



**NOTICE OF EVENTS OF DEFAULT  
FOR FAILURE TO TRANSFER PROJECT REVENUES TO TRUSTEE**

DATE: December 23, 2021

TO: Holders of the Bonds  
Glen Hope Harbor, Inc., as Borrower  
New Hope Cultural Education Facilities Finance Corporation, as Issuer

FROM: Wilmington Trust, National Association, as Trustee

RE: **\$38,120,000 New Hope Cultural Education Facilities Finance Corporation  
Senior Living Revenue Bonds (Glen Hope Harbor, Inc. Project)  
Series 2015A and Taxable Series 2015B (collectively, the "Bonds")**

CUSIPs*	64542P AA3	64542P AB1	64542P AC9	64542P AD7
	64542P AG0	64542P AE5	64542P AF2	

Wilmington Trust, National Association, serves as Trustee (the "**Trustee**") under that Trust Indenture dated as of February 1, 2015 (the "**Indenture**"), under which New Hope Cultural Education Facilities Finance Corporation (the "**Issuer**") issued its above-referenced Bonds, for the purpose of financing a portion of the cost of the acquisition of nine assisted living facilities, including land, buildings, and equipment, in Bexar, Brazoria, Harris, and Montgomery Counties in the State of Texas (the "**Project**"), all to be owned by Glen Hope Harbor, Inc. (the "**Borrower**"), funding a debt service reserve fund, and paying a portion of the costs of issuing the Bonds. The proceeds of the Bonds were loaned to the Borrower pursuant to that Loan Agreement of the same date among the Issuer, Trustee, and Borrower (the "**Loan Agreement**"). Substantially all of the Issuer's interest in the Loan Agreement was assigned to the Trustee pursuant to the Indenture, as assented to in the Loan Agreement. To evidence such loan, the Borrower executed the following notes dated February 26, 2015, to the Trustee: with respect to the Series 2015A Bonds, that Senior Living Promissory Note Series 2015A in the principal amount of \$32,520,000; and with respect to the Taxable Series 2015B Bonds, that Senior Living Taxable Promissory Note Series 2015B in the principal amount of \$5,600,000, (together, the "**Notes**"). The Borrower's obligations under the Notes, Bonds, Indenture, and Loan Agreement, and Mortgage itself, without limitation to other Bond Documents, are secured by, among other collateral, that Deed of Trust, Assignment of Rents and Leases, and Security Agreement, dated as of February 1, 2015, executed by the Borrower for the benefit of the Trustee, and recorded on February 27, 2015, in the Official Public Records of Bexar, Brazoria, Harris, and Montgomery Counties in the State of Texas (the "**Mortgage**").

\* CUSIP numbers are included solely for the convenience of Bondholders. The Trustee shall have no responsibility with respect to the selection or use of any CUSIP number, nor is any representation made as to the correctness of any CUSIP number, either as printed on any Bond or in this Notice.

The Bonds, Indenture, Loan Agreement, Notes, Mortgage, and all other documents related to the issuance or repayment of the Bonds are collectively referred to herein as the "**Bond Documents**." Capitalized terms not otherwise defined herein are as defined in the Indenture or applicable Bond Document. All references to terms or provisions of any Bond Document are as more fully set forth in that Bond Document or in other Bond Documents; nothing in this Notice limits or waives anything in any Bond Document.

**INFORMATION POSTED ON EMMA.** This Notice refers to certain notices and information posted on EMMA, including Notices previously posted by the Trustee, which are incorporated in full herein. Bondholders may wish to access EMMA on-line at [www.emma.msrb.org](http://www.emma.msrb.org) to review this and other notices and information relating to the Bonds.

### **FAILURE TO TRANSFER ANY PROJECT REVENUES TO TRUSTEE**

The Borrower is required to pay, or cause the Manager to pay, all Project Revenues from the Project to the Trustee. The Borrower has granted the Trustee a security interest in the Project Revenues, as security for amounts due to the Trustee on account of the Bonds and under the Bond Documents. (Loan Agreement, Section 3.2.)

The Trustee deposits the Project Revenues in the Revenue Fund, and makes disbursements from the Revenue Fund (*i.e.*, makes disbursements of those Project Revenues) in the priority and in the amounts provided in the Indenture, Section 5.04. In general, the Trustee funds, first, the required monthly deposits representing the interest and principal due on the Bonds; second, restoration of the Debt Service Reserve Accounts (if there is a deficit); and then the insurance, taxes, Operating Expenses, and other expenses of the Project and the Borrower.

The Trustee has previously notified Bondholders, via its Notices posted on EMMA, that the Borrower has failed to deposit Project Revenues with the Trustee that are sufficient to permit the payment of debt service due on the Bonds. Most recently, as of the August 1, 2021 Bond Payment Date, the monies deposited by the Borrower with the Trustee were again not sufficient to make the debt service payments due on the Bonds, and Holders of the Bonds received only one half of the interest then due. (No principal was then due on the Series A Bonds; the \$280,000 in principal that was due on the Series B Bonds could not be paid.) The August 1, 2021 distribution was partially funded by draws upon the Debt Service Reserve Accounts. Each of these failures to pay all of the amounts due on the Bonds constitutes an Event of Default under the Bonds; under the Indenture, Section 8.01; under the Loan Agreement, Sections 3.2 and 7.1; and under the Mortgage, Section 8.1. Bondholders are referred to the Trustee's Notice dated August 2, 2021, and posted on EMMA (the "**8/2/2021 Notice**"), for more information regarding the August 1, 2021 distribution to Bondholders.

Until recently, although the Project Revenues have been insufficient for payment of all amounts due on the Bonds, the Project Revenues have nevertheless been deposited with the Trustee.

**RCM / Retirement Center Management, as Manager of the Project (“RCM” or the “Manager”), has failed to transfer any Project Revenues to the Trustee during November 2021 and during December 2021 to the date of this Notice. The Borrower has failed to cause RCM to make such transfers.**

Each of RCM’s failures to transfer the Project Revenues to the Trustee, and each of the Borrower’s failures to transfer or to cause RCM to transfer the Project Revenues to the Trustee, constitutes an Event of Default under, without limitation, the Loan Agreement, Sections 3.2 and 7.1; the Indenture, Sections 5.04 and 8.01; and under the Mortgage, Section 8.1.

**No assurance can be given as to the amount or timing of future Project Revenues or of future payments, if any, to Bondholders. The Trustee makes no representation or warranty as to the ongoing status of the Bonds.**

#### **NEED FOR BUDGETED OPERATING EXPENSES WOULD NOT EXPLAIN FAILURE TO TRANSFER PROJECT REVENUES TO TRUSTEE**

RCM’s need for funds to pay the budgeted Operating Expenses of the Project would not explain the failure to transfer any Project Revenues to the Trustee.

As described above, the Borrower is required to pay all Project Revenues to the Trustee for deposit in the Revenue Fund. (Loan Agreement, Section 3.2.) The Trustee disburses the Project Revenues from the Revenue Fund in the priority and in the amounts provided in the Indenture, Section 5.04.

The disbursement of Budgeted Operating Expenses to the Borrower (to fund operations and maintenance of the Project) would be *lower* in priority, under Section 5.04 of the Indenture, than disbursements to the accounts for interest on the Bonds, principal of the Bonds, and (if there is any deficit) the Debt Service Reserve Fund. However, if an Event of Default occurs with respect to the Bonds, then certain disbursements may have higher priority, including “Operating Expenses of the Project as determined to be appropriate by the Trustee (and the Trustee may, in its discretion, rely on the Budget to make such determination).” (Indenture, Section 8.11(a).)

The Trustee’s previous Notices posted on EMMA have explained that, unless the Trustee is directed and indemnified to take some other action by the Controlling Holders (as described below), the Trustee has been transferring Operating Expenses of the Project to the Borrower, in the amount(s) shown in the Borrower’s Budget, ahead of reserving amounts for payment of interest and principal due on the Bonds and reimbursing the Debt Service Reserve Fund. This was done in order to preserve the Project, as the primary collateral of the Bonds and the sole source of Project Revenues, pursuant to Section 8.11(a) of the Indenture.

The Operating Expenses given in the Borrower’s Budget have been funded. The need to fund Budgeted Operating Expenses cannot be the reason for RCM’s failure to transfer any Project Revenues to the Trustee.

No obligations of the Borrower, no rights or remedies of the Trustee, and no defaults, Defaults or Events of Default, are waived by any such transfer or transfers of funds for Operating Expenses; including, without limitation, that the Trustee makes no commitment as to the transfer of funds for Operating Expenses in future months.

#### **FAILURE TO RESPOND TO TRUSTEE'S REQUESTS FOR INFORMATION**

The Trustee has contacted RCM multiple times, requesting the transfer of Project Revenues and requesting information regarding the Project Revenues, the status of the Project, and the situation causing the Project Revenues to be withheld.

**RCM has refused to communicate with to the Trustee.**

**The Trustee is entitled to discuss the affairs of the Borrower and the Project with appropriate representatives of the Borrower and the Manager.** (Loan Agreement, Section 6.12.)

Each of RCM's failures to respond to the Trustee's requests for information, and each of the Borrower's failures to cause RCM to respond to the Trustee's requests for information, constitutes an Event of Default under, *without limitation*, the Loan Agreement, Sections 6.12 and 7.1; the Indenture, Section 8.01; and the Mortgage, Section 8.1.

#### **OTHER EVENTS OF DEFAULT HAVE OCCURRED AND ARE CONTINUING**

Previous Notices posted by the Trustee on EMMA have given notice of Events of Default that have occurred with respect to the Bonds and under the Bond Documents. Bondholders are referred to such Notices, and such Notices are incorporated in this Notice in full.

All such Events of Default are continuing, and none have been cured.

*Without limitation*, the existing Events of Default include the Borrower's failures to cause the amounts of interest and principal due to Bondholders on account of their Bonds to be paid in full. All of the due and unpaid interest and principal of the Bonds remains outstanding and is an immediately due obligation of the Borrower.

Each of the failures to pay all of the interest and principal due on the Bonds constitutes an Event of Default under the respective Series of the Bonds; under the Indenture, Section 8.01; under the Loan Agreement, Sections 3.2 and 7.1; and under the Mortgage, Section 8.1.

**As above, the Trustee cannot give any assurance as to the amount or timing of future Project Revenues or of future payments, *if any*, to Bondholders. The Trustee makes no representation or warranty as to the ongoing status of the Bonds.**

## DEMAND FOR REMEDY / RESERVATION OF RIGHTS

**The Trustee hereby demands prompt remedy of each and every default, Default, and Event of Default occurred and continuing under any of the Bond Documents, including without limitation the immediate transfer to the Trustee of all Project Revenues.**

This Notice does not provide a complete list of all defaults, Defaults, and Events of Default under the Bond Documents or otherwise with regard to the Bonds, or of all items which may, with the giving of notice and/or the passage of time, become Defaults and Events of Default. No defaults, Defaults or Events of Default under any of the Bond Documents are waived or accepted by this Notice or by any other communication from the Trustee. **All rights of the Trustee with respect to each and every default, Default, and Event of Default are reserved.**

## RIGHT OF “CONTROLLING BONDHOLDERS” TO DIRECT TRUSTEE

An Event of Default creates certain remedial rights and remedies in favor of the Trustee. Under, without limitation, Sections 8.05, 9.01 and 9.06 of the Indenture, the “Controlling Holders” have the right to direct the Trustee in writing with regard to such rights and remedies, upon provision of indemnity satisfactory to the Trustee and in accordance with the Bond Documents. “**Controlling Holders**” means the Holders of the majority in aggregate principal amount of the then Outstanding Bonds (Indenture, page 7). Bondholders are encouraged to contact the Trustee in this regard if they wish, using the contact information below in this Notice.

## MISCELLANEOUS

The Trustee may be contacted in writing as follows: Ms. Nancy George, Vice President, by e-mail at [ngeorge@wilmingtontrust.com](mailto:ngeorge@wilmingtontrust.com), or by United States Postal Service at Wilmington Trust, N.A., 285 Delaware Ave, 3<sup>rd</sup> Floor, Buffalo, NY 14202-1885.

Prior to any distribution to Holders, as provided under the Bond Documents, funds held under the Indenture (which may include, without limitation, Project Revenues and moneys received by the Trustee from its exercise of remedies) shall be used first to pay the Trustee’s Fees and Expenses, both Ordinary and Extraordinary, and all liabilities, indemnities or advances payable to or incurred or made by the Trustee. Such fees and expenses include, but are not limited to counsel fees and expenses, fees of other third party professionals, costs of sending notices pursuant to the Bond Documents, costs of litigation and court costs.

The Trustee will continue to inform Bondholders as material events or developments occur. However, the Trustee cannot advise Bondholders as to the prospects of the Borrower or the Bonds. Bondholders should contact their financial advisors on such matters. Bondholders should not rely on the Trustee as their only source of information. The Trustee makes no recommendations and gives no investment advice.

**WILMINGTON TRUST, NATIONAL ASSOCIATION,  
AS TRUSTEE**

copy: Choice Management Services  
The Emmaus Calling  
Retirement Center Management  
DAC Bond