



An  LCS Company

LCS Equity Communities Sales Incentives Approval Process

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Policy: All sales incentives offered at a community need to be approved and properly accounted for from a financial and compliance perspective.

Purpose: The purpose of this policy is to ensure consistency, provide controls and the appropriate review/input for implementing sales incentives. This policy will establish a process that will achieve this objective.

Process: **Incentives that Impact Expenses**
Sales incentives that impact expenses (are not associated with the reduction of the Entrance Fees or Monthly Services Fees) must be recommended by the Executive Director (when applicable) and LCS Marketing and Sales representative with approval from the Director of Operations Management or Project Development Manager. To the extent possible, these incentives should be incorporated into the operating budget or capital cost budget and marketing plan and budget.

Incentives that Impact Entrance Fees or Monthly Service Fees

1. A proposed incentive plan is presented by the marketing staff, development staff, or community staff to the SVP Director of Marketing & Sales. The SVP Director of Marketing & Sales, or an appointed marketing staff person, will communicate and discuss the proposal with the following positions to obtain preliminary input and agreement:

- 1.1 Executive Director, Director of Operations Management, Project Development Manager, SVP Director of Development, and the VP of Equity Communities
- 1.2 Finance Manager, Equity Communities Financial analysis of incentives including impact on cash flow, bank covenants and capital cost budget
- 1.3 Compliance Coordinator or Compliance Manager will advise regarding the need for any regulatory approvals or notifications required. The Compliance Coordinator or Compliance Manager will coordinate this need in coordination with the Sr. VP Director of Marketing and Sales

- 1.4 Development Finance Manager Review of proposed incentives to assure compliance with existing financing agreements. The Development Finance Manager will also advise and facilitate bank/lender approval in coordination with the Sr. VP Director of Marketing and Sales.
2. Using input from the above groups, the SVP Director of Marketing & Sales will finalize the proposal and present a recommendation to the Equity Communities Committee, either by email or through a meeting, whatever is timely. In any case, the marketing staff will receive feedback within 5 business days of submission to the SVP Director of Marketing & Sales.
3. Once approval is given by the Equity Communities Committee, the SVP Director of Marketing & Sales will confirm approval to the associated community team. The Sr. VP Director of Marketing and Sales will also facilitate receipt and confirmation of partner approval, when necessary. The LCS MS representative will outline the incentive in detail and will communicate in writing the approved incentive to the Compliance Manager/Coordinator and the Corporate Legal Manager. The Compliance Manager/Coordinator and the Corporate Legal Manager will prepare necessary documentation to finalize the process.
4. An overview of the incentive, including instructions will be provided to the community personnel by the LCS MS representative assigned to the community. The instructions for use of the sales incentive will include:
 - 4.1 Specifics on how to complete the addendum/amendment or letter of understanding
 - 4.2 Outline any restrictions or special directions
5. A copy of the addendum, amendment, or letter of understanding and resolution will be distributed by the Compliance Manager/Coordinator to the marketing staff, Executive Director, Director of Operations Management, Project Development Manager, SVP Director of Development, SVP Director of Marketing and Sales, VP of Equity Communities, Compliance Manager (when distribution is coordinated by the Compliance Coordinator), Corporate Legal Manager, Development Finance Manager and Finance Manager, Equity Communities. At this time the Corporate Legal Manager will facilitate the approval of the resolution to be included in the entity minute book.

6. Each inter-disciplinary role will be responsible for internal department communication, for example: Finance Manager, Equity Communities will follow up with the Accounting Manager, Executive Director and community accounting director to establish the financial tracking process associated with the sales incentives.
7. To the extent possible, these incentives should be incorporated into the operating budget or capital cost budget and marketing plan and budget.

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