CONSENT SOLICITATION STATEMENT

Request for Waiver and Consent

**NEW HOPE CULTURAL EDUCATION FACILITIES FINANCE CORPORATION
RETIREMENT FACILITY REVENUE BONDS
(MRC SENIOR LIVING – THE LANGFORD PROJECT)
SERIES 2016A**

Maturity Date (November 15)	CUSIP No.[1]	Interest Rate
2026	64542U CXO	5.000%
2036	64542U CY8	5.375%
2046	64542U CZ5	5.500%
2052	64542U DA9	5.500%

Record Date: July 11, 2024

Expiration Date: The date which is the earlier of (a) 5:00 p.m. EDT on July 24, 2024 (the "Consent Expiration Date") or (b) the date upon which the Information and Tabulation Agent has accepted the requisite number of properly executed Consents as provided herein in order to effectuate the "Waivers and Consents" all as described in the Consent Statement dated July 12, 2024

Payment of the above-referenced New Hope Cultural Education Facilities Finance Corporation Retirement Facility Revenue Bonds (MRC Senior Living – The Langford Project) Series 2016A (the "Bonds") is secured by a promissory note issued by MRC Senior Living, a Texas nonprofit corporation (the "Obligated Group Representative"), pursuant to the Master Trust Indenture and Security Agreement dated as of October 1, 2016, as supplemented (the "Master Indenture"), between the Obligated Group Representative and UMB Bank, N.A., as master trustee (the "Master Trustee"). All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Master Indenture.

The Bonds were issued pursuant to an Indenture of Trust, dated as of October 1, 2016 between New Hope Cultural Education Facilities Finance Corporation (the "Issuer") and UMB Bank, N.A., as bond trustee (the "Bond Trustee").

Subject to the terms and conditions set forth in this Consent Solicitation Statement (as it may be amended or supplemented from time to time, this "Consent Statement"), the Obligated Group Representative hereby solicits (the "Solicitation") the beneficial owners of the Bonds (the "Bondholders") as of the Record Date of July 11, 2024 (the "Record Date") to approve or reject the waiver and consent as described below.

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[1] ** CUSIP® is a registered trademark of the American Bankers Association (the "ABA"). CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the ABA by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of the holders of the Bonds. CUSIP numbers have been assigned by an independent company not affiliated with the Obligated Group Representative and are included solely for the convenience of the holders of the Bonds. The Obligated Group Representative is not responsible for the selection or use of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for Bonds bearing interest at any rate is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of such Bonds.

If the Obligated Group Representative receives the Waiver and Consent (as described below) from a majority of Bondholders on or prior to the Consent Expiration Date, the Obligated Group Representative will deem itself to have obtained the waiver and consent. **All consents are irrevocable upon submission to and acceptance by Globic Advisors, as Information and Tabulation Agent (the "Information and Tabulation Agent") and may not be withdrawn.**

BACKGROUND

Upon completion of the audit for MRC Langford for the year ended 12/31/2023, the resulting Historical Debt Service Coverage Ratio ("DSCR") and Days Cash on Hand ("DCOH") will be 0.20 and 26, respectively; *both below the required 1.2 for DSCR and 180 for DCOH.* As more fully detailed in Exhibit A, the accompanying waiver request is based on management's opinion that the violations are temporary and solely caused by the building issues at the community.

Bondholders are entitled to the benefit of the covenants set forth in the Master Indenture.

Rate Covenant. Section 4.11 of the Master Indenture (the "Rate Covenant") provides in relevant part that if the Historical Debt Service Coverage Ratio of the Obligated Group for any year is less than 1.20:1, the Obligated Group Representative, at the Obligated Group's expense, shall select a Consultant to make recommendations with respect to the rates, fees and charges of the Members and the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase such Historical Debt Service Coverage Ratio to at least 1.20:1 for the following Fiscal Year.

The Rate Covenant further provides that if the Obligated Group fails to achieve a Historical Debt Service Coverage Ratio of at least 1.00:1 for any Fiscal Year, such failure shall constitute and Event of Default under the Master Indenture.

The Obligated Group Representative has advised that the Obligated Group's Historical Debt Service Coverage Ratio for the Obligated Group was 0.2 the Fiscal Year ended December 31, 2023.

Liquidity Covenant. Section 4.20 of the Master Indenture (the "Liquidity Covenant") states that the Obligated Group will calculate the Days Cash on Hand or the Cash to Indebtedness Ratio of the Obligated Group as of June 30 and December 31 of each Fiscal Year (each such date being a "Testing Date"), commencing with June 30 in the Initial Testing Period. The Obligated Group shall deliver an Officer's Certificate setting forth such calculation as of June 30 to the Master Trustee not less than 45 days after such June 30, and include such calculation as of December 31 in the Officer's Certificate delivered pursuant to Section 4.15 of the Master Indenture.

The Liquidity Covenant further provides that on each Testing Date the Obligated Group shall have (a) no less than 180 Days Cash on Hand and (b) a Cash to Indebtedness Ratio of (i) no less than 0.25:1 on each of the first two Testing Dates, (ii) no less than 0.275:1 for the next two following Testing Dates, and (iii) no less than 0.30:1 on each Testing Date thereafter.

The Obligated Group Representative has advised that the Obligated Group's Days Cash on Hand as of June 30, 2023 and December 31, 2023, were 88 days and 26 days, respectively. The Obligated Group did not satisfy the Liquidity Covenant for the June 30, 2023 and December 31, 2023 Testing Dates.

REQUEST FOR WAIVER AND CONSENT

The Obligated Group Representative is requesting Record Date Bondholders to provide their Waiver and Consent as follows:

i. The Record Date Bondholder hereby consents to a waiver of the requirement for the Obligated Group to retain a Consultant in order to make such recommendations as required by Section 4.11(b) of the Master Indenture and the preparation or filing of any Consultant's report in connection with the failure to comply with the *Rate Covenant*, consents to the waiver of the Obligated Group's failure to achieve a Historical Debt Service Coverage Ratio of at least 1.00:1 for the Fiscal Year ended December 1, 2023, and

ii. The Record Date Bondholder hereby further consents to the waiver of the Obligated Group's failure to satisfy the *Liquidity Covenant* for the Testing Dates on June 30, 2023 and December 31, 2023. Attached hereto as Exhibit A is a management report relating to the failure to comply with the Rate Covenant and the Liquidity Covenant

The Bond Trustee and the Master Trustee are each entitled to rely upon the acknowledgments and agreements contained in this Waiver and Consent in the conduct of their respective affairs under the Bond Indenture and the Master Indenture, respectively.

How to Consent

Any Bondholder wishing to provide their consent as requested above or reject such request may direct their respective direct or indirect custodial representative (each, a "DTC Participant") to execute a Master Consent (forms of which are being provided separately to the DTC Participants by the Information and Tabulation Agent) on such Bondholder's behalf and cause such Master Consent to be delivered to the Information and Tabulation Agent no later than the Consent Expiration Date.

Each DTC Participant has been authorized, by DTC's Omnibus Proxy from DTC, to provide their client's instruction to approve or reject with respect to the CUSIP number(s) and principal amount of the Bonds specified at such DTC Participants' name in such Omnibus Proxy or DTC Security Position Report as of the Record Date, and constituting the principal amount of the Bonds shown as custodied by such DTC Participant on the books of DTC as of the Record Date.

The Information and Tabulation Agent will accept and record only properly executed Master Consents from those parties listed as a holder (generally, the DTC Participants) in the Omnibus Proxy or DTC Security Position Report as of the Record Date. If DTC or its nominee has authorized a proxy (a DTC Participant) to execute a Master Consent form, then the Master Consent form must be executed by the applicable DTC Participant. If any of the Bonds are not held by DTC or a DTC Participant, then the Master Consent must be executed in the name of the Bondholder. However, it is believed that all the Bonds are held by DTC or a DTC Participant.

The Bondholders' respective DTC Participant should deliver the executed Master Consent to the Information and Tabulation Agent no later than the Consent Expiration Date (or such later date to which the Information and Tabulation Agent, in its sole discretion, may extend such expiration), via e-mail to the following:

Globic Advisors
Attn: Robert Stevens
485 Madison Ave, 7th Floor, New York, NY 10022
Telephone: (212) 227-9622
Document Site: www.globic.com/mrcseniorliving
Email: rstevens@globic.com

All properly executed Master Consents will become irrevocable upon acceptance by the Information and Tabulation Agent.

Questions regarding the processing of your consent may be directed to Robert Stevens at 212-227-9622 or via e-mail at rstevens@globic.com. In order to ensure a timely response, all questions or requests for additional information must be received by the Information and Tabulation Agent no later than 5:00 pm EST on July 24, 2024.

The Obligated Group Representative expressly reserves the right to extend the Consent Expiration Date, from time to time, for such period(s) as it may determine in its sole discretion. The Solicitation may also be terminated by the Company, in its sole discretion, at any time prior to the Effective Date.

If this Consent Statement or any of the consent documents attached hereto are modified prior to the Consent Expiration Date in a manner determined by the Obligated Group Representative to constitute a material change to the terms of the Consent Solicitation, the Obligated Group Representative will promptly disseminate additional materials and, if necessary, in the Obligated Group Representative's sole discretion, extend the Consent Expiration Date.

Any such amendment or termination of the Solicitation, change to the Record Date, or extension of the Consent Expiration Date will be followed as promptly as practicable by written notice made available to the Bondholders on EMMA.

ALL OF THE INFORMATION, TERMS AND CONDITIONS RELATING TO THE CONSENT SOLICITATION ARE SET FORTH IN THIS CONSENT STATEMENT. YOU SHOULD READ THE DOCUMENT THOROUGHLY IN ORDER TO MAKE AN INFORMED DECISION REGARDING YOUR APPROVAL OR REJECTION OF THE WAIVER AND CONSENT.

Neither the Master Trustee nor the Information and Tabulation Agent, makes any recommendation as to whether the Bondholders should provide their approval or rejection. Each Bondholder must make its own decision as to whether or not to consent.

Nothing in this Consent Statement constitutes or pertains to an offer to purchase or sell any of the Bonds.

Dated: July 12, 2024

EXHIBIT A

THE LANGFORD
METHODIST RETIREMENT COMMUNITIES

MRC Langford – Management Report Regarding Covenant Violations at 12/31/2023

When the audit work is completed for MRC Langford for the year ended 12/31/2023, the resulting Historical Debt Service Coverage Ratio (DSCR) and Days Cash on Hand (DCOH) will be 0.20 and 26, respectively. These are well below the required 1.2 for DSCR and 180 for DCOH. The accompanying waiver request is based on management's opinion that the violations are temporary and solely caused by the building issues at the community.

Summary of Building Issues

Building issues have been explained in detail in quarterly reports posted to EMMA as well as on continuing disclosure calls. The issues are twofold: (1) foundation/parking level concrete shifting largely due to defective soil conditions, (2) structural issues partially related to the shifting of the foundation and partially related to defective design and construction of trusses and framing. Foundation/parking level concrete repairs (as well as soil replacement) commenced in September 2021 and were completed in late 2022. In regard to structural repairs, extensive engineering assessments led to the determination that residents needed to vacate their apartments for the repairs. Starting in March 2023, residents in the 72 IL apartments began temporarily relocating so repairs could be made. Since IL is composed of 3 identical buildings with 4 floors of 6 apartments, repairs were scheduled for one floor at a time. Completion of the repairs is expected by August 2024.

Effect of Building Issues on Langford Financials/Covenants

The building issues have had significant effect on both the DSCR and DCOH calculations. To help understand the effects, here is a summary of the costs incurred since 2021 plus projected costs through completion:

Repairs	$4,357,429
Legal/Consulting	1,878,000
Resident Relocation	989,000
Total Costs Incurred	$7,224,429

In regard to recoupment of these costs, $5.1 million in reimbursements have been negotiated to date with another $200,000-$300,000 of expected settlements to come. Therefore, the net loss of the building issues will be close to $2 million. Important to note is that these numbers represent cash used and do not include all credits given to residents as compensation for the inconvenience of relocating, nor do the numbers include cash lost from the opportunity to turnover entrance fees (EF). This opportunity was lost due to the fact that at any given time, 2-4 apartments have been kept vacant in order to have a place to relocate residents during repairs.

For the 2023 DSCR, net assets were reduced by $1.16 million for resident related costs and credits and net assets were reduced by another $606,000 for net loss of EF turnover (refunds were paid without the ability to offset with an incoming EF). These two factors are the main contributors to a DSCR of only 0.2. If the $1.16 were removed and the net loss on EF turnover is replaced with a conservative estimate of a $1.0 million gain (2022 EF turnover gain was $1.54 million), the resulting DSCR is 1.2.

It should also be noted that our auditors have determined that due to Generally Accepted Accounting Principles (GAAP) in regard to the treatment of the reimbursements, no credit toward the DSCR will be recognized through the receipt of the settlement payments.

For the 2023 DCOH, all cash outlays for repairs, resident relocation, etc. since the 2021 commencement of repairs should be considered. This calculates to approximately $4.0 million. Had Langford not used $4.0 million for these expenses, DCOH at year end 2023 would have been 200 days. It should be noted that settlement payments do count toward the DCOH calculation and by the end of the first quarter 2024 DCOH was up to 188.

<u>Conclusion</u>

MRC management's opinion is that the covenant violations are solely a function of the temporary conditions caused by the building repairs. The section above clearly demonstrates the adverse financial effects brought about by this temporary project. Furthermore, MRC management's opinion is that due to the temporary and unusual nature of Langford's circumstances, a consultant report would prove to have negligible value. Normal operations are not to blame for the violations. Langford has maintained an overall campus occupancy in excess of 95% in 2024. Additionally, the waiting list for IL is a very healthy 39 individuals or couples. The repairs will be done by August 2024 and management is confident that when this temporary situation is behind us, we can operate in such a way as to meet our covenants going forward. Having said that, the negative effects of the project will also leave 2024 with a low DSCR. However, there is plenty of cash to make debt service payments and by 2025 the campus will return to normal operations.