



August 6, 2021

NOTICE REGARDING JUDGMENT ENTERED IN STATE COURT PROCEEDING

TO THE HOLDERS OF

**WOODLOCH HEALTH FACILITIES DEVELOPMENT CORPORATION SENIOR
HOUSING REVENUE BONDS (INSPIRED LIVING AT MISSOURI CITY PROJECT)**

SERIES 2017A-1, SERIES 2017A-2, SERIES 2017A-3 & SERIES 2017B

CUSIP Nos. 97982CAE1, 97982CAF8, 97982CAG6 & 97982CAH4¹

THIS NOTICE CONTAINS IMPORTANT INFORMATION THAT IS OF INTEREST TO THE REGISTERED AND BENEFICIAL OWNERS OF THE ABOVE-REFERENCED BONDS. IF YOU RECEIVE THIS NOTICE AND ARE ACTING FOR A BENEFICIAL OWNER, PLEASE FORWARD OR TRANSMIT THIS NOTICE TO THE BENEFICIAL OWNER(S) IMMEDIATELY.

Background¹

In respect of the above-referenced bonds (collectively, the “*Bonds*”), reference is hereby made to (i) that certain Master Trust Indenture, Deed of Trust and Security Agreement between Senior Care Living VI, LLC (the “*Obligor*”), as Obligor, and Branch Banking and Trust Company, as predecessor Master Trustee, dated as of January 1, 2017 (the “*Master Indenture*”), (ii) that certain Trust Indenture and Security Agreement between Woodloch Health Facilities Development Corporation (the “*Issuer*”), as Issuer, and Branch Banking and Trust Company, as predecessor Bond Trustee, dated as of January 1, 2017 (the “*Bond Indenture*”), and (iii) that certain Loan Agreement between the Issuer and the Obligor, dated as of January 1, 2017 (the “*Loan Agreement*” and, together with the Master Indenture, the Bond Indenture, and all other documents executed in connection with the Bonds, the “*Bond Documents*”).² UMB Bank, N.A. and TMI Trust Company serve as co-successor Master Trustee and co-successor Bond Trustee (collectively, in such capacities, the “*Trustee*”). Pursuant to the Bond Indenture, the Issuer assigned to the Trustee all if its rights, title and interest under, in and to the Loan Agreement.

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

² Capitalized terms used but defined herein shall have the meanings given to them in the Master Indenture and Bond Indenture, as applicable.

Preston Hollow Capital, LLC (“*Preston Hollow*”) is the beneficial owner of a majority in aggregate principal amount of the Series 2017A Bonds currently Outstanding, and is designated as the Series 2017A Majority Representative under the Bond Indenture and the Noteholder Representative under the Master Indenture.

The Bonds, Notes and Obligations related thereto are secured by, among other things, a mortgage lien on the Project, including all fixtures and improvements located thereon, pursuant to a certain Multiple Indebtedness Deed of Trust, and Assignment of Rents, Security Agreement and Fixture Filing dated January 1, 2017. As additional security for the Bonds, Mark Bouldin (“*Bouldin*”) executed a certain Guaranty Agreement and a certain Completion Guaranty, each dated as of January 1, 2017, each in favor of the Master Trustee (collectively, the “*Guaranties*”). Bouldin is the President, sole manager, and sole owner of Senior Care Operating 3, LLC, the sole manager of the Obligor.

Prior Notices

The Trustee has issued prior notices that describe certain events relating to the Bonds. The Trustee refers interested holders of the Bonds to prior notices which can be found on EMMA (www.emma.msrb.org).³ Among other things, the Trustee has provided notices of certain defaults and Events of Default including, without limitation, the Obligor’s failure to pay or cause to be paid to the Trustee, when due, amounts necessary to fund interest and principal on the Bonds. In prior notices, the Trustee has provided notice of rent demands and other remedies.⁴

In prior notices, the predecessor Bond Trustee and Master Trustee notified holders of the Bonds that, as a result of the Events of Default and the Obligor’s failure to cure such Events of Default, the predecessor Trustee, at the direction the Series 2017A Majority Representative and the Noteholder Representative, declared the entire principal amount of the Series 2017 Bonds and the Notes, plus all interest accrued thereon, to be immediately due and payable.

Non-Judicial Foreclosure Notice; State Court Litigation

In a prior notice dated August 13, 2019, the Trustee provided that notice that it had, at the direction of the Series 2017A Majority Representative and the Noteholder Representative, coordinated the posting, a notice of non-judicial foreclosure sale by public auction of the real property (including fixtures) and personal property comprising the Trust Estate. The foreclosure sale was originally scheduled to occur on September 3, 2019. The Trustee subsequently withdrew the non-judicial foreclosure notice before the scheduled foreclosure date. Nonetheless, the Obligor brought an action against the Trustee in Texas state court, the 458th District Court of Fort Bend County, Texas (the “*Court*”), commencing Case No. 19-265897 (the “*State Court Proceeding*”). Bouldin subsequently joined the State Court Proceeding (collectively with the Obligor, the

³ EMMA is the disclosure service maintained by the Municipal Securities Rulemaking Board which can be accessed at www.emma.msrb.org. The Trustee is not responsible for the accuracy or completeness of information maintained with EMMA.

⁴ Section 805 of the Bond Indenture states that, during the continuance of an Event of Default, all funds then held or thereafter received by the Trustee shall be applied by the Trustee first to the fees, expenses and indemnities of the Trustee and the Representative, respectively, and then the payment of accrued and unpaid interest and principal due on the Series 2017A Bonds.

“*Plaintiffs*”).

In the State Court Proceeding, the Obligor sought declaratory, injunctive and other relief against the Trustee and Preston Hollow (collectively, the “*Defendants*”). Specifically, the Obligor disputed it was in default under the Bond Documents; the Obligor disputed that the Trustee and the Representative were entitled to exercise rights and remedies against the Obligor under the Bond Documents; the Obligor disputed that UMB Bank, N.A. and TMI Trust Company were properly appointed as successor Trustees; the Obligor disputed that the Trustee and the Representative had standing to assert claims and undertake remedial actions against the Obligor; the Obligor and Bouldin disputed that Bouldin was liable under the Guaranties. In addition, the Obligor asserted affirmative claims and causes of action against the Trustee and the Representative for, among other things, breach of contract, tortious interference, and conversion.

The Trustee and the Representative filed claims and causes of action against the Obligor and Bouldin for, among other things, breach of contract, appointment of a receiver, and a judgment for amounts due and owing in respect of the Bonds, Notes and Obligations related thereto.

On July 6, 2020, the Court entered a Consent Order appointing Michael Morgan of Healthcare Management Partners, LLC as the receiver over the Obligor’s Property. The Obligor consented to the appointment of the receiver.

The Court conducted a trial in the State Court Proceeding beginning on June 14, 2021. The testimonial and documentary evidence closed on June 18, 2021, and the Court heard closing arguments from the parties on June 24, 2021.

On August 4, 2021, the Court entered a Final Judgment in favor of the Trustee and the Representative, and against the Obligor and Bouldin, jointly and severally, in the aggregate amount of \$52,597,040.06 (which consists of (i) outstanding principal in the amount of \$44,675,000 and (ii) accrued interest in the amount of \$7,922,040.06 through August 4, 2021). The Court further granted the Trustee and the Representative an award of \$250,000 for attorneys’ fees and litigation expenses.

In conjunction with the Final Judgment, on August 4, 2021, the Court also entered an Order Appointing Post-Judgment Receiver which appointed Mr. Morgan of Healthcare Management Partners, LLC to serve as the post-judgment receiver over the Obligor’s Property.

On July 29, 2021, the Representative filed a separate petition against Mark Bouldin and Cassie Bouldin in the 458th District Court of Fort Bend County, Texas, commencing Case No. 21-285672, seeking to avoid a certain fraudulent transfer by Bouldin and enjoin Bouldin from unlawfully transferring any other property otherwise available to satisfy the Final Judgment by the Court.

Additional Information

Any communications related to this notice may be directed to the Trustee as follows:

Lorna Gleason
UMB Bank, N.A.
20 South Sixth Street, #1400
Minneapolis, MN 55402
Telephone: (612) 298- 6067
Email: Lorna.Gleason@umb.com

Please note that the Trustee may conclude that a specific response to particular inquiries from individual bondholders is not consistent with equal and full dissemination of information to all bondholders. Moreover, bondholders should not rely on the Trustee, or on its counsel or other advisors retained by the Trustee, as their sole source of information. The Trustee makes no recommendations nor gives any investment advice herein or as to the Bonds generally.

UMB Bank, N.A., not individually, but as Trustee