonds for whom the holder acts as nominee or in any other capacity.

The Bonds were issued by the Economic Development Authority of James City County, Virginia (the “Authority”), pursuant to a Bond Trust Indenture, dated July 1, 2007 (as supplemented, the “Bond Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Original Bond Trustee”), and the sale proceeds of the Bonds were loaned to Virginia United Methodist Homes of Williamsburg, Inc. (“VUMHW”) to finance the acquisition and construction of WindsorMeade of Williamsburg, a continuing care retirement community in Williamsburg, Virginia, pursuant to a Loan Agreement, dated July 1, 2007 (as amended, the “Loan Agreement”), between the Authority and VUMHW. To evidence and secure its obligations in respect of the loan and Bonds, VUMHW issued Obligation No. 1 to the Authority, and the Authority assigned Obligation No. 1 to the Bond Trustee, under a Master Trust Indenture, dated July 1, 2007 (as supplemented, the “Master Indenture”), between VUMHW and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Original Master Trustee” and, together with the Original Master Trustee, the “Original Trustee”).²

¹ No representation is made as to the correctness of the CUSIP numbers which are included solely for the convenience of the holders of the Bonds.

² Capitalized terms appearing in this Notice but otherwise not defined herein shall have the respective meanings given to them under the Bond Indenture.

**Notice of Removal of Original Trustee
and Appointment of Successor Trustee**

Please take notice that, pursuant to instruments dated December 13, 2012, The Bank of New York Mellon Trust Company, N.A., was removed from its positions as Original Bond Trustee and Original Master Trustee, and UMB Bank, N.A., accepted its appointment as successor bond trustee (the “Bond Trustee”) and successor master trustee (the “Master Trustee” and, together with the Bond Trustee, the “Trustee”). As a consequence of the foregoing, UMB Bank, N.A., as Bond Trustee, is fully vested with all the properties, rights, powers, trusts, duties and obligations of the Original Bond Trustee under the Bond Indenture, and UMB Bank, N.A., as Master Trustee, is fully vested with all the properties, rights, powers, trusts, duties and obligations of the Original Master Trustee under the Master Indenture.

**Notice of Events of Default,
Draw on Debt Service Reserve Accounts,
and Interest Payments on January 1, 2013**

The Trustee hereby provides notice that VUMHW has failed to make all Loan Payments required by the Loan Agreement, the Master Indenture and Obligation No. 1 to enable the Bond Trustee to pay the interest due on the Fixed Rate Bonds and the Adjustable Rate Bonds on January 1, 2013, from moneys in the Interest Account. The failure of VUMHW to make all required Loan Payments to the Bond Trustee as and when due constitutes Events of Default under Section 6.1(a) of the Loan Agreement, Section 4.01(a) of the Master Indenture and Section 901(c) of the Bond Indenture. During the continuance of the foregoing Events of Default, and subject to the terms and conditions of an Intercreditor Agreement, dated July 1, 2007, between the Trustee and the Bank of America, N.A., as Credit Facility Issuer for the Variable Rate Bonds, the holders of at least 25% in aggregate principal amount of Outstanding Bonds shall have the right to direct the Trustee in its exercise of available rights or remedies under the Bond Indenture, the Master Indenture and the Loan Agreement.

On January 1, 2013, the Trustee disbursed \$994,475.58 from the Interest Account of the Bond Fund and \$182,553.17 from the Series 2007A Debt Service Reserve Account to the registered holders of the Fixed Rate Bonds (as of a record date of December 15, 2012) for unpaid interest in the aggregate amount of \$1,177,028.75. In addition, on January 1, 2013, the Trustee disbursed \$99,221.44 from the Interest Account of the Bond Fund and \$18,028.56 from the Series 2007B Debt Service Reserve Account to the registered holders of the Adjustable Rate Bonds (as of a record date of December 15, 2012) for unpaid interest in the aggregate amount of \$117,250.00.

After the foregoing distributions of interest, the Trustee holds the following amounts in the various funds and accounts established under the Bond Indenture:

Interest Account	\$-0-
Principal Account	\$335,428.98
Series 2007A Debt Service Reserve Account	\$3,145,062.70
Series 2007B Debt Service Reserve Account	\$241,971.44
Entrance Fee Account	\$2,149,881.40

Holders of the Bonds should contact the Trustee for further information or any other matters concerning the Bonds at the following address:

UMB Bank, N.A.
Corporate Trust & Escrow Services
2 South Broadway, Suite 600
St. Louis, Missouri 63102
Attention: Laura Roberson, Vice President
Phone: (314) 612-8484
Email: *Laura.Roberson@umb.com*

The Trustee may conclude that a specific response to particular inquiries from individual holders is not consistent with equal and full dissemination of significant information to all holders of the Bonds. The Trustee makes no recommendations and gives no investment advice herein or as to the Bonds, generally.

January 2, 2013

UMB Bank, N.A., as Trustee