



Continuing Care Retirement Community (CCRC) Due Diligence Guide

A question set for evaluating financial stability, contract terms, care quality, and lifestyle fit

How to Use This Guide

Bring this list to every tour, and request written answers (not just verbal ones) wherever possible — especially for financial and contract questions. Before your first visit, ask the community to send its **Disclosure Statement** and **most recent 2–3 years of audited financial statements**, so you can review them ahead of time and come prepared with informed questions rather than general ones.

Sources referenced throughout: **CARF International** (the only accreditor of CCRCs/Life Plan Communities, via its CCRC Standards Manual and Financial Advisory Panel), state CCRC/insurance regulators (e.g., NC, PA, NH, TX departments of insurance), LeadingAge, elder law practitioners, and independent consumer guides such as myLifeSite.

1. Accreditation, Licensing & Oversight

- Is the community **CARF-accredited** under the CCRC Standards Manual? If not, why not, and has it ever pursued accreditation? (CARF is the only accrediting body specifically for CCRCs/Life Plan Communities, and accreditation signals an external, standards-based review of both operations and finances.)
- If accredited, when was the last survey, what was the term of accreditation awarded, and are there any outstanding conditions or required improvement plans?
- Which state agency regulates this CCRC (Department of Insurance, Division of Aging, etc.), and can you provide the most recent **annual disclosure statement** filed with that regulator?
- Does your state actually regulate CCRCs? (Roughly a dozen states have no CCRC-specific regulatory structure at all, so oversight — and your own diligence — matters more there.)

- Is the community licensed for each level of care it claims to offer (independent living, assisted living, memory care, skilled nursing), and are those licenses current and unrestricted?
- Has the community had any state survey deficiencies, sanctions, consent orders, or corrective action plans in the last 3–5 years? Can you see the most recent survey results?
- Is there any active or recent litigation involving the community — related to entrance-fee refunds, level-of-care transfers, fee increases, or resident care? What was the outcome or status?

2. Financial Stability of the Organization

This is the area independent experts say is most often overlooked — several CCRCs nationally have filed for bankruptcy over the past two decades, leaving residents fighting to recover entrance fees.

- Can I have **3–5 years of audited financial statements**, and will you walk me through them (or allow my own accountant/financial advisor to review them)?
- What is the current **occupancy rate** across independent living, assisted living, and skilled nursing? (Experts flag occupancy below 85% as a caution sign in an established community; some communities that later failed were operating in the 60–70% range.)
- Does operating income consistently cover operating expenses, or does the community rely heavily on amortized entrance fees or investment income to cover day-to-day operations? A pattern of expenses exceeding operating revenue is a warning sign.
- What are your **cash and investment reserves**, and do they cover at least six months of operating expenses?
- What is the community's total outstanding debt, and what are the key debt covenants or ratios (debt service coverage ratio, days cash on hand)? Are you in compliance with all bond/loan covenants?
- Are there any "waiver of default" or "forbearance agreement" notes in the footnotes of the financial statements? (These signal active negotiations with creditors.)
- What is the entrance-fee-to-debt ratio, and how dependent is the organization on new entrance fees to fund current operations or debt service?
- Is the organization for-profit or nonprofit, and is it independent or part of a multi-facility system/chain? If part of a system, how are finances structured between the local community and the parent organization, and could a merger, sale, or parent-level financial trouble affect this specific campus?
- Has the community ever missed a bond payment, restructured debt, or gone through bankruptcy or receivership?

- What is the community's credit rating (if any), and has it changed in recent years? Ask whether an actuarial study of the continuing-care obligations has been performed, and request a summary of its findings.
- Is there a **benevolence or endowment fund** to assist residents who outlive their financial resources through no fault of their own? How is it funded, how often has it been used, and under what conditions could support be denied or reduced?
- How many years has current executive leadership (CEO/Executive Director, CFO) been in place, and has there been high turnover at that level recently?

3. Entrance Fee, Contract Type & Refund Terms

- What **contract type** is offered — Type A (extensive/Life Care), Type B (modified), Type C (fee-for-service), or Type D (rental, no entrance fee)? What exactly does this determine about how much my monthly fee could rise if I need higher levels of care?
- What is the entrance fee for the unit I'm considering, and exactly what does it cover?
- What refund plan applies — 0%, 50%, 90%, or another percentage — and under what conditions is it paid out (death, move-out, resale of the unit)?
- Is there a waiting period or a requirement that my unit be re-occupied before any refund is paid? How long has that taken historically?
- Because residents are typically **unsecured general creditors** of the CCRC, entrance-fee refunds are only paid if the community's finances are sufficient after secured creditors (banks, bondholders) are satisfied. Ask directly: in a financial distress scenario, where would resident refund claims rank against other obligations?
- Is any portion of the entrance fee or monthly fee tax-deductible as a prepaid medical expense? Can you provide the annual statement showing the deductible percentage? (This varies by contract and community — verify with your own tax advisor.)
- What is the current monthly fee for my unit, and what has the **annual increase** been for each of the last 5–10 years? How does that compare to general inflation over the same period?
- Is any current monthly fee being subsidized or discounted as a marketing incentive? What will the true, unsubsidized monthly fee be once any promotional period ends?
- What triggers additional charges beyond the standard monthly fee (a second person moving in, higher care levels, extra services)?
- What happens to my monthly fee, and my spouse's, if one of us needs to transfer to assisted living or skilled nursing while the other remains in independent living?
- Under what circumstances can the community terminate my contract, and what notice and appeal rights do I have?
- Is there a rescission or "free-look" period after signing during which I can cancel and receive a refund?

4. Continuum of Care & Health Services

- What levels of care are available on campus (independent living, assisted living, memory care, skilled nursing, rehabilitation), and is priority access guaranteed to current residents, or is there a waitlist?
- What is the guaranteed nurse and caregiver staffing ratio at each level of care, and how does it compare to state minimums?
- What is staff turnover like, particularly among direct caregivers and nursing staff?
- Does the community accept Medicare and Medicaid at the skilled nursing level? If my funds are exhausted, will the community continue to care for me, and under what terms (this is often promised informally in marketing but may not be guaranteed in the contract — check the actual language)?
- Is there a dedicated memory care program, and what specialized training do staff receive?
- What is the process (clinical assessment, appeals) for determining when a resident must transition to a higher level of care?
- Are physicians, nurse practitioners, therapy services, and pharmacy services available on-site, and how is emergency care handled after hours?
- Is CARF's Person-centered Long-Term Care Community or Dementia Care Specialty accreditation held for the nursing/memory care components specifically?

5. Lifestyle, Amenities & Quality of Life

- What is a typical week's activity calendar, and how much is resident-led versus staff-programmed?
- What dining options exist (number of venues, meal plan structure, guest meals), and can I try a meal before committing?
- What are the housekeeping, maintenance, and transportation services included in the monthly fee versus billed separately?
- What fitness, wellness, and continuing-education programs are available?
- What are the pet policies?
- How are common spaces, grounds, and units maintained — is there a capital reserve and reinvestment plan for renovations, and when was the campus last updated?
- What is the average resident tenure, and what is the current resident age range/profile?
- Can I speak with current residents directly (without staff present) about their honest experience — the good and the frustrating?
- Is there an active, independent **Resident Council** or association with real input into community decisions (dining, activities, fee discussions)?
- How does the community handle a situation where my spouse needs a different level of care than I do — can we remain on the same campus, and at what cost?

6. Governance, Leadership & Culture

- Who sits on the governing board, and what relevant expertise (finance, healthcare, elder services) do board members bring?
- How often does the board meet with residents or the resident council, and is there resident representation in governance?
- What is the community's philosophy on transparency — will management proactively share financial performance and material changes with residents, or only on request?
- Has the community undergone, or is it discussing, a merger, acquisition, or affiliation with another organization? What protections exist for residents if that happens?

7. Legal & Contract Review

- Request the full **residency/entrance agreement**, not just marketing summaries, and have an elder law attorney review it before signing — the actual contract terms often differ meaningfully from marketing materials, especially at newer or still-under-construction communities.
- If the community is not yet fully built out, what happens to my entrance fee and my rights if construction stalls or the project isn't completed?
- What arbitration or dispute-resolution clauses are in the contract, and do they limit my right to sue?
- What are my rights and the community's obligations if I want to leave voluntarily after moving in?

Red Flags Checklist

Treat any of the following as a signal to dig deeper or consult a professional advisor before proceeding:

- Occupancy consistently below 85% (outside of a newly opened community still filling up)
- Operating expenses regularly exceeding operating revenue
- Heavy reliance on investment income or new entrance fees to cover operations
- Reserves below roughly six months of operating expenses
- Mentions of "forbearance," "waiver of default," or covenant violations in financial statement footnotes
- Reluctance or delay in providing audited financials, the disclosure statement, or the actual contract
- High turnover in executive leadership or direct care staff

- A pattern of monthly fee increases well above general inflation
 - Active litigation concerning refunds, transfers, or fee increases
 - No clear answer about what happens if your entrance fee is exhausted before you no longer need higher-level care
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Suggested Professional Support

- **Elder law attorney** — to review the entrance agreement/contract and refund terms
 - **Accountant or financial advisor** — to review audited financials, occupancy trends, and debt ratios, and to model whether your assets and income can sustain both the entrance fee and rising monthly fees over a 10–20+ year horizon
 - **Financial advisor familiar with CCRC actuarial studies** — some communities commission independent actuarial reviews of their long-term obligations; ask to see the summary
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Key Sources Referenced

- CARF International, Aging Services / CCRC accreditation program — carf.org/accreditation/programs/aging-services/
- State CCRC regulators (e.g., North Carolina Department of Insurance, Pennsylvania Department of Insurance, New Hampshire Insurance Department, Texas Department of Insurance)
- LeadingAge
- myLifeSite (consumer education on CCRC regulation and disclosure statements)
- Elder law commentary on CCRC financial, legal, and social due diligence