
THE REUTLINGER COMMUNITY
APPLICATION FOR ATTORNEY
GENERAL CONSENT
PURSUANT TO CAL. CORP. CODE
SEC. 5920. ET SEQ.

TITLE 11, CALIFORNIA, ADMIN. CODE
SEC. 999.5(d)

BINDER 1 OF 3
Sections (1) – (2)

Title 11, California Admin. Code, § 999.5(d)(1)

DESCRIPTION OF THE TRANSACTION

Title 11, Cal. Admin. Code, § 999.5(d)(1)(A)

Full Description of the Proposed Agreement and Transaction

The Reutlinger Community

Affiliation Agreement

Parties

The Reutlinger Community (“Reutlinger” or “Applicant”) is a California nonprofit public benefit corporation that owns and operates a single continuing care retirement community and skilled nursing facility located in Danville, California (the “Reutlinger Facility”). The Reutlinger Facility includes a 60-bed skilled nursing facility licensed by the California Department of Public Health, as well as 120-bed residential care facility for the elderly (“RCFE”), including assisted living and memory care, licensed by the California Department of Social Services.

Eskaton is California nonprofit public benefit corporation that owns and operates multiple independent living and continuing care retirement communities, residential care facilities for the elderly and skilled nursing facilities located throughout Northern California (collectively, referred to herein as the “Eskaton Facilities”). Together with its affiliates, Eskaton is referred to herein collectively as “Eskaton.”

Overview of the Transaction – Affiliation Agreement

The proposed transaction involves an affiliation between Reutlinger and Eskaton (the “Parties”), two nonprofit corporations with similar missions to provide health care, including continuing care retirement services and skilled nursing facility services, to the residents and patients of their respective facilities.

The proposed affiliation is expected to allow the Parties to combine their resources and expand their respective missions, while also maintaining Reutlinger’s Jewish heritage and cultural values. The affiliation is further expected to allow Reutlinger to preserve its mission and core business, provide Reutlinger with the resources, strength and scale to expand services for community residents and increase its presence in the East Bay of California, and ensure Reutlinger’s future as a provider of mission-based quality services.

As a result of the proposed affiliation, Eskaton is to become the sole member of Reutlinger and the Parties would make various commitments with respect to the preservation of Reutlinger’s Jewish heritage and ideals, the provision of financial and operational support to Reutlinger, including access to capital (as specified in the proposed affiliation agreement), and the future governance of Reutlinger.

The proposed affiliation will not involve any sale, transfer, merger or other disposition of any of the assets of Reutlinger. Moreover, the proposed affiliation will not change or revise the existing charitable purposes of either of the Parties, but rather will enable them to better carry out their charitable missions, as described further in this Application.

The proposed affiliation would be accomplished through a single agreement called an Affiliation Agreement, the key terms of which are summarized below.

Summary of the Affiliation Agreement

Amendment of Reutlinger Structure

- Reutlinger remains in existence as a California nonprofit public benefit corporation and becomes an affiliate of Eskaton.
- Eskaton, or an affiliate of Eskaton approved by Reutlinger, becomes the sole member of Reutlinger.
- The Board of Directors of Reutlinger becomes identical to the Board of Directors of Eskaton.

Amendment of Eskaton Structure

- Eskaton remains in existence as a California nonprofit public benefit corporation.
- Eskaton, subject to the terms of the Agreement, shall provide for a director to Eskaton's Board of Directors who shall be nominated by Reutlinger's Board of Directors (the "Reutlinger Designee") for a three-year term.
- Upon the death, incapacity, resignation, removal or term limit of the Reutlinger Designee for any reason, the right to nominate his or her replacement, will be vested in a committee consisting of between three (3) and five (5) persons, each of whom shall serve until they elect to resign or are unable to serve due to death or incapacity (the "Commitment Committee"). Thereafter, the Commitment Committee shall be self-perpetuating, with the remaining members of the Commitment Committee selecting the persons to fill vacancies on the Commitment Committee. The initial members of the Commitment Committee shall be Craig Judson, Marc Usatin, Jordan Rose and up to two (2) additional persons as they may designate.
- The Reutlinger Designee shall have all of the rights, powers duties and obligations of a member of Eskaton's Board of Directors, including, but not limited to, the right to vote.

Preservation of Reutlinger

- The Agreement requires the Parties to preserve the name and identity of Reutlinger as a skilled nursing and residential care facility with a commitment to the Jewish values, policies and practices that have defined Reutlinger.¹ In order to achieve the foregoing, the Affiliation Agreement sets forth (without limitation) the following

¹ The final section of this Application specifically addresses the effects of the proposed transaction on the availability and accessibility of cultural interests provided by the Reutlinger facility in the affected community. See Cal. Corp. Code § 5923(j).

obligations of the Parties:

- Reutlinger's mission statement, its written policies and its practices specifically designed to preserve Jewish values and practices, as in effect on the Closing Date, shall be maintained, and no material modification to such mission statement, written policies or practices may be made without the prior written consent of the Reutlinger Designee. The policies and practices to be maintained include, without limitation, Reutlinger's policies with respect its Residents' Assistance Fund and those respecting Holocaust Survivors.
- The Parties will continue to operate the Reutlinger facility under the name "The Reutlinger Community." A change affecting such operating name shall only be made with the prior written consent of the Reutlinger Designee, which consent may be granted or withheld in the sole and absolute discretion of the Reutlinger Designee.
- The Parties will honor the intent of and any restrictions imposed on any philanthropic gifts donated to Reutlinger.
- During the five year period following the Closing Date:
 - (i) Reutlinger shall not, and Eskaton shall not cause Reutlinger to, distribute or otherwise transfer Reutlinger funds or assets to Eskaton or any of Eskaton's affiliates;²
 - (ii) the Parties will not sell, transfer, dispose of or otherwise change control of Reutlinger; and
 - (iii) the Parties will cause the principal business and operations of Reutlinger to be conducted at the Reutlinger facility in a manner substantially similar to that conducted by Reutlinger immediately prior to the Closing Date and as specified in the Affiliation Agreement.³
- A breach of any of Reutlinger's or Eskaton's obligations regarding the preservation of Reutlinger shall be enforceable by the Reutlinger Designee or the Commitment Committee, as applicable, which shall be afforded

² Even after the five-year period specified in the Affiliation Agreement, Reutlinger's assets will remain impressed with a charitable trust, and are to be used for the specific charitable purposes outlined in Reutlinger's governance documents. Moreover, the disposition of all, or substantially all, of Reutlinger's assets after the five-year period would require consent of the California Attorney General (in accordance with the same laws pursuant to which Reutlinger's application for consent has been submitted).

³ After the end of such five year period, the Parties may relocate the principal business and operations of Reutlinger to another comparable facility located in the East Bay of the San Francisco Bay Area, provided that all of the then-residents of Reutlinger are provided comparable accommodations and services at comparable costs at such new facility and such new facility is operated as specified in the Affiliation Agreement.

reasonable access to all information that is reasonably necessary for it to carry out its duties and responsibilities, as specified in the Agreement.

Reutlinger's CAPEX Plan

- Eskaton has agreed to expend its own capital (to the extent Reutlinger's capital is insufficient and in an amount not to exceed \$5,000,000) to honor all of Reutlinger's obligations and to carry out the capital expenditures contemplated in Reutlinger's CAPEX Plan and Capital Reserve Study as in effect on the Closing Date. A copy of Reutlinger's CAPEX Plan and Capital Reserve Study is attached to the Affiliation Agreement as Exhibit 1.4(b).

Assets and Liabilities Retained by Reutlinger

- All assets and liabilities of Reutlinger remain the assets and liabilities of Reutlinger after the Closing Date, except to the extent the Parties otherwise agree in writing.
- Reutlinger shall not, and Eskaton shall not cause Reutlinger to, distribute or otherwise transfer Reutlinger funds or assets to Eskaton or any of its affiliates during the five year period following the Closing Date.

Assets and Liabilities Retained by Eskaton

- All assets and liabilities of Eskaton remain the assets and liabilities of Eskaton after the Closing Date, except to the extent the Parties otherwise agree in writing.

Employees

Because Reutlinger will continue as a nonprofit corporation following the close of the proposed affiliation, all collective bargaining agreements at the Reutlinger Facility will remain in full force and effect. In addition, the intent of the Parties is that the staff of Reutlinger will remain the same immediately before and after the closing of the proposed affiliation, except that certain management positions will be eliminated to the extent that they are redundant with services provided under Eskaton's management structure, and that staffing may be adjusted to meet the needs of residents as required by applicable regulations.

Title 11, Cal. Admin. Code, § 999.5(d)(1)(B)

Complete Copy of the Proposed Agreement

A complete copy of the executed Affiliation Agreement between Reutlinger and Eskaton concerning the Proposed Transaction is attached hereto.

AFFILIATION AGREEMENT
BETWEEN
ESKATON
AND
THE REUTLINGER COMMUNITY

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EXHIBITS:

- Exhibit 1.2** Reutlinger Articles and Bylaws
- Exhibit 1.4(a)** Reutlinger's Jewish Values, Practices and Policies
- Exhibit 1.4(b)** Reutlinger CAPEX Plan and Capital Reserve Study
- Exhibit 1.5** Eskaton Management Agreement
- Exhibit 2.3(d)** Opinion of Meyers Nave

AFFILIATION AGREEMENT

THIS AFFILIATION AGREEMENT (this "Agreement") is entered into as of this 11th day of September, 2019 ("Effective Date"), by and between Eskaton ("Eskaton") and The Reutlinger Community ("Reutlinger"), each of which is a California nonprofit public benefit corporation, (collectively, the "Parties").

RECITALS

WHEREAS, Eskaton owns and operates independent living and continuing care retirement communities, residential care facilities for the elderly, and skilled nursing facilities (collectively referred to herein as the "Eskaton Facilities");

WHEREAS, Reutlinger owns and operates a continuing care retirement community and skilled nursing facility located in Danville, California (the "Reutlinger Facilities");

WHEREAS, the Parties desire to affiliate in order to expand their respective missions, permit them to continue to deliver services in their respective areas of expertise, and permit the vertical integration of corporate support functions; and

WHEREAS, the Parties desire to accomplish the affiliation by, among other things, entering into a transaction pursuant to which Eskaton shall become the sole member of Reutlinger and the Parties will make various commitments and undertakings as described herein with respect to the governance of Reutlinger and certain financial and operational support of Reutlinger (the "Transaction"), and the conduct of Reutlinger's business operations going forward (the "Affiliation");

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE I AFFILIATION FORMATION AND STRUCTURE

Section 1.1 Affiliation Transaction. The Parties shall take such actions, and enter into such transactions, as are more fully set forth in this Agreement to enter into and establish the Affiliation effective as of the Closing Date. With respect to amendments to the governing documents of Reutlinger and Eskaton provided for in this Agreement, the Parties shall model such changes so as, to the extent possible, to preclude any requirement that Eskaton hold either a Certificate of Authority or license as a Residential Care Facility for the Elderly for the Reutlinger Facilities.

Section 1.2 Amendment of Reutlinger Governing Documents.

(a) Effective on the Closing Date, Reutlinger shall adopt an amendment to its Articles of Incorporation ("Amended Reutlinger Articles") and Bylaws ("Amended Reutlinger Bylaws") substantially in the form attached hereto as **Exhibit 1.2**, which amendments shall, among other

things, (i) designate Eskaton, or an affiliate of Eskaton approved by Reutlinger, as its sole member, (ii) provide that the Directors of Reutlinger are identical to the Directors of Eskaton, including the Reutlinger Designee, described in **Section 1.3(b)** of this Agreement, and any person replacing the Reutlinger Designee from time to time and (iii) provide that a breach of any of Reutlinger's obligations pursuant to Section 1.4 shall be enforceable by the Reutlinger Designee or the Commitment Committee, as applicable, as a breach of a charitable trust under Section 5142 of the California Corporations Code.

(b) Effective as of the Closing Date, Reutlinger shall remain in existence as a California nonprofit public benefit corporation and an affiliate of Eskaton. All assets and liabilities of Reutlinger will remain the assets and liabilities of Reutlinger after closing of the Transaction, except to the extent the Parties agree in writing otherwise.

Section 1.3 Amendment of Eskaton Governing Documents.

(a) Effective as of the Closing Date, Eskaton shall remain in existence as a California nonprofit public benefit corporation.

(b) Effective on the Closing date and so long as Reutlinger remains a subsidiary of Eskaton, Eskaton shall, among other things, take such steps so as to (i) provide for a Director to the Eskaton Board who shall be nominated by the Board of Reutlinger as constituted immediately prior to the Closing of the Transaction (such designated Director and his or her replacement hereinafter are referred to as the "Reutlinger Designee") for a three-year term, subject to approval of the full Eskaton board, which approval shall not unreasonably be withheld, and subject to the limitation on successive terms applicable to all other Eskaton board members, (ii) provide that upon the death, incapacity, resignation, removal, or term limit of the Reutlinger Designee for any reason, the right to nominate his or her replacement, subject to the approval of the full Eskaton board, which approval shall not unreasonably be withheld, shall be vested in a committee established in accordance with Section 1.8 prior to the Closing Date (the "Commitment Committee") and (iii) provide that a breach of any of Eskaton's obligations pursuant to Section 1.4 shall be enforceable by the Reutlinger Designee or the Commitment Committee, as applicable, as a breach of a charitable trust under Section 5142 of the California Corporations Code. Notwithstanding anything in this Agreement or elsewhere to the contrary, Eskaton hereby approves Jordan Rose as the initial Reutlinger Designee.

Section 1.4 Additional Agreements

(a) Eskaton and Reutlinger will preserve the name and identity of Reutlinger as a skilled nursing and residential care facility with a commitment to the Jewish values, policies and practices that have defined Reutlinger since its inception. Reutlinger's mission statement, its written policies and its practices specifically designed to preserve Jewish values and practices, as in effect on the Closing Date, shall be maintained. Such policies and practices include (without limitation) the policies respecting the Residents' Assistance Fund and those respecting Holocaust Survivors. All of such policies and practices shall continue in full force and effect. No material modifications to said mission statement, written policies or practices may be made without the prior written consent of the Reutlinger Designee or the Commitment Committee, as applicable, which consent may be granted or withheld in the sole and absolute discretion of the Reutlinger Designee or the Commitment Committee, as applicable. The full text of the mission statement and a description of all such written

policies and the practices relating to Reutlinger's Jewish values are attached hereto as **Exhibit 1.4(a)**.

(b) Eskaton and Reutlinger agree that (i) Reutlinger shall (A) operate in the manner specified in this Agreement, including, but not limited to as specified in this Section 1.4 and (B) expend its own capital to honor all of its obligations and to carry out the capital expenditures contemplated in Reutlinger's CAPEX plan and capital reserve study as in effect on the Closing Date, a copy of which is attached hereto as **Exhibit 1.4(b)** (the "CapEx Plan"), (ii) Eskaton will not exercise any reserved power to impede or prevent the expenditure by Reutlinger of its own capital to honor all of its obligations and/or to carry out the capital expenditures contemplated in the CapEx Plan, (iii) Eskaton will expend its own capital (to the extent Reutlinger's is insufficient) to honor all of Reutlinger's obligations and to carry out the capital expenditures contemplated in the CapEx Plan, provided that such expenditures by Eskaton of its own capital over the five (5) year period following the Closing Date shall not be required by reason of the foregoing to exceed Five Million Dollars (\$5,000,000.00), (iv) Eskaton shall cause Reutlinger to be operated in the manner specified in this Agreement, including but not limited to as specified in this Section 1.4, and (v) Reutlinger shall not, and Eskaton shall not cause Reutlinger to, distribute or otherwise transfer Reutlinger funds or assets to Eskaton or any of its affiliates during the five (5) year period following the Closing Date.

(c) Eskaton and Reutlinger will continue to operate the Reutlinger Facilities under the name "The Reutlinger Community." A change affecting such operating name shall only be made with the prior written consent of the Reutlinger Designee, which consent may be granted or withheld in the sole and absolute discretion of the Reutlinger Designee.

(d) Eskaton and Reutlinger will honor the intent of and any restrictions imposed on any philanthropic gifts donated to Reutlinger.

(e) Neither Eskaton nor Reutlinger will sell, transfer, dispose of or otherwise change control of Reutlinger or its assets during the five (5) year period following the Closing Date.

(f) During the five (5) year period following the Closing Date, Eskaton and Reutlinger will cause the principal business and operations of Reutlinger to be conducted at the Reutlinger Facilities in a manner substantially similar to that conducted by Reutlinger immediately prior to the Closing Date and as specified in this Agreement, including but not limited to as specified in this Section 1.4. Eskaton and Reutlinger may, after the end of such 5-year period, relocate the principal business and operations of Reutlinger to another comparable facility located in the East Bay of the San Francisco Bay Area, provided that all of the then-residents of Reutlinger are provided comparable accommodations and services at comparable costs at such new facility and such new facility is operated as specified in this Agreement, including but not limited to as specified in this Section 1.4.

(g) If, at any time after the Closing Date, the Reutlinger Designee, or the Commitment Committee in the event that there is no Reutlinger Designee at such time for any reason (or no reason), determines that Eskaton and/or Reutlinger have breached their obligations and commitments described in this Section 1.4 (the "Fundamental Commitments"), then the Reutlinger Designee or the Commitment Committee, as applicable, shall provide written notice thereof to Eskaton and Reutlinger, describing in reasonable detail the nature of the alleged breach and other information

pertinent thereto (a "Breach Notice"). Upon receipt of a Breach Notice, representatives of Eskaton and Reutlinger, and the Reutlinger Designee or the Commitment Committee, as applicable, (along with their respective advisors) shall meet on a regular basis to discuss and resolve the alleged breach identified in the Breach Notice. If Eskaton and/or Reutlinger and the Reutlinger Designee or the Commitment Committee, as applicable, are unable to resolve the alleged breach by Eskaton and/or Reutlinger identified in the Breach Notice to the reasonable satisfaction of the Reutlinger Designee or the Commitment Committee, as applicable, within thirty (30) days of the delivery of the Breach Notice, then the Reutlinger Designee or the Commitment Committee, as applicable, may bring and pursue any lawsuit for equitable relief, or similar proceeding brought by, and at the election of, the Reutlinger Designee or the Commitment Committee, as applicable, pursuant to this Section 1.4(g) hereof in order to enforce one or more of the Fundamental Commitments (an "Enforcement Action"). In the event that equitable relief, or other expedited relief, is not sought or denied in respect of an Enforcement Action, then the parties shall engage in the arbitration procedures set forth in Section 15.10 of this Agreement to resolve such dispute. The Reutlinger Designee or the Commitment Committee, as applicable, shall have the exclusive right and authority to make any and all decisions with respect to the prosecution of such Enforcement Action, including the decision to engage or dismiss legal counsel representing the Reutlinger Designee or the Commitment Committee, as applicable, and Reutlinger in connection therewith and decisions to enter into settlement negotiations and to make and accept settlement offers with respect thereto. Eskaton and Reutlinger acknowledge and agree the Reutlinger Designee or the Commitment Committee, as applicable, has standing to assert and bring an Enforcement Action on behalf of Reutlinger.

(h) In the event that the Reutlinger Designee or the Commitment Committee, as applicable, incurs expenses following the submission of a Breach Notice to enforce the Fundamental Commitments, Eskaton shall be responsible for all expenses incurred by such person in connection therewith. As additional security for such obligation, Eskaton agrees to maintain a letter of credit in the amount of \$250,000, and to make such funds available to advance to the Reutlinger Designee or the Commitment Committee, as applicable, as and when required by such person following the submission of a Breach Notice to pursue the enforcement of such Fundamental Commitment. Upon each written request for funding of such expenses delivered by the Reutlinger Designee or the Commitment Committee, as applicable, (which shall be supported by invoices or other written documentation of such reasonable expenses) and subject to the aforementioned limitation, Eskaton shall either deposit the requested funds into a segregated bank account under the control of the Reutlinger Designee or the Commitment Committee, as applicable, within ten (10) days of such request or directly pay such expenses on behalf of such person as and when due. Notwithstanding anything in this Agreement or elsewhere to the contrary, there shall be no obligation on the part of Reutlinger, the Reutlinger Designee and/or the Commitment Committee to reimburse Eskaton for such funds advanced or paid by Eskaton in any dispute raised by it in respect of a Breach Notice in the event that the Reutlinger Designee or the Commitment Committee, as applicable, does not prevail in such dispute.

(i) Notwithstanding Section 1.4(j), the Reutlinger Designee and the Commitment Committee shall be afforded reasonable access to all information that is reasonably necessary for it to carry out its duties and responsibilities under this Section 1.4, and each of Eskaton and Reutlinger (as the case may be) shall provide or make available such information to the Reutlinger Designee and the Commitment Committee as is reasonably requested by such person to the extent such

information is available or reasonably accessible to such party. None of Eskaton, Reutlinger or their officers, directors or other agents will be deemed in violation of any agreement protecting the confidentiality of information as a result of providing information to the Reutlinger Designee or the Commitment Committee for proper purposes under this Section 1.4(i). Notwithstanding anything to the contrary, this Agreement and the organizational documents of Eskaton and Reutlinger shall not restrict the use or disclosure of any such information as may be necessary in connection with an Enforcement Action.

(j) For the avoidance of doubt, the Reutlinger Designee and the Commitment Committee are third party beneficiaries of this Agreement. Notwithstanding the foregoing or anything contained elsewhere in this Agreement to the contrary, including but not limited to Sections 1.2(a) or 1.3(b), the rights of the Commitment Committee, including the rights of enforcement hereunder, shall be effective only during, or with respect to legal actions or proceedings commenced during, such periods as there is no Reutlinger Designee. In the event of any conflict, whether expressed or implied, between the provisions of Section 1.4 and any other provision of this Agreement, including without limitation, Sections 4.23 and 15.10, the provision of this Section 1.4 shall in all cases control and prevail.

Section 1.5 Operational Management. After the Closing Date, all operations of Reutlinger shall be performed by and at the direction of the Board of Directors of Reutlinger, provided that certain operational tasks may be delegated to Eskaton or its affiliate pursuant to a written management agreement (the "Management Agreement") to be entered into between the Parties substantially in the form attached hereto as **Exhibit 1.5**, which agreement shall, among other things, (i) contain the same terms as all other management agreements between Eskaton and its subsidiaries; (ii) provide that donations to Reutlinger shall not be included in gross revenues for purposes of the calculation of management fees; (iii) provide that the Eskaton management fee shall be reduced to no less than four percent (4%) of gross revenue as necessary to cover any net operating margin deficit and any such fee reductions shall be considered advanced funds that may be recouped by Eskaton from any cumulative net operating margin surpluses of Reutlinger; (iv) provide that the aggregate amount of management fees received by Eskaton from Reutlinger shall be contributed as capital by Eskaton to Reutlinger, if and to the extent necessary, to satisfy or otherwise guarantee any Reutlinger liability or loss that impairs Reutlinger's ability to carry out the Fundamental Commitments and/or eliminate any cumulative net operating margin deficit; and (v) provide that the terms described in subclauses (i) through (iv) hereof shall not be amended without the consent of the Reutlinger Designee or the Commitment Committee, as applicable, and themselves shall be deemed Fundamental Commitments subject in all respects to the provisions of Section 1.4 hereof.

Section 1.6 Third Party Approvals; Further Assurances. Reutlinger and Eskaton agree to use their best efforts to obtain any and all necessary third party approvals or waivers, including approvals from the California Department of Social Services, the California Department of Public Health, and the California Attorney General's office. The Parties shall execute and deliver such documents and obtain such consents as are necessary to bring about the Affiliation set forth in this Agreement. The Parties shall cooperate reasonably with each other and with their respective representatives in connection with any steps required to be taken as part of their respective obligations under this Agreement, and shall (a) furnish upon request to each other such further information; (b) execute and deliver to each other such other documents; and (c) do such other acts

and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the Transaction.

Section 1.7 Reutlinger and Eskaton Assets.

(a) On the Closing Date, Reutlinger shall retain its right, title and interest in and to the Reutlinger Facilities and all rights, claims, property and assets, real, personal or mixed, tangible and intangible, of every kind and description whatsoever and wherever located, owned, leased or held by Reutlinger and related to the operation of the Reutlinger Facilities and any other business or businesses conducted by Reutlinger, including, without limitation, the following (collectively, the "Reutlinger Assets"):

(i) All of the real property, whether owned, under contract to acquire or leased by Reutlinger and used in, or necessary or intended for the operation of the Reutlinger Facilities and any other business or businesses conducted by Reutlinger, all of which is more particularly described in Schedule 1.7(a)(i) (collectively, the "Reutlinger Real Property"), including, without limitation, all buildings, structures, improvements, construction in progress and fixtures (collectively, the "Reutlinger Improvements") of every kind and nature now or hereafter located on the Reutlinger Real Property (the Reutlinger Real Property and the Reutlinger Improvements are hereinafter collectively referred to as the "Reutlinger Premises"), together with, if applicable, (1) all options, including options to purchase and renew, or other rights thereunder; (2) all right, title and interest of Reutlinger in and to any land in any adjacent streets, alleys, easements and rights-of-way; (3) all tenements, hereditaments, easements, privileges and appurtenances belonging to the Reutlinger Premises or any portion thereof, including without limitation all titles, estates, interests, licenses, agreements, air rights, water and canal rights, mineral rights, and all other rights at any time acquired by Reutlinger in and to any of the foregoing; and (4) all right, title and interest of Reutlinger in and to all leases, subleases, licenses, tenancies, agreements, contracts or grants of right made by Reutlinger or at any time granted or acquired by Reutlinger with respect to the Reutlinger Premises or any portion thereof.

(ii) All tangible personal property (the "Reutlinger Personal Property") of every kind and nature, comprising, located at, or used in or necessary or intended for the operation of or relating to the Reutlinger Facilities and any other business or businesses conducted by Reutlinger, whether owned or leased by Reutlinger, including without limitation all of the furniture, fixtures, equipment machinery, vehicles, owned or licensed computer systems, software and documentation thereof, whether or not attached to the Reutlinger Premises and whether located in the Reutlinger Premises or in transit to the Reutlinger Facilities.

(iii) All inventories of supplies, parts, pharmaceuticals, drugs, food and other disposables and consumables useable and on hand at the Reutlinger Facilities on the Closing Date (collectively, the "Reutlinger Inventory"), together with all rights of Reutlinger under express or implied warranties or guarantees from the suppliers of Reutlinger with respect to the Reutlinger Inventory.

(iv) The original or true and correct copies of all documents, books, records, forms and files relating to the Reutlinger Assets or the operation of the Reutlinger Facilities or the

operation of any other business or businesses conducted by Reutlinger, including, without limitation, the following:

- (1) All patient, resident and medical records and all other medical and financial information regarding patients and residents at the Reutlinger Facilities;
- (2) Patient and resident lists;
- (3) Correspondence from families, relatives, friends and interested parties for patients and residents entering the Reutlinger Facilities;
- (4) Employment and personnel records related to past and current employees of Reutlinger;
- (5) Personnel policies and manuals, electronic data processing materials, books of account, accounting books, financial records, journals and ledgers;
- (6) All of Reutlinger's budgets, accounting and financial data, business plans and projections, supplier lists, whether in paper or electronic form, correspondence, records, files and information regarding the operation, repair, maintenance, construction and renovation of the Reutlinger Premises, the mechanical, electrical and water systems at the Reutlinger Premises, as well as floor plans and other plans detailing the operation of the Reutlinger Premises, building and construction plans and specifications, building permits, zoning and land use approvals and variances, utility allocations and reservations, surveys, designs or drawings related to the operation or business of the Reutlinger Premises; and
- (7) All existing past and present reports from consultants dealing with services offered, admissions, medical records and patient processing, as well as posting documents concerning equal employment, affirmative action, wage and hour information and any and all documents pertaining to state and federal regulatory requirements.

(v) All intangible personal property of every kind and nature used in, derived from or necessary or intended for the operation of the Reutlinger Facilities and any other business or businesses conducted by Reutlinger, wherever located, including, without limitation, the following:

- (1) All accounts and accounts receivable generated by Reutlinger in connection with the business or operation of the Reutlinger Facilities, including without limitation all patient accounts receivable, and all security held by Reutlinger in relation thereto;
- (2) All cash on hand or in banks, all cash equivalents, certificates of deposit, securities, performance and other bonds, accounts, notes receivable and other evidence of indebtedness, advances, bank accounts, deposits, prepaid items, choses in action, lock boxes, post office boxes, safe deposit boxes and the contents thereof that are maintained for use in the conduct of business or which contain any Reutlinger Assets;
- (3) All proprietary rights, patents, trademarks, trade names, business names, all rights in internet web sites and internet domain names presently used by Reutlinger,

service marks, trade secrets and all applications and registrations therefor and licenses thereof, including, without limitation, all of Reutlinger's right, title and interest in and to the name "Reutlinger," all derivations and variations thereof, all logos with respect to the Reutlinger Assets and the Reutlinger Facilities, all copyrights, whether published or unpublished, including rights to prepare, reproduce and distribute copies, compilations and derivative works, and all other proprietary information, processes, formulas, technology, research and development, and intellectual property rights relating to or connected with the Reutlinger Assets or the operation of the Reutlinger Facilities;

(4) All telephone numbers and email addresses used in connection with the operation of the Reutlinger Facilities;

(5) All licenses, permits, certificates, franchises, registrations, authorizations, filings, consents, accreditations, approvals and other indicia of authority relating to business operations, renovation or construction on the Reutlinger Facilities (collectively, the "Reutlinger Licenses and Permits"), which Reutlinger Licenses and Permits, including the expiration dates thereof, if any, are listed on **Schedule 1.7(a)(v)(5)** hereto;

(6) All refunds, if any, pertaining to tax obligations of Reutlinger;

(7) All benefits, proceeds, or any other amounts payable under any policy of insurance maintained by Reutlinger with respect to the Reutlinger Assets;

(8) All deposits held by Reutlinger in connection with future services to be rendered by Reutlinger and all prepaid items and deposits held by third parties as of the Closing for the account of Reutlinger as security for Reutlinger's performance of its obligations, including, without limitation, deposits on Reutlinger Contracts and Reutlinger Leases and deposits for utilities with respect to the Reutlinger Premises;

(9) All rights or obligations of Reutlinger under all contracts, agreements, options, commitments, instruments and plans, oral or written, including contracts, agreements and instruments relating to the construction, renovation, ownership, servicing, maintenance, occupancy and operation of the Reutlinger Facilities, or the Reutlinger Assets, or any part thereof (collectively, the "Reutlinger Contracts") and all rights or obligations of Reutlinger under all real property leases and personal property leases (where appropriate the real property leases and personal property leases shall collectively be referred to as the "Reutlinger Leases"), which Reutlinger Contracts and Reutlinger Leases are listed in **Schedule 1.7(a)(v)(9)**;

(10) All rights or obligations under all contracts with residents residing in or having the right to occupy the Reutlinger Facilities;

(11) All technical and marketing information used in the operation of or relating to operations, including new developments, inventions, ideas and documentation thereof, and all claims or rights related thereto;

(12) Reutlinger's goodwill in connection with the Reutlinger Facilities and the Reutlinger Assets; and

(13) The rights of Reutlinger under all manufacturers' warranties and guarantees relating to the Reutlinger Assets.

(vi) All other assets, property, rights and claims of every kind, character or description, tangible and intangible, known or unknown, owned or leased by Reutlinger and used or held for use in the operation of the Reutlinger Facilities or any other business or businesses conducted by Reutlinger, and whether or not described on Reutlinger's financial statements, or in this Agreement.

(vii) All additions, substitutions, replacements, repossessions, and products of any of the Reutlinger Assets described above.

(b) On the Closing Date, Eskaton (which shall include, as applicable, its affiliated and subsidiary corporations other than Reutlinger) shall retain their respective right, title and interest in and to each and all of the Eskaton Facilities and all rights, claims, property and assets, real, personal or mixed, tangible and intangible, of every kind and description whatsoever and wherever located, owned, leased or held by Eskaton and related to the operation of the Eskaton Facilities and any other business or businesses conducted by Eskaton, including without limitation the following, but expressly excluding the Reutlinger Assets (collectively, the "Eskaton Assets"):

(i) All of the real property, whether owned, under contract to acquire or leased by Eskaton and used in, or necessary or intended for the operation of the Eskaton Facilities and any other business or businesses conducted by Eskaton, all of which is more particularly described in **Schedule 1.7(b)(i)** (collectively, the "Eskaton Real Property"), including, without limitation, all buildings, structures, improvements, construction in progress and fixtures (collectively, the "Eskaton Improvements") of every kind and nature now or hereafter located on the Eskaton Real Property (the Eskaton Real Property and the Eskaton Improvements are hereinafter collectively referred to as the "Eskaton Premises"), together with (1) all options, including options to purchase and renew, or other rights thereunder; (2) all right, title and interest of Eskaton in and to any land in any adjacent streets, alleys, easements and rights-of-way; (3) all tenements, hereditaments, easements, privileges and appurtenances belonging to the Eskaton Premises or any portion thereof, including without limitation all titles, estates, interests, licenses, agreements, air rights, water and canal rights, mineral rights, and all other rights at any time acquired by Eskaton in and to any of the foregoing; and (4) all right, title and interest of Eskaton in and to all leases, subleases, licenses, tenancies, agreements, contracts or grants of right made by Eskaton or at any time granted or acquired by Eskaton with respect to the Eskaton Premises or any portion thereof.

(ii) All tangible personal property (the "Eskaton Personal Property") of every kind and nature, comprising, located at, or used in or necessary or intended for the operation of or relating to the Eskaton Facilities, and any other business or businesses conducted by Eskaton, whether owned or leased by Eskaton, including without limitation all of the furniture, fixtures, equipment, machinery, vehicles owned or licensed computer systems, software and documentation thereof, whether or not attached to the Eskaton Premises and whether located in the Eskaton Premises or in transit to the Eskaton.

(iii) All inventories of supplies, parts, pharmaceuticals, drugs, food and other disposables and consumables useable and on hand at the Eskaton Facilities on the Closing Date

(collectively, the “Eskaton Inventory”), together with all rights of Eskaton under express or implied warranties or guarantees from the suppliers of Eskaton with respect to the Eskaton Inventory.

(iv) The original or true and correct copies of all documents, books, records, forms and files relating to the Eskaton Assets or the operation of the Eskaton Facilities or the operation of any other business or businesses conducted by Eskaton, including, without limitation, the following:

(1) All patient, resident and medical records and all other medical and financial information regarding patients at the Eskaton Facilities;

(2) Patient and resident lists;

(3) Correspondence from families, relatives, friends and interested parties for patients and residents entering the Eskaton Facilities;

(4) Employment and personnel records related to past and current employees of Eskaton;

(5) Personnel policies and manuals, electronic data processing materials, books of account, accounting books, financial records, journals and ledgers;

(6) All of Eskaton’s budgets, accounting and financial data, business plans and projections, supplier lists, whether in paper or electronic form, correspondence, records, files and information regarding the operation, repair, maintenance, construction and renovation of the Eskaton Premises, the mechanical, electrical and water systems at the Eskaton Premises, as well as floor plans and other plans detailing the operation of the Eskaton Premises, building and construction plans and specifications, building permits, zoning and land use approvals and variances, utility allocations and reservations, surveys, designs or drawings related to the operation or business of the Eskaton Premises; and

(7) All existing past and present reports from consultants dealing with services offered, admissions, medical records and patient processing, as well as posting documents concerning equal employment, affirmative action, wage and hour information and any and all documents pertaining to state and federal regulatory requirements.

(v) All intangible personal property of every kind and nature used in, derived from or necessary or intended for the operation of the Eskaton Facilities and any other business or businesses conducted by Eskaton, wherever located, including, without limitation, the following:

(1) All accounts and accounts receivable generated by Eskaton in connection with the business or operation of the Eskaton Facilities, including without limitation all patient accounts receivable, and all security held by Eskaton in relation thereto;

(2) All cash on hand or in banks, all cash equivalents, certificates of deposit, securities, performance and other bonds, accounts, notes receivable and other evidence of indebtedness, advances, bank accounts, deposits, prepaid items, choses in action, lock boxes, post

office boxes, safe deposit boxes and the contents there of that are maintained for use in the conduct of business or which contain any Eskaton Assets;

(3) All proprietary rights, patents, trademarks, trade names, business names, all rights in internet web sites and internet domain names presently used by Eskaton, service marks, trade secrets and all applications and registrations therefor and licenses thereof, including, without limitation, all of Eskaton's right, title and interest in and to the name "Eskaton," all derivations and variations thereof, all logos with respect to the Eskaton Assets and the Eskaton Facilities, all copyrights, whether published or unpublished, including rights to prepare, reproduce and distribute copies, compilations and derivative works, and all other proprietary information, processes, formulas, technology, research and development, and intellectual property rights relating to or connected with the Reutlinger Assets or the operation of the Eskaton Facilities;

(4) All telephone numbers and email addresses used in connection with the operation of the Eskaton Facilities;

(5) All licenses, permits, certificates, franchises, registrations, authorizations, filings, consents, accreditations, approvals and other indicia of authority relating to business operations, renovation or construction on the Eskaton Facilities (collectively, the "Eskaton Licenses and Permits"), which Eskaton Licenses and Permits, including the expiration dates therefor, if any, are listed on **Schedule 1.7(b)(v)(5)**;

(6) All refunds, if any, pertaining to tax obligations of Eskaton;

(7) All benefits, proceeds, or any other amounts payable under any policy of insurance maintained by Eskaton with respect to the Eskaton Assets;

(8) All deposits held by Eskaton in connection with future services to be rendered by Eskaton and all prepaid items and deposits held by third parties as of the Closing for the account of Eskaton as security for Eskaton's performance of its obligations, including, without limitation, deposits on Eskaton Contracts and Eskaton Leases and deposits for utilities with respect to the Eskaton Premises;

(9) All rights or obligations of Eskaton under all contracts, agreements, options, commitments, instruments and plans, oral or written, including contracts, agreements and instruments relating to the construction, renovation, ownership, servicing, maintenance, occupancy and operation of the Eskaton Facilities, or the Eskaton Assets, or any part thereof (collectively, the "Eskaton Contracts") and all rights or obligations of Eskaton under all real property leases and personal property leases (where appropriate the real property leases and personal property leases shall collectively be referred to as the "Eskaton Leases"), which Eskaton Contracts and Eskaton Leases are listed in **Schedule 1.7(b)(v)(9)**;

(10) All rights or obligations under all contracts with residents residing in or having the right to occupy the Eskaton Facilities;

(11) All technical and marketing information used in the operation of or relating to operations, including new developments, inventions, ideas and documentation thereof, and all claims or rights related thereto;

(12) Eskaton's goodwill in connection with the Eskaton Facilities and the Eskaton Assets; and

(13) The rights of Eskaton under all manufacturers' warranties and guarantees relating to the Eskaton Assets.

(vi) All other assets, property, rights and claims of every kind, character or description, tangible and intangible, known or unknown, owned or leased by Eskaton and used or held for use in the operation of the Eskaton Facilities or any other business or businesses conducted by Eskaton, and whether or not described on Eskaton's financial statements, or in this Agreement.

(vii) All additions, substitutions, replacements, repossessions, and products of any of the Eskaton Assets described above.

Section 1.8 Establishment and Role of the Commitment Committee.

(a) Composition of Commitment Committee. The Commitment Committee will consist of between three (3) and five (5) persons, each of whom shall serve until they elect to resign or are unable to serve due to death or incapacity. Thereafter, the Commitment Committee shall be self-perpetuating, with the remaining members of the Commitment Committee selecting the persons to fill vacancies on the Commitment Committee. The initial members of the Commitment Committee shall be Craig Judson, Marc Usatin, Jordan Rose and up to two (2) additional persons as they may designate.

(b) Voting. Any decision made or action taken by the Commitment Committee shall require the affirmative vote of a majority of the members of the Commitment Committee.

ARTICLE II CLOSING

Section 2.1 Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall be held on the date which is the latest to occur of (a) the fifth (5th) business day immediately following satisfaction of all conditions precedent to the Closing (or waiver by the party entitled to satisfaction thereof), and (b) such other date mutually agreed to by the parties (the "Closing Date"). The Closing shall be held on the Closing Date at the offices of Hanson Bridgett in San Francisco, California, at 10:00 a.m., local time, or on such other date, or at such other time and place, as the parties may agree upon in writing.

Section 2.2 Deliveries of Reutlinger. In addition to any other documents to be delivered under other provisions of this Agreement, at the Closing, Reutlinger shall execute and deliver (as applicable) all such deeds, endorsements, assignments, documents as shall be necessary to effect the Affiliation, including, but not limited to, the following (the "Reutlinger Closing Documents"):

(a) A certificate of the Secretary of Reutlinger certifying, as complete and accurate as of the Closing, attached copies of the governing documents, certifying and attaching all requisite resolutions or actions of Reutlinger's board of directors approving the execution and delivery of this Agreement and the consummation of the transactions contemplated thereby and certifying to the incumbency and signatures of the officers of Reutlinger executing this Agreement and any other document relating to the contemplated transactions and accompanied by the requisite documents for amending the relevant governing documents of Reutlinger required to effect such changes necessitated by this Agreement for filing with the appropriate governmental body.

(b) A certificate of the President or a Vice President of Reutlinger certifying that as of the Closing all of the representations and warranties by or on behalf of such party contained in this Agreement are true and correct in all respects and each and every covenant and agreement of each such party to be performed prior to or as of the Closing pursuant to this Agreement has been performed.

(c) Certificates of corporate existence and good standing of Reutlinger from its state of incorporation dated not more than three (3) business days prior to the Closing Date;

(d) A certificate of the President or a Vice President of Reutlinger certifying that all Eskaton and disclosures and schedules and exhibits are acceptable or waived.

(e) A certificate of the President or a Vice President of Reutlinger certifying that the due diligence is complete and the results thereof are acceptable.

(f) Such other certificates, affidavits, consents, approvals, instruments and documents as are necessary to effect the contemplated transactions.

Section 2.3 Deliveries of Eskaton. In addition to any other documents to be delivered under other provisions of this Agreement, at the Closing, Eskaton shall execute and deliver (as applicable) all such deeds, endorsements, assignments, documents as shall be necessary to effect the Affiliation, including, but not limited to, the following (the "Eskaton Closing Documents"):

(a) A certificate of the Secretary of Eskaton certifying, as complete and accurate as of the Closing, attached copies of the governing documents, certifying and attaching all requisite resolutions or actions of Eskaton's board of directors approving the execution and delivery of this Agreement and the consummation of the transactions contemplated thereby and certifying to the incumbency and signatures of the officers of Eskaton executing this Agreement and any other document relating to the contemplated transactions and accompanied by the requisite documents for amending the relevant governing documents of Eskaton required to effect such changes necessitated by this Agreement for filing with the appropriate governmental body.

(b) A certificate of the President or a Vice President of Eskaton certifying that as of the Closing all of the representations and warranties by or on behalf of such party contained in this Agreement are true and correct in all respects and each and every covenant and agreement of each such party to be performed prior to or as of the Closing pursuant to this Agreement has been performed.

(c) Certificates of corporate existence and good standing of Eskaton from its state of incorporation dated not more than three (3) business days prior to the Closing Date;

(d) The opinion of Meyers Nave, the designated Bond Counsel (“Eskaton Bond Counsel”) that nothing contemplated in the Agreement will cause any bonds or certificates of participation of Eskaton as described in and provided for in **Exhibit 2.3(d)** to become taxable, constitute an event of default or otherwise require them to be redeemed.

(e) A certificate of the President or a Vice President of Eskaton certifying that all Reutlinger disclosures and schedules and exhibits are acceptable or waived.

(f) A certificate of the President or a Vice President of Eskaton certifying that the due diligence is complete and the results thereof are acceptable.

(g) Such other certificates, affidavits, consents, approvals, instruments and documents as are necessary to effect the contemplated transactions.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF REUTLINGER

The truth, accuracy and completeness of the representations, warranties and covenants of each entity comprising Reutlinger contained in this Agreement shall, subject to Section 3.21, be conditions precedent to Eskaton’s obligation to close under this Agreement; provided, however, that Eskaton shall have no obligation to investigate the truth, accuracy or completeness of said representations, warranties and covenants. As an inducement to Eskaton to enter into this Agreement and to consummate the contemplated transactions, Reutlinger (which shall include, as applicable, its affiliated and subsidiary corporations) hereby jointly and severally represent, warrant and covenant to Eskaton as to the following matters as of the Effective Date. Except as otherwise supplemented or amended by the parties on or prior to the Closing Date in accordance with the terms of this Agreement, Reutlinger shall be deemed to remake all of the following representations, warranties and covenants as of the Closing Date:

Section 3.1 Organization and Power. Reutlinger is a non-profit public benefit corporation duly organized, validly existing and in good standing under the laws of the State of California, with power and authority to conduct the business in which each is engaged, to lease and own the properties leased or owned by it and to enter into and perform its obligations under this Agreement. Reutlinger is exempt from the payment of federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”), as a public charity described in Section 509(a)(2) or (3) of the Code. There is no actual or, to the Knowledge of Reutlinger based upon information and belief, any threatened challenge to the tax-exempt status of Reutlinger. Reutlinger does not have any affiliates or subsidiary(ies) except as disclosed in **Schedule 3.1**. For purposes of this Agreement, the term “Knowledge of Reutlinger” means the actual knowledge of Jay Zimmer, Reutlinger Chief Executive Officer, and Brian Morrow, Chief Financial Officer.

Section 3.2 Authorization. The execution and delivery of this Agreement and the Reutlinger Closing Documents by Reutlinger, and the performance by Reutlinger of its obligations under this Agreement and the Reutlinger Closing Documents have been duly authorized by all

necessary corporate action (including any necessary approval by the Reutlinger Board) on the part of Reutlinger. This Agreement and the Reutlinger Closing Documents have been or will be duly executed and delivered by each entity comprising Reutlinger, where applicable.

Section 3.3 No Violation. This Agreement is, and the Reutlinger Closing Documents will be, the lawful, valid and legally binding obligations of each entity comprising Reutlinger, enforceable in accordance with their respective terms. The execution and delivery of this Agreement and the Reutlinger Closing Documents by each entity comprising Reutlinger, and the consummation by Reutlinger of the contemplated transactions will not, with or without the giving of notice and/or the passage of time: (a) violate or conflict with the governing documents of any entity comprising Reutlinger, (b) conflict with or result in the breach or violation of any of the terms or conditions of, or create rights of acceleration or constitute a default under, any indenture, mortgage, deed of trust, instrument, contract or other agreement to which Reutlinger is a party or by which Reutlinger is bound, or result in the creation or imposition of any lien, charge or encumbrance upon any of the Reutlinger Assets, (c) violate any legal requirement to which Reutlinger is subject, or (d) violate or conflict with any judgment, writ, decree, franchise, order, license or permit applicable to Reutlinger.

Section 3.4 Consents. Except as set forth in **Schedule 3.4**, no consent, approval, permit, waiver, license, authorization or action of any third party or governmental body is required in connection with the execution, delivery and performance of this Agreement by Reutlinger.

Section 3.5 Reutlinger Real Property.

(a) At or prior to the Closing, and except for the Reutlinger Premises that are leased by Reutlinger, Reutlinger shall have good and marketable fee simple title to the Reutlinger Premises, subject to all matters of record. Except as set forth on **Schedule 3.5(a)**, to the Knowledge of Reutlinger, (i) none of the Reutlinger Premises that are owned by Reutlinger are or, as of the Closing Date will be, subject to any security interest, mortgage, pledge, liens, restriction, covenant, charge or encumbrance and (ii) there are no purchase contracts, options or other agreements of any kind, oral or written, formal or informal, choate or inchoate, recorded or unrecorded, or claims whereby any person other than Reutlinger will have acquired or will have any basis to assert any right, title or interest in, or right to the possession, use, enjoyment or proceeds of, any part or all of the Reutlinger Premises.

(b) **Schedule 3.5(b)** sets forth an accurate and complete list of all contracts, agreements, leases, subleases, options and commitments, oral or written, affecting any Reutlinger Real Property that has been financed with tax exempt bond proceeds and Reutlinger is not the lessee or sublessee of any real property other than as set forth in **Schedule 3.5(b)** (“Reutlinger Real Property Leases”). Reutlinger has provided Eskaton with complete and correct copies of all Reutlinger Real Property Leases.

(c) Except as set forth in **Schedule 3.5(c)**, to the Knowledge of Reutlinger, there are no material facts that would adversely affect the possession, use or occupancy of the Reutlinger Premises.

(d) Reutlinger holds all valid and effective certificates, approvals and other permits and licenses required by applicable law relating to the operation of the Reutlinger Premises, including

without limitation a license from the California Department of Public Health and California Department of Social Services, all certificates of occupancy, underwriters' certificates relating to electrical work, zoning, building, housing, safety, fire and health approvals.

(e) To the Knowledge of Reutlinger, the zoning of each parcel of Reutlinger Real Property permits the presently existing Reutlinger Improvements and the continuation of the business of the Reutlinger Facilities presently being conducted on such parcel, without variances or conditional use permits. Reutlinger has not commenced, nor has Reutlinger received notice of the commencement of, any proceeding that would affect the present zoning classification of any such parcel.

Section 3.6 Reutlinger Personal Property.

(a) Except for the Reutlinger Personal Property that is leased by Reutlinger, Reutlinger has good and marketable title to all of the Reutlinger Personal Property.

(b) **Schedule 3.6(b)** sets forth an accurate and complete list of all leases of personal property in excess of \$100,000 per item that are currently binding on Reutlinger. Reutlinger has provided Eskaton with complete and correct copies of such Reutlinger personal property leases.

Section 3.7 Reutlinger Financial Statements.

(a) Attached as **Schedule 3.7(a)** are copies of the audited balance sheet and statement of income and cash flows of each entity comprising Reutlinger as of June 30, 2018, and the unaudited balance sheet and statement of income and cash flows of each entity comprising Reutlinger for the most recent month end (collectively referred to as the "Reutlinger Financial Statements"). In addition, Reutlinger shall provide to Eskaton, as promptly as each becomes available prior to the Closing Date, all other interim financial statements (the "Reutlinger Interim Financial Statements") with respect to the operation of the Reutlinger Facilities, updated to the penultimate month prior to the Closing Date. Reutlinger shall also provide to Eskaton as promptly as each becomes available, all financial statements prepared prior to Closing with respect to the operation of the Reutlinger Facilities as of and for the period ending on the Closing Date. The Reutlinger Financial Statements and Reutlinger Interim Financial Statements referred to in this Section are and will be true, complete and correct in all material respects and present fairly and accurately the financial condition of Reutlinger and the results of its operations at the dates and for the periods indicated and will have been prepared in accordance with GAAP. From and after the date of the Reutlinger Interim Financial Statements, Reutlinger has not (and at Closing shall not have) made any material changes in its accounting methods or practices.

(b) Except as set forth on **Schedule 3.7(b)** or as may be incurred in the ordinary course of business or pursuant to an approved budget, Reutlinger does not know of any fact, circumstance, event, occurrence, contingency or condition that might reasonably be expected to result in a change greater than \$250,000 in value, before or after the Closing Date, whether or not covered by insurance, in the working capital, financial condition, assets, liabilities (whether absolute, accrued, contingent or otherwise), reserves, business, operations or prospects of Reutlinger.

Section 3.8 Insurance. Schedule 3.8 sets forth a complete and accurate list and brief description of all insurance policies and self-insurance arrangements currently held by Reutlinger, including, without limitation, to the extent applicable, fire, medical malpractice and professional liability, general liability, casualty and property damage, business interruption, extended coverage, products liability, directors' and officers' liability and workers' compensation and any and all other kinds of insurance held by Reutlinger related to the Reutlinger Facilities, or any of the Reutlinger Assets. The description of the insurance policies and arrangements provided in Schedule 3.8 shall include a statement specifying the name of the insurer, the amount of coverage and any deductibles, the type of insurance, the amount of the premiums and dates when they are due, the policy numbers, any previously filed or pending claims thereunder, and the expiration date of such policies. True and correct copies of all such insurance policies or arrangements previously have been provided to Eskaton by Reutlinger. Except as set forth in Schedule 3.8, such insurance policies are in full force and effect and shall remain in full force and effect through the Closing Date. Certificates of insurance evidencing such insurance coverages shall be delivered to Eskaton by Reutlinger, respectively, at or prior to the Closing. Reutlinger is not delinquent with respect to any premium payments thereon nor is Reutlinger in default or breach with respect to any provision contained in any such insurance policies. To the Knowledge of Reutlinger, Reutlinger has not received any notice or request, formal or informal, from any insurance company identifying any defects in the Reutlinger Assets that would adversely affect the insurability of the Reutlinger Assets, canceling or materially amending or materially increasing the annual or other premiums payable under any such policy, or threatening any such cancellation, amendment or increase of premiums. Reutlinger has not been refused any insurance with respect to the Reutlinger Assets to which it has applied for insurance within three (3) years prior to the Closing Date.

Section 3.9 Litigation. Except as set forth in Schedule 3.9 (said matters set forth in Schedule 3.9 being collectively referred to herein as "Reutlinger Pending Litigation"), neither Reutlinger, nor the Reutlinger Facilities, nor any of such party's respective properties, businesses or assets is engaged in or a party to or threatened with any proceeding, claim or demand or legal, administrative, arbitration or other method of settling disputes or disagreements, and Reutlinger does not know, anticipate or have notice of any such action. Except as set forth on Schedule 3.9, Reutlinger has not received notice of any investigation, threatened or contemplated, by any federal or state governmental body that remains unresolved, involving Reutlinger or the Reutlinger Facilities. None of the Reutlinger Pending Litigation has created a lien or a claim therefor against the Reutlinger Assets. Set forth in Schedule 3.9 is a complete and accurate description of each outstanding order, writ, injunction or decree of any court, arbitrator, or governmental body against or affecting Reutlinger, the Reutlinger Assets or the operation of the Reutlinger Facilities. Reutlinger has provided Eskaton with complete and correct copies of all such orders, writs, injunctions and decrees, and will make available upon request, copies of all correspondence, reports, memoranda and files related thereto.

Section 3.10 Licenses and Permits. True and correct copies of the Reutlinger Licenses and Permits have been delivered to Eskaton by Reutlinger. Except as set forth in Schedule 3.10, Reutlinger has all licenses, permits and franchises required by all applicable legal requirements from all applicable governmental bodies necessary or proper in order to own and lease the Reutlinger Assets and to conduct and operate the Reutlinger Facilities and each of its departments as currently operated. Except as set forth in Schedule 3.10, to the Knowledge of Reutlinger, no notice from any

authority with respect to pending or possible revocation, termination, suspension or limitation of any of the Reutlinger Licenses and Permits has been issued or given, nor is Reutlinger aware of the proposed or threatened issuance of any such notice. Except as set forth in **Schedule 3.10**, Reutlinger has no reason to believe that such Reutlinger Licenses and Permits would not be eligible for renewal upon their expiration. Reutlinger has previously delivered to Eskaton true, correct and complete copies of the Reutlinger Facilities' most recent state licensing survey reports, as well as any statements of deficiencies and plans of correction in connection with such reports. Except as set forth in **Schedule 3.10**, the most current state licensing survey did not require that capital expenditures aggregating in excess of Ten Thousand Dollars (\$10,000) be made in order to ensure continued licensure of the Reutlinger Facilities.

Section 3.11 Government Program; Third Party Payors.

(a) Except as set forth on **Schedule 3.11(a)** the Reutlinger Facilities has for at least the past three (3) years received reimbursement under Medicare, are eligible to receive payment without restriction from Medicare, and are "providers" with valid and current provider agreements and with one or more provider numbers with Medicare, through intermediaries. A true and correct copy of each such provider agreement has been previously delivered to Eskaton by Reutlinger. Reutlinger has previously delivered to Eskaton true, correct and complete copies of the Reutlinger Facilities' most recent certification survey reports under Medicare, including any statements of deficiencies and plans of correction for the past three years. The most recent certification survey reports under Medicare did not require that capital expenditures aggregating in excess of Ten Thousand Dollars (\$10,000) be made in order to ensure continued participation in Medicare. The Reutlinger Facilities has not received notice of pending, threatened or possible investigation by, or loss of participation in, Medicare, except as set forth in **Schedule 3.11(a)**.

(b) **Schedule 3.11(b)** sets forth an accurate, complete and current list of all current participation agreements with health maintenance organizations, insurance programs, any other participation agreements with third party payors and all agreements with preferred provider organizations and ACOs with respect to the Reutlinger Facilities. Reutlinger has previously delivered to Eskaton true and correct copies of all such agreements listed in **Schedule 3.11(b)**.

(c) Except as set forth in **Schedule 3.11(c)**, there is no dispute between the Reutlinger Facilities or Reutlinger and any governmental body or quasi-governmental authority or the Medicare fiscal intermediary regarding cost reports other than with respect to adjustments thereto made in the ordinary course of business. Except as set forth in **Schedule 3.11(c)**, Reutlinger has not received any notices that Medicare has any claims against such party or the Reutlinger Facilities that could result in offsets against future Community accounts receivable above any amounts reserved therefore.

Section 3.12 Compliance with Law. Except as disclosed in **Schedule 3.12** or elsewhere in this Agreement, Reutlinger, and each entity constituting Reutlinger and the Reutlinger Facilities and the operation thereof are, to the Knowledge of Reutlinger in material compliance in all respects with any applicable legal requirements or orders of any court or federal, state, county, municipal or other governmental body, including the fraud and abuse laws, and Reutlinger has not received any notice, written or otherwise, of noncompliance with respect thereto. To the Knowledge of Reutlinger, neither Reutlinger, nor any of its affiliates, nor any member, director, officer or employee of Reutlinger, or any of its affiliates, is a party to any contract, lease agreement or other

arrangement (including any joint venture or consulting agreement) related to Reutlinger or any of the Reutlinger Assets with any physician, health care facility, hospital, nursing facility, home health agency or other person who is in a position to make or influence referrals to or otherwise generate business for Reutlinger with respect to any of the Reutlinger Assets, to provide services, lease space, lease equipment or engage in any other venture or activity, to the extent that any of the foregoing is prohibited by applicable legal requirements. All patient records and any other documents required to be maintained by law by Reutlinger or the Reutlinger Facilities have been maintained by Reutlinger for a period of at least seven (7) years from the date of creation of such document, or if in existence for less than seven (7) years, have been and will be maintained to the Closing Date.

Section 3.13 Employment Obligations. All obligations of Reutlinger with respect to any of Reutlinger's employees, whether arising by operation of law, by contract, by past custom or otherwise, for salaries, accrued vacation and holiday pay, and other termination benefits, and other forms of compensation payable to such employees in respect of the services rendered by any of them prior to the Closing Date have been or will be paid by Reutlinger either prior to the Closing Date, or within due course thereafter.

Section 3.14 Employment Matters.

(a) To the Knowledge of Reutlinger and except as set forth on **Schedule 3.14(a)**: (i) there is no unfair labor practice complaint against Reutlinger pending before the National Labor Relations Board; (ii) there is no labor strike, dispute, slowdown or stoppage actually pending or, to the Knowledge of Reutlinger, threatened against or involving or affecting Reutlinger ; (iii) no representation question exists respecting the employees of Reutlinger; (iv) no grievance or any arbitration proceeding is pending; (v) Reutlinger has not experienced any labor stoppage during the last five (5) years; and (vi) Reutlinger is in full compliance with all union contracts and collective bargaining agreements;

(b) Except as set forth on **Schedule 3.14(b)**, no changes in the basis for remuneration of employees of Reutlinger has been made, promised or authorized by Reutlinger since September 30, 2014, except in the ordinary and usual course of business, in accordance with past practices, or in furtherance of this Affiliation. Except as set forth on **Schedule 3.14(b)**, Reutlinger has no written employment contracts, including any employment contract with any officer, consultant, director or employee; any plan, arrangement or contract providing for options, bonuses, stock purchases, deferred compensation or the like; or any restrictive covenants or agreements with any former employees, officers, consultants or directors of Reutlinger and no agreement of any nature that provides for employment for any particular period of time or that provides any restrictions upon Reutlinger's right to terminate employment without any post-termination payment obligation, with any person whomsoever relating to the Reutlinger Facilities. Other than in the ordinary course of business, or in furtherance of the Affiliation, no binding agreements have been made or entered into between Reutlinger and any employee involved in the Reutlinger Facilities regarding changes in compensation, promotion or any other change in status.

Section 3.15 Tax Returns and Liabilities. Except as set forth in **Schedule 3.15**, all federal, state, county and other tax returns of every nature (including, without limitation, income, employment, payroll, excise, property, sales and use taxes, unemployment contributions) required to be filed by or on behalf of, or with respect to Reutlinger, the Reutlinger Assets have been duly and

timely filed, or will be filed (within the time periods required by law) by Reutlinger on or before the Closing Date. Except as set forth in **Schedule 3.15**, copies of all such tax returns have been provided to Eskaton and are true and correct in all respects. There are no tax liens on any of the Reutlinger Assets, other than tax liens for obligations that are not yet due and payable. Reutlinger does not have any dispute with any taxing authority as to taxes of any nature. Except as set forth in **Schedule 3.15**, there is no unassessed tax deficiency proposed or, to the Knowledge of Reutlinger, threatened against Reutlinger, and no proceeding or audit of any tax returns of either Reutlinger by any governmental body is pending or, to the Knowledge of Reutlinger, threatened by any governmental body for assessment, reassessment or collection of any taxes affecting Reutlinger, the Reutlinger Facilities, and its operations.

Section 3.16 Employee Benefit Plans.

(a) For purposes of this Section, the term “Benefit Plan” means any plan, program, arrangement, practice or contract which provides benefits or compensation to or on behalf of employees or former employees, whether formal or informal, whether or not written, including, but not limited to, the following types of Benefit Plans: retirement, vacation, profit sharing, deferred compensation, incentive compensation, sick pay, scholarship, severance pay or other fringe benefit plan, program, arrangement, contract or practice.

(b) Except as set forth on **Schedule 3.16(b)**, Reutlinger does not have any Benefit Plan or arrangement covering Reutlinger’s employees or relating to the operations of the Reutlinger Facilities. All contributions and other payments required to be made by Reutlinger to any Benefit Plan, if any, for or on behalf of any employees or former employees of Reutlinger has been made or reserves adequate for such purposes have been set aside therefore in accordance with the terms of each such plan. Eskaton shall have no liability or obligation to Reutlinger, or Reutlinger’s employees in connection with termination of Reutlinger’s employees from the Benefit Plans as a result of this Affiliation.

Section 3.17 Contracts and Commitments. **Schedule 3.17** sets forth an accurate and complete list of all of the Reutlinger Contracts that involves performance of services or delivery of goods or materials, or warranties with respect to the same, of an aggregate amount or value in excess of \$50,000 and which cannot be terminated by Reutlinger at any time without cause and without obligation to pay a termination fee or penalty upon notice of ninety (90) days or less that are currently in force in the following categories:

- (i) food and dining service;
- (ii) maintenance and housekeeping services;
- (iii) therapy services;
- (iv) physician services;
- (v) acute care facility services; and
- (vi) other medical provider contracts.

Except as set forth in Schedule 3.17, Reutlinger has provided Eskaton with complete and correct copies of all such Reutlinger Contracts. Except as set forth in Schedule 3.17, Reutlinger has received no notice of any default, offset, counterclaim or defense under any Contract.

Section 3.18 Brokers' and Finders' Fees. Reutlinger has not entered into any contracts, agreements, arrangements or understandings with any person that could give rise to any claim for a broker's, finder's or agent's fee or commission or other similar payment in connection with the negotiations leading to this Agreement or the consummation of the contemplated transactions.

Section 3.19 Immigration Act. To the Knowledge of Reutlinger, Reutlinger is in compliance in all material respects with the terms and provisions of the Immigration Reform and Control Act of 1986, as amended (the "Immigration Act"). Reutlinger has not been cited, fined, served with a Notice of Intent to Fine or with a Cease and Desist Order (as such terms are defined in the Immigration Act) at the Reutlinger Facilities, nor, to the Knowledge of Reutlinger, has any proceeding been initiated or threatened against Reutlinger in connection with its operation of the Reutlinger Facilities, by reason of any actual or alleged failure to comply with the Immigration Act.

Section 3.20 Reutlinger Boards of Directors. Schedule 3.20 contains a true and complete list of the current members of the Boards of Directors of each entity constituting Reutlinger, respectively, immediately prior to the Closing Date.

Section 3.21 No Untrue or Inaccurate Representation or Warranty. The representations and warranties of Reutlinger contained in this Agreement, and each exhibit, schedule, certificate or other written statement delivered pursuant to this Agreement, or in connection with the contemplated transactions, are accurate, correct and complete, and do not contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements and information contained therein not misleading. Those representations and warranties set forth in this Article III shall be based upon the current actual knowledge of Reutlinger's Chief Executive Officer (the "CEO"), after an inquiry only of the Board of Directors of Reutlinger and the most senior management executive responsible for each of the following disciplines regarding the representations pertinent to those disciplines: Operations, Human Resources, Facilities/Physical Plant, Finance, Medicare Claims, and Information Technology. There is no fact that adversely affects or in the future may, to the Knowledge of Reutlinger, adversely affect the ability of Reutlinger fully to perform this Agreement and the contemplated transactions that has not been set forth and described in this Agreement or in a certificate, exhibit, schedule or other written statement furnished to Eskaton, pursuant to this Agreement.

Section 3.22 AS IS Affiliation; Release; Indemnity; Representations, Warranties and Covenants of Reutlinger.

(a) Eskaton acknowledges that, except as specifically provided in this Agreement, neither Reutlinger nor any of Reutlinger's employees, directors, agents or representatives has made any representations, warranties or agreements to or with Eskaton on behalf of Reutlinger as to any matters concerning the Reutlinger Assets, the present use thereof, or the suitability of Eskaton's intended use. IT IS UNDERSTOOD AND AGREED THAT, EXCEPT AS MAY BE EXPRESSLY SET FORTH IN THIS AGREEMENT, (A) THE REUTLINGER ASSETS ARE BEING ACCEPTED BY ESKATON ON AN "AS IS," "WHERE IS" AND "WITH ALL FAULTS" BASIS,

SUBJECT TO ANY CONDITION WHICH MAY EXIST, AND WITHOUT THE EXISTENCE OF AND WITHOUT RELIANCE UPON ANY REPRESENTATION, WARRANTY, AGREEMENT, OR STATEMENT BY REUTLINGER, OR ANYONE ACTING ON BEHALF OF REUTLINGER EXCEPT THOSE REPRESENTATIONS, WARRANTIES AND AGREEMENTS SPECIFICALLY SET FORTH IN THIS AGREEMENT; (B) ESKATON ARE BEING GIVEN THE OPPORTUNITY TO THOROUGHLY INSPECT AND EXAMINE REUTLINGER'S ASSETS TO THE EXTENT DEEMED NECESSARY BY ESKATON IN ORDER TO ENABLE ESKATON TO EVALUATE ITS AFFILIATION WITH REUTLINGER ON THE FOREGOING BASIS; AND (C) ESKATON ARE RELYING SOLELY UPON SUCH INSPECTIONS, EXAMINATION, AND EVALUATION OF THE REUTLINGER ASSETS BY ESKATON IN COMPLETING THE AFFILIATION ON AN "AS IS", "WHERE IS" AND "WITH ALL FAULTS" BASIS, WITHOUT REPRESENTATION, WARRANTY, AGREEMENT OR STATEMENT BY REUTLINGER OR ANYONE ACTING ON BEHALF OF REUTLINGER, EXPRESS OR IMPLIED, OF ANY KIND OR NATURE, EXCEPT AS MAY BE SET FORTH IN THIS AGREEMENT.

(b) Except as to (i) any material default by Reutlinger in the performance of any of Reutlinger's obligations under this Agreement or (ii) the fraud of Reutlinger (collectively, the "Reutlinger Liabilities"), Eskaton acknowledges and agrees that Reutlinger is not personally liable or responsible for any damages that Eskaton may suffer as the result of this transaction. Except as to any Reutlinger Liabilities, Eskaton hereby release Reutlinger and Reutlinger's directors, employees, agents, affiliates, successors and assigns, from any claims, actions, causes of action, liabilities, fees, costs and expenses, whether to person or property, arising out of or in any way relating to the Reutlinger Assets, the condition thereof, and the development or construction of any improvements on the Reutlinger Assets or any off-site improvements related to the Reutlinger Assets. Such release applies to all claims, whether such claims, damages, or losses are known or unknown, foreseen or unforeseen, or patent or latent, that Eskaton may have against Seller. Eskaton waive application of California Civil Code Section 1542, which states:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or releasing party."

As a consequence of the foregoing waiver, Eskaton understand that even if Eskaton eventually incurs any damages arising from the affiliation with Reutlinger, Eskaton will not be able to make any claim after Closing against Reutlinger and Reutlinger's directors, employees, agents, affiliates, successors and assigns for those damages, except as to Reutlinger Liabilities. Further, Eskaton acknowledge that Eskaton understand these consequences even as to claims against Reutlinger and Reutlinger's directors, employees, agents, affiliates, successors and assigns for damages that may exist as of the date of this release but which Eskaton does not know exist, and which, if known, would materially affect Eskaton's decision to execute this release, regardless of whether Eskaton's lack of knowledge is the result of ignorance, oversight, error, negligence, or any other cause.

Eskaton's Initials: TM

The provisions of this Section 3.22 shall survive the Closing.

**ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF ESKATON**

The truth, accuracy and completeness of the representations, warranties and covenants of each entity comprising Eskaton contained in this Agreement shall, subject to Section 4.23, be conditions precedent to Reutlinger's obligation to close under this Agreement; provided, however, that Reutlinger shall have no obligation to investigate the truth, accuracy or completeness of said representations, warranties and covenants. As an inducement to Reutlinger to enter into this Agreement and to consummate the contemplated transactions, Eskaton hereby jointly and severally represents, warrants and covenants to Reutlinger as to the following matters, and, except as otherwise provided herein, shall be deemed to remake all of the following representations, warranties and covenants as of the Effective Date. Except as otherwise supplemented or amended by the parties on or prior to the Closing Date in accordance with the terms of this Agreement, Eskaton, as applicable, shall be deemed to remake all of the following representations, warranties and covenants as of the Closing Date:

Section 4.1 Organization and Power. Eskaton is a non-profit public benefit corporation duly organized, validly existing and in good standing under the laws of the State of California, with power and authority to conduct the business in which each is engaged, to lease and own the properties leased or owned by it and to enter into and perform its obligations under this Agreement. Eskaton is exempt from the payment of federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") as an organization described in Section 509(a)(2) or (3) of the Code. There is no actual, or to the Knowledge of Eskaton based on information and belief, threatened challenge to the tax-exempt status of Eskaton. Eskaton has no subsidiary or affiliate except as disclosed in **Schedule 4.1**. For purposes of this Agreement, the term "Knowledge of Eskaton" means the actual knowledge of Todd Murch, the Chief Executive Officer of Eskaton, Sheri Peifer, the Chief Strategy Officer of Eskaton, Betsy Donovan, the Chief Operating Officer of Eskaton, and Mark Jenkins, the Chief Financial Officer of Eskaton.

Section 4.2 Authorization. The execution and delivery of this Agreement and the Eskaton Closing Documents by Eskaton, and the performance by Eskaton of its obligations under this Agreement and the Eskaton Closing Documents have been duly authorized by all necessary corporate action (including any necessary approval by the Eskaton Board) on the part of Eskaton. This Agreement and the Eskaton Closing Documents have been or will be duly executed and delivered by each entity comprising Eskaton, as applicable.

Section 4.3 No Violation. This Agreement is, and the Eskaton Closing Documents will be, the lawful, valid and legally binding obligations of each entity comprising Eskaton, enforceable in accordance with their respective terms. The execution and delivery of this Agreement and the Eskaton Closing Documents by each entity comprising Eskaton, and the consummation by Eskaton of the contemplated transactions will not, with or without the giving of notice and/or the passage of time: (a) violate or conflict with the governing documents, of either entity comprising Eskaton, (b) conflict with or result in the breach or violation of any of the terms or conditions of, or create rights of acceleration or constitute a default under, any indenture, mortgage, deed of trust, instrument, contract or other agreement to which Eskaton is a party or by which Eskaton is bound, or result in the creation or imposition of any lien, charge or encumbrance upon any of the Eskaton Assets, (c)

violate any legal requirement to which Eskaton is subject, or (d) violate or conflict with any judgment, writ, decree, franchise, order, license or permit applicable to Eskaton.

Section 4.4 No Violation. This Agreement is, and the Eskaton Closing Documents will be, the lawful, valid and legally binding obligations of each entity comprising Eskaton, enforceable in accordance with their respective terms. The execution and delivery of this Agreement and the Eskaton Closing Documents by each entity comprising Eskaton, and the consummation by Eskaton of the contemplated transactions will not, with or without the giving of notice and/or the passage of time: (a) violate or conflict with the governing documents, of either entity comprising Eskaton, (b) conflict with or result in the breach or violation of any of the terms or conditions of, or create rights of acceleration or constitute a default under, any indenture, mortgage, deed of trust, instrument, contract or other agreement to which Eskaton is a party or by which Eskaton is bound, or result in the creation or imposition of any lien, charge or encumbrance upon any of the Eskaton Assets, (c) violate any legal requirement to which Eskaton is subject, or (d) violate or conflict with any judgment, writ, decree, franchise, order, license or permit applicable to Eskaton.

Section 4.5 Consents. Except as set forth in **Schedule 4.5**, no consent, approval, permit, waiver, license, authorization or action of any third party or governmental body is required in connection with the execution, delivery and performance of this Agreement by Eskaton.

Section 4.6 Eskaton Real Property.

(a) **Schedule 4.6(a)** sets forth an accurate and complete list of all major real property assets held by Eskaton as of the Effective Date, along with (i) the most recent appraised fair market value of each such asset and the date of such appraisal or, in the absence of such an appraisal or a decline in value of the asset below such appraised fair market value, a good faith, reasonable estimate of the fair market value of such asset as of the Effective Date, (ii) the amount of debt encumbering such asset and (iii) the net value of each such asset, as computed using the values included for such asset in subclauses (i) and (ii). At or prior to the Closing, and except for the Eskaton Premises that are leased by Eskaton, Eskaton shall have good and marketable fee simple title to the Eskaton Premises. Except as set forth on **Schedule 4.6(a)** (the "Eskaton Real Property Permitted Exceptions"), none of the Eskaton Premises that is owned by Eskaton is, or as of the Closing Date will be, subject to any security interest, mortgage, pledge, liens, restriction, covenant, charge or encumbrance. There are no purchase contracts, options or other agreements of any kind, oral or written, formal or informal, choate or inchoate, recorded or unrecorded, or claims whereby any person other than Eskaton will have acquired or will have any basis to assert any right, title or interest in, or right to the possession, use, enjoyment or proceeds of, any part or all of the Eskaton Premises. A true, correct and complete copy of the documents giving rise to each Eskaton Real Property Permitted Exception has heretofore been delivered to Reutlinger.

(b) **Schedule 4.6(b)** sets forth an accurate and complete list of all contracts, agreements, leases, subleases, options and commitments, oral or written, affecting any Eskaton Real Property that has been financed with tax exempt bond proceeds and Eskaton is not the lessee or sublessee of any real property other than as set forth in **Schedule 4.6(b)** ("Eskaton Real Property Leases"). Eskaton has provided Reutlinger with complete and correct copies of all Eskaton Real Property Leases.

(c) Except as set forth in **Schedule 4.6(c)** there are no facts that would adversely affect the ownership, possession, use or occupancy of the Eskaton Premises.

(d) Eskaton holds all valid and effective certificates, approvals and other permits and licenses required by applicable law relating to the operation of the Eskaton Premises, including without limitation a license from the California Department of Public Health and California Department of Social Services, all certificates of occupancy, underwriters' certificates relating to electrical work, zoning, building, housing, safety, fire and health approvals.

(e) The zoning of each parcel of Eskaton Real Property permits the presently existing Eskaton Improvements and the continuation of the business of the Eskaton Facilities presently being conducted on such parcel, without variances or conditional use permits. Eskaton has not commenced, nor has Eskaton received notice of the commencement of, any proceeding that would affect the present zoning classification of any such parcel.

Section 4.7 **Eskaton Personal Property.** Except for the Eskaton Personal Property that is leased by Eskaton, Eskaton has good and marketable title to all of the Eskaton Personal Property. **Schedule 4.7** sets forth an accurate and complete list of all leases of personal property currently binding on Eskaton. Eskaton has provided Reutlinger with complete and correct copies of such Eskaton personal property leases.

Section 4.8 **Eskaton Financial Statements.**

(a) Attached as **Schedule 4.8(a)** are copies of the audited balance sheet and statement of income and cash flows of each entity comprising Eskaton as of December 31, 2017, and the unaudited balance sheet and statement of income and cash flows of each entity comprising Eskaton for the most recent month end (collectively referred to as the "Eskaton Financial Statements"). In addition, Eskaton shall provide to Reutlinger, as promptly as each becomes available prior to the Closing Date, all other interim financial statements (the "Eskaton Interim Financial Statements") with respect to the operation of the Eskaton Facilities, updated to the penultimate month prior to the Closing Date. Eskaton shall also provide to Reutlinger as promptly as each becomes available, all financial statements prepared prior to Closing with respect to the operation of the Eskaton Facilities as of and for the period ending on the Closing Date. The Eskaton Financial Statements and Eskaton Interim Financial Statements referred to in this Section are and will be true, complete and correct in all material respects and present fairly and accurately the financial condition of Eskaton and the results of its operations at the dates and for the periods indicated and will have been prepared in accordance with GAAP. From and after the date of the Eskaton Interim Financial Statements, Eskaton has not (and at Closing shall not have) made any material changes in its accounting methods or practices. Except as set forth on **Schedule 4.8(a)** or as may be incurred in the ordinary course of business or pursuant to an approved budget, Eskaton does not know of any fact, circumstance, event, occurrence, contingency or condition that might reasonably be expected to result in a change greater than \$250,000 in value, before or after the Closing Date, whether or not covered by insurance, in the working capital, financial condition, assets, liabilities (whether absolute, accrued, contingent or otherwise), reserves, business, operations or prospects of Eskaton.

Section 4.9 **Insurance.** **Schedule 4.9** sets forth a complete and accurate list and brief description of all insurance policies and self-insurance arrangements currently held by Eskaton,

including, without limitation, to the extent applicable, fire, medical malpractice and professional liability, general liability, casualty and property damage, business interruption, extended coverage, products liability, and workers' compensation and any and all other kinds of insurance held by Eskaton related to the Eskaton Facilities, or any of the Eskaton Assets. The description of the insurance policies and arrangements provided in Schedule 4.9 shall include a statement specifying the name of the insurer, the amount of coverage and any deductibles, the type of insurance, the amount of the premiums and dates when they are due, the policy numbers, any previously filed or pending claims thereunder, and the expiration date of such policies. True and correct copies of all such insurance policies or arrangements previously have been provided to Reutlinger by Eskaton. Except as set forth in Schedule 4.9, such insurance policies are in full force and effect and shall remain in full force and effect through the Closing Date. Certificates of insurance evidencing such insurance coverages shall be delivered to Reutlinger by Eskaton, respectively, at or prior to the Closing. Eskaton is not delinquent with respect to any premium payments thereon nor is Eskaton in default or breach with respect to any provision contained in any such insurance policies. Eskaton has not failed to give any notice or to present any claim under such policies in a due and timely fashion within three (3) years prior to the Closing Date. To the Knowledge of Eskaton, Eskaton has not received any notice or request, formal or informal, from any insurance company identifying any defects in the Eskaton Assets that would adversely affect the insurability of the Eskaton Assets, canceling or materially amending or materially increasing the annual or other premiums payable under any such policy, or threatening any such cancellation, amendment or increase of premiums. Eskaton has not been refused any insurance with respect to the Eskaton Assets to which it has applied for insurance within three (3) years prior to the Closing Date.

Section 4.10 Litigation. Except as set forth in Schedule 4.10 (said matters set forth in Schedule 4.10 being collectively referred to herein as "Eskaton Pending Litigation"), neither Eskaton, nor the Eskaton Facilities, nor any of such party's respective properties, businesses or assets is engaged in or a party to or threatened with any proceeding, claim or demand or legal, administrative, arbitration or other method of settling disputes or disagreements, and Eskaton does not know, anticipates or has notice of any reasonable basis for any such action. Except as set forth on Schedule 4.10, Eskaton has not received notice of any investigation, threatened or contemplated, by any federal or state governmental body that remains unresolved, involving Eskaton or the Eskaton Facilities. No circumstances exist involving the safety aspects of the respective businesses and operations of Eskaton that would cause any obligation to report to any state, local or federal governmental body. None of the Eskaton Pending Litigation has created a lien or a claim therefor against the Eskaton Assets. Set forth in Schedule 4.10 is a complete and accurate description of each outstanding order, writ, injunction or decree of any court, arbitrator, or governmental body against or affecting Eskaton, the Eskaton Assets or the operation of the Eskaton Facilities. Eskaton have provided Reutlinger with complete and correct copies of all such orders, writs, injunctions and decrees, and will make available upon request, copies of all correspondence, reports, memoranda and files related thereto.

Section 4.11 Licenses and Permits. True and correct copies of the Eskaton Licenses and Permits have been delivered to Reutlinger by Eskaton. Except as set forth in Schedule 4.11, Eskaton has all licenses, permits and franchises required by all applicable legal requirements from all applicable governmental bodies necessary or proper in order to own and/or lease the Eskaton Assets and to conduct and operate the Eskaton Facilities and each of its departments as currently operated.

Except as set forth in **Schedule 4.11**, to the Knowledge of Eskaton, no notice from any authority with respect to pending or possible revocation, termination, suspension or limitation of any of the Eskaton Licenses and Permits has been issued or given, nor is Eskaton aware of the proposed or threatened issuance of any such notice. Except as set forth in **Schedule 4.11**, Eskaton has no reason to believe that such Eskaton Licenses and Permits would not be eligible for renewal upon their expiration. Eskaton has previously delivered to Reutlinger true, correct and complete copies of the Eskaton Facilities' most recent state licensing survey reports, as well as any statements of deficiencies and plans of correction in connection with such reports. Except as set forth in **Schedule 4.11**, the most current state licensing survey did not require that capital expenditures aggregating in excess of Ten Thousand Dollars (\$10,000) be made in order to ensure continued licensure of the Eskaton Facilities. .

Section 4.12 Government Program; Third Party Payors.

(a) Except as set forth on **Schedule 4.12(a)** the Eskaton Facilities have historically received reimbursement under Medicare, are eligible to receive payment without restriction from Medicare, and are "providers" with valid and current provider agreements and with one or more provider numbers with Medicare through intermediaries. A true and correct copy of each such provider agreement has been previously delivered to Reutlinger by Eskaton. Eskaton has previously delivered to Reutlinger true, correct and complete copies of the Eskaton Facilities' most recent certification survey reports under Medicare, including any statements of deficiencies and plans of correction for the past three (3) years. The most recent certification survey reports under Medicare did not require that capital expenditures aggregating in excess of Ten Thousand Dollars (\$10,000) be made in order to ensure continued participation in Medicare. The Eskaton Facilities have not received notice of pending, threatened or possible investigation by, or loss of participation in, Medicare, except as set forth in **Schedule 4.12(a)**.

(b) **Schedule 4.12(b)** sets forth an accurate, complete and current list of all participation agreements with health maintenance organizations, insurance programs, any other participation agreements with third party payors and all agreements with preferred provider organizations and ACOs with respect to the Eskaton Facilities. Eskaton has previously delivered to Reutlinger true and correct copies of all such agreements listed in **Schedule 4.12(b)**.

(c) Except as set forth in **Schedule 4.12(c)**, there is no dispute between the Eskaton Facilities or Eskaton and any governmental body or quasi-governmental authority or the Medicare fiscal intermediary regarding such cost reports other than with respect to adjustments thereto made in the ordinary course of business. Except as set forth in **Schedule 4.12(c)**, Eskaton has not received any notices that Medicare has any claims against such party or the Eskaton Facilities that could result in offsets against future Eskaton Facilities accounts receivable above any amounts reserved therefore.

Section 4.13 Compliance with Law. Except as disclosed in **Schedule 4.13** or elsewhere in this Agreement, Eskaton, and each entity constituting Eskaton and the Eskaton Facilities and the operation thereof are, to the Knowledge of Eskaton in material compliance in all respects with any applicable legal requirements or orders of any court or federal, state, county, municipal or other governmental body, including the fraud and abuse laws, and Eskaton has not received any notice, written or otherwise, of noncompliance with respect thereto. To the Knowledge of Eskaton, neither

Eskaton, nor any of its affiliates, nor any member, director, officer or employee of Eskaton, or any of its affiliates, is a party to any contract, lease agreement or other arrangement (including any joint venture or consulting agreement) related to Eskaton or any of the Eskaton Assets with any physician, health care facility, hospital, nursing facility, home health agency or other person who is in a position to make or influence referrals to or otherwise generate business for Eskaton with respect to any of the Eskaton Assets, to provide services, lease space, lease equipment or engage in any other venture or activity, to the extent that any of the foregoing is prohibited by applicable legal requirements. All patient records and any other documents required to be maintained by law by Eskaton or the Eskaton Facilities have been maintained by Eskaton for a period of at least seven (7) years from the date of creation of such document, or if in existence for less than seven (7) years, have been and will be maintained to the Closing Date.

Section 4.14 Employment Obligations. All obligations of Eskaton with respect to any of Eskaton's employees, whether arising by operation of law, by contract, by past custom or otherwise, for salaries, accrued vacation and holiday pay, and other termination benefits, and other forms of compensation payable to such employees in respect of the services rendered by any of them prior to the Closing Date have been or will be paid by Eskaton either prior to the Closing Date, or within due course thereafter.

Section 4.15 Employment Matters.

(a) To the Knowledge of Eskaton and except as set forth on Schedule 4.15(a): (i) Eskaton is in compliance in all material respects with all federal and state laws respecting employment and employment practices, terms and conditions of employment, and wages and hours, and are not engaged in any unfair labor practice; (ii) there is no unfair labor practice complaint against Eskaton pending before the National Labor Relations Board; (iii) there is no labor strike, dispute, slowdown or stoppage actually pending or, to the Knowledge of Eskaton, threatened against or involving or affecting Eskaton; (iv) no representation question exists respecting the employees of Eskaton; (v) no grievance or any arbitration proceeding is pending; (vi) Eskaton has not experienced any labor stoppage during the last five (5) years; and (vii) Eskaton is in full compliance with all union contracts and collective bargaining agreements.

(b) Except as set forth on Schedule 4.15(b), no changes in the basis for remuneration of employees of Eskaton has been made, promised or authorized by Eskaton since September 30, 2014, except in the ordinary and usual course of business, in accordance with past practices. Except as set forth on Schedule 4.15(b), Eskaton has no written employment contracts, , including any employment contract with any officer, consultant, director or employee; any plan, arrangement or contract providing for options, bonuses, stock purchases, deferred compensation or the like; or any restrictive covenants or agreements with any former employees, officers, consultants or directors of Eskaton and no agreement of any nature that provides for employment for any particular period of time or that provides any restrictions upon Eskaton's right to terminate employment without any post-termination payment obligation, with any person whomsoever relating to the Eskaton Facilities. Other than in the ordinary course of business, no binding agreements have been made or entered into between Eskaton and any employee involved in the Eskaton Facilities regarding changes in compensation, promotion or any other change in status.

Section 4.16 Tax Returns and Liabilities. Except as set forth in **Schedule 4.16**, all federal, state, county and other tax returns of every nature (including, without limitation, income, employment, payroll, excise, property, sales and use taxes, unemployment contributions) required to be filed by or on behalf of, or with respect to Eskaton or the Eskaton Assets have been duly and timely filed, or will be filed (within the time periods required by law) by Eskaton on or before the Closing Date. Except as set forth in **Schedule 4.16**, copies of all such tax returns have been provided to Reutlinger and are true and correct in all respects. There are no tax liens on any of the Eskaton Assets, other than tax liens for obligations that are not yet due and payable, and no basis exists for the imposition of any such liens. Eskaton does not have any dispute with any taxing authority as to taxes of any nature. Except as set forth in **Schedule 4.16**, there is no unassessed tax deficiency proposed or, to the Knowledge of Eskaton, threatened against Eskaton, and no proceeding or audit of any tax returns of either Eskaton by any governmental body is pending or, to the Knowledge of Eskaton, threatened by any governmental body for assessment, reassessment or collection of any taxes affecting Eskaton, or the Eskaton Facilities, and its operations.

Section 4.17 Employee Benefit Plans.

(a) For purposes of this Section, the term “Benefit Plan” means any plan, program, arrangement, practice or contract which provides benefits or compensation to or on behalf of employees or former employees, whether formal or informal, whether or not written, including, but not limited to, the following types of Benefit Plans: retirement, vacation, profit sharing, deferred compensation, incentive compensation, sick pay, scholarship, severance pay or other fringe benefit plan, program, arrangement, contract or practice

(b) Except as set forth on **Schedule 4.17(b)**, Eskaton does not have and has never had any Benefit Plan or arrangement covering Eskaton’s employees or relating to the operations of the Eskaton Facilities. All contributions and other payments required to be made by Eskaton to any Benefit Plan, if any, for or on behalf of any employees or former employees of Eskaton have been made or reserves adequate for such purposes have been set aside therefore in accordance with the terms of each such plan. Eskaton shall have no liability or obligation to Eskaton, or Eskaton’s employees in connection with such termination of Eskaton’s employees from the Benefit Plans.

Section 4.18 Contracts and Commitments.

(a) **Schedule 4.18(a)** sets forth an accurate and complete list of all of the Eskaton Contracts currently in force in the following categories:

- (i) food and dining service;
- (ii) maintenance and housekeeping services;
- (iii) therapy services;
- (iv) physician services;

- (v) acute care facility services; and
- (vi) other medical provider contracts.

Except as set forth in **Schedule 4.18**, Eskaton has provided Reutlinger with complete and correct copies of all Eskaton Contracts. Except as set forth in **Schedule 4.18**, Eskaton has received no notice of any default, offset, counterclaim or defense under any Contract.

Section 4.19 Brokers' and Finders' Fees. Eskaton has not entered into any contracts, agreements, arrangements or understandings with any person that could give rise to any claim for a broker's, finder's or agent's fee or commission or other similar payment in connection with the negotiations leading to this Agreement or the consummation of the contemplated transactions.

Section 4.20 Immigration Act. To the Knowledge of Eskaton, Eskaton is in compliance in all material respects with the terms and provisions of the Immigration Act. For each employee of Eskaton employed in the Reutlinger Facilities for whom compliance with the Immigration Act by Reutlinger is required, Eskaton has obtained and retained a complete and true copy of each such employee's Form I-9 (Employment Eligibility Verification Form) and all other records or documents prepared, procured or retained by Eskaton pursuant to the Immigration Act to the extent Eskaton is required to do so under the Immigration Act. Eskaton has not been cited, fined, served with a Notice of Intent to Fine or with a Cease and Desist Order (as such terms are defined in the Immigration Act) at the Reutlinger Facilities, nor, to the Knowledge of Eskaton, has any proceeding been initiated or threatened against Eskaton in connection with its operation of the Eskaton Facilities, by reason of any actual or alleged failure to comply with the Immigration Act.

Section 4.21 Eskaton Boards of Directors. **Schedule 4.22** contains a true and complete list of the current members of the Boards of Directors of each entity constituting Eskaton, respectively, immediately prior to the Closing Date.

Section 4.22 No Untrue or Inaccurate Representation or Warranty. The representations and warranties of Eskaton contained in this Agreement, and each exhibit, schedule, certificate or other written statement delivered pursuant to this Agreement, or in connection with the contemplated transactions, are accurate, correct and complete, and do not contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements and information contained therein not misleading. Those representations and warranties set forth in this Article IV that are specifically limited to the "Knowledge of Eskaton," shall be made to the party's best knowledge after due investigation, and such party shall be responsible for all facts which such party knew, or should have known as a result of such due investigation. There is no fact that adversely affects or in the future may, to the Knowledge of Eskaton, adversely affect the ability of Eskaton fully to perform this Agreement and the contemplated transactions that has not been set forth and described in this Agreement or in a certificate, exhibit, schedule or other written statement furnished to Reutlinger, pursuant to this Agreement.

Section 4.23 AS IS Affiliation; Release; Indemnity; Representations, Warranties and Covenants of Eskaton.

(a) Reutlinger acknowledges that, except as specifically provided in this Agreement, neither Eskaton nor any of its employees, directors, agents or representatives has made any representations, warranties or agreements to or with Reutlinger on behalf of Eskaton as to any matters concerning the Eskaton Assets, the present use thereof, or the suitability of Reutlinger's intended use. IT IS UNDERSTOOD AND AGREED THAT, EXCEPT AS MAY BE EXPRESSLY SET FORTH IN THIS AGREEMENT, (A) THE ESKATON ASSETS ARE BEING ACCEPTED BY REUTLINGER ON AN "AS IS," "WHERE IS" AND "WITH ALL FAULTS" BASIS, SUBJECT TO ANY CONDITION WHICH MAY EXIST, AND WITHOUT THE EXISTENCE OF AND WITHOUT RELIANCE UPON ANY REPRESENTATION, WARRANTY, AGREEMENT, OR STATEMENT BY ESKATON, OR ANYONE ACTING ON BEHALF OF THEM EXCEPT THOSE REPRESENTATIONS, WARRANTIES AND AGREEMENTS SPECIFICALLY SET FORTH IN THIS AGREEMENT; (B) REUTLINGER IS BEING GIVEN THE OPPORTUNITY TO THOROUGHLY INSPECT AND EXAMINE ESKATON'S ASSETS TO THE EXTENT DEEMED NECESSARY BY REUTLINGER IN ORDER TO ENABLE REUTLINGER TO EVALUATE ITS AFFILIATION WITH ESKATON ON THE FOREGOING BASIS; AND (C) REUTLINGER IS RELYING SOLELY UPON SUCH INSPECTIONS, EXAMINATION, AND EVALUATION OF THE ESKATON ASSETS BY REUTLINGER IN COMPLETING THE AFFILIATION ON AN "AS IS", "WHERE IS" AND "WITH ALL FAULTS" BASIS, WITHOUT REPRESENTATION, WARRANTY, AGREEMENT OR STATEMENT BY ESKATON OR ANYONE ACTING ON BEHALF OF THEM, EXPRESS OR IMPLIED, OF ANY KIND OR NATURE, EXCEPT AS MAY BE SET FORTH IN THIS AGREEMENT.

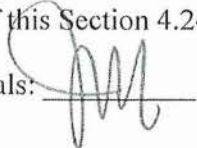
(b) Except as to (i) any material default by Eskaton in the performance of any of its other obligations under this Agreement or (ii) the fraud of Eskaton (collectively, "Eskaton Liabilities") Reutlinger acknowledges and agrees that Eskaton are not personally liable or responsible for any damages that Reutlinger may suffer as the result of this transaction. Except as to any Eskaton Liabilities, Reutlinger hereby releases Eskaton and its directors, employees, agents, affiliates, successors and assigns, from any claims, actions, causes of action, liabilities, fees, costs and expenses, whether to person or property, arising out of or in any way relating to the Eskaton Assets, the condition thereof, and the development or construction of any Improvements on the Eskaton Assets or any off-site improvements related to the Eskaton Assets. Such release applies to all claims, whether such claims, damages, or losses are known or unknown, foreseen or unforeseen, or patent or latent, that Reutlinger may have against Eskaton. Reutlinger waives application of California Civil Code Section 1542, which states:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or releasing party."

As a consequence of the foregoing waiver, Reutlinger understands that even if Reutlinger eventually incurs any damages arising from the affiliation with Eskaton, Reutlinger will not be able to make any claim after Closing against Eskaton or its directors, employees, agents, affiliates, successors and

assigns for those damages, except as to Eskaton Liabilities. Further, Reutlinger acknowledges that Reutlinger understands these consequences even as to claims against Eskaton and its directors, employees, agents, affiliates, successors and assigns for damages that may exist as of the date of this release but which Reutlinger does not know exist, and which, if known, would materially affect Reutlinger's decision to execute this release, regardless of whether Reutlinger's lack of knowledge is the result of ignorance, oversight, error, negligence, or any other cause.

The provisions of this Section 4.24 shall survive the Closing.

Reutlinger's Initials: 

ARTICLE V COVENANTS OF REUTLINGER

Reutlinger, as indicated below, shall keep, perform and fully discharge the following covenants, unless Eskaton consent otherwise in writing. Eskaton may grant or withhold any such consent requested by Reutlinger in Eskaton's sole discretion:

Section 5.1 Access and Investigation. During the period between the Effective Date and the Closing Date, and upon two (2) business days advance notice received from Eskaton, Reutlinger shall (a) afford Eskaton and its representatives and prospective lenders and their representatives (collectively, "Eskaton Group") full and free access, during regular business hours, to Reutlinger's personnel, properties, Reutlinger Contracts, Reutlinger Leases, Reutlinger Licenses and Permits, books and records and other documents and data, such rights of access to be exercised in a manner that does not unreasonably interfere with the operations of Reutlinger; (b) furnish Eskaton Group with copies of all such Reutlinger Contracts, Reutlinger Leases, Reutlinger Licenses and Permits, books and records and other existing documents and data as Eskaton may reasonably request and in Reutlinger's possession; (c) furnish Eskaton Group with such additional financial, operating and other relevant data and information as Eskaton may reasonably request and in Reutlinger's possession; and (d) otherwise cooperate and assist, to the extent reasonably requested by Eskaton, with Eskaton's investigation of the properties, assets and financial condition related to Reutlinger. In addition, Eskaton shall have the right to have the Reutlinger Real Property and Reutlinger Personal Property inspected by Eskaton Group, at Eskaton's sole cost and expense, for purposes of determining the physical condition and legal characteristics of the Reutlinger Real Property and Reutlinger Personal Property. Eskaton shall reimburse Reutlinger for any damage caused to Reutlinger's property by such inspection.

Section 5.2 Reutlinger's Pre-Closing Activities. From the Effective Date to the Closing Date, Reutlinger will identify in **Schedule 5.2** any expenditure, commitment or undertaking that is not in conformance with an approved budget, or in the ordinary course of business, and that has a value in excess of \$250,000, including a renewal, extension or amendment of Reutlinger Leases or Reutlinger Contracts, other than on commercially reasonable terms, and recognition of any union or labor organization as the exclusive representative of any employees.

Section 5.3 Reutlinger's Commercially Reasonable Efforts. Reutlinger covenants and agrees to use its commercially reasonable efforts to cause all of its covenants and agreements and all

conditions precedent to Eskaton's and Reutlinger's obligations to close hereunder to be performed, satisfied and fulfilled.

Section 5.4 Managed Care Contracts. Reutlinger agrees to use its commercially reasonable efforts to assist Eskaton in causing Reutlinger to maintain, after the Closing Date, the various managed care contracts in which the Reutlinger Facilities now participates.

Section 5.5 Required Approvals. As promptly as practicable after the date of this Agreement, Reutlinger shall make all filings required by law to be made by it in order to consummate the contemplated transactions. Reutlinger shall cooperate with Eskaton and its representatives with respect to all filings that Eskaton elects to make or by law shall be required to make in connection with the contemplated transactions. Reutlinger shall cooperate with Eskaton and its representatives in obtaining all Material Consents.

Section 5.6 Notification. Between the Effective Date and the Closing, Reutlinger shall promptly notify Eskaton in writing if any of them becomes aware of (a) any fact or condition that causes or constitutes a breach of any of Reutlinger's representations and warranties made as of the date of this Agreement or (b) the occurrence after the date of this Agreement of any fact or condition that would or be reasonably likely to (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had that representation or warranty been made as of the time of the occurrence of, or Reutlinger's discovery of, such fact or condition. Should any such fact or condition require any change to any of the schedules attached hereto, Reutlinger shall promptly deliver to Eskaton a supplement to such schedule specifying such change. During the same period, Reutlinger also shall promptly notify Eskaton of the occurrence of any breach of any covenant of Reutlinger in Articles III and V or of the occurrence of any event that may make the satisfaction of the conditions in Article VIII impossible or unlikely.

Section 5.7 No Negotiation. Until such time as this Agreement shall be terminated, Reutlinger shall not directly or indirectly solicit, initiate, encourage or entertain any inquiries or proposals from, discuss or negotiate with, provide any nonpublic information to or consider the merits of any inquiries or proposals from any person (other than Eskaton) relating to any business combination transaction involving Reutlinger, including the merger or consolidation of Reutlinger or the sale of Reutlinger's business or any of the Reutlinger Assets (other than in the ordinary course of business). Reutlinger shall notify Eskaton of any such inquiry or proposal within twenty-four (24) hours of receipt or awareness of the same by Reutlinger .

Section 5.8 Payment of Liabilities. Reutlinger shall pay or otherwise satisfy in the ordinary course of business all of its liabilities. Eskaton and Reutlinger hereby waive compliance with Bulk Sales Laws in connection with the contemplated transactions.

ARTICLE VI COVENANTS OF ESKATON

Eskaton, as indicated below, shall keep, perform and fully discharge the following covenants, unless Reutlinger consent otherwise in writing. Reutlinger may grant or withhold any such consent requested by Eskaton in Reutlinger's sole discretion:

Section 6.1 Access and Investigation. During the period between the Effective Date and the Closing Date, and upon reasonable advance notice received from Reutlinger, Eskaton shall (a) afford Reutlinger and its representatives and prospective lenders and their representatives (collectively, "Reutlinger Group") full and free access, during regular business hours, to Eskaton's personnel, properties, Eskaton Contracts, Eskaton Leases, Eskaton Licenses and Permits, books and records and other documents and data, such rights of access to be exercised in a manner that does not unreasonably interfere with the operations of Eskaton; (b) furnish Reutlinger Group with copies of all such Eskaton Contracts, Eskaton Leases, Eskaton Licenses and Permits, books and records and other existing documents and data as Reutlinger may reasonably request; (c) furnish Reutlinger Group with such additional financial, operating and other relevant data and information as Reutlinger may reasonably request; and (d) otherwise cooperate and assist, to the extent reasonably requested by Reutlinger, with Reutlinger's investigation of the properties, assets and financial condition related to Eskaton. In addition, Reutlinger shall have the right to have the Eskaton Real Property and Eskaton Personal Property inspected by Reutlinger, at Reutlinger's sole cost and expense, for purposes of determining the physical condition and legal characteristics of the Eskaton Real Property and Eskaton Personal Property

Section 6.2 Eskaton Pre-Closing Activities. From the Effective Date to the Closing Date, Eskaton will identify in Schedule 6.2 any expenditure, commitment or undertaking that is not in conformance with an approved budget, or in the ordinary course of business, and that has a value in excess of \$250,000, including a renewal, extension or amendment of Eskaton Leases or Eskaton Contracts, other than on commercially reasonable terms, and recognition of any union or labor organization as the exclusive representative of any employees.

Section 6.3 Eskaton's Commercially Reasonable Efforts. Eskaton covenants and agrees to use its commercially reasonable efforts to cause all of its covenants and agreements and all conditions precedent to Reutlinger's and Eskaton's obligations to close hereunder to be performed, satisfied and fulfilled.

Section 6.4 Required Approvals. As promptly as practicable after the date of this Agreement, Eskaton shall make all filings required by law to be made by them in order to consummate the contemplated transactions. Eskaton shall cooperate with Reutlinger and its representatives with respect to all filings that Reutlinger elects to make or by law shall be required to make in connection with the contemplated transactions. Eskaton shall cooperate with Reutlinger and its representatives in obtaining all Material Consents.

Section 6.5 Notification. Between the Effective Date and the Closing, Eskaton shall promptly notify Reutlinger in writing if any of them becomes aware of (a) any fact or condition that causes or constitutes a breach of any of Eskaton's representations and warranties made as of the date of this Agreement or (b) the occurrence after the date of this Agreement of any fact or condition that would or be reasonably likely to (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had that representation or warranty been made as of the time of the occurrence of, or Eskaton's discovery of, such fact or condition. Should any such fact or condition require any change to any of the schedules attached hereto, Eskaton shall promptly deliver to Reutlinger a supplement to such schedule specifying such change. During the same period, Eskaton also shall promptly notify Reutlinger of the occurrence of any breach of any

covenant of Eskaton in Articles IV and VI or of the occurrence of any event that may make the satisfaction of the conditions in Article VII impossible or unlikely.

ARTICLE VII CONDITIONS PRECEDENT TO OBLIGATIONS OF REUTLINGER

The obligations of Reutlinger hereunder are, at the option of Reutlinger, subject to the satisfaction, on or prior to the Closing Date, of all of the following conditions unless waived in writing by Reutlinger:

Section 7.1 Assurance of Facility License. Reutlinger shall have received assurances satisfactory to Reutlinger and their counsel from the California Department of Public Health and Department of Social Services, that Reutlinger shall maintain the right to continue to operate the Reutlinger Facilities.

Section 7.2 Representations/Warranties. The representations and warranties of Eskaton contained in this Agreement shall be true in all material respects when made and on and as of the Closing Date as though such representations and warranties had been made on and as of such Closing Date; and each and all of the terms, covenants and conditions of this Agreement to be complied with or performed by Eskaton on or before the Closing Date pursuant to the terms hereof shall have been duly complied with and performed in all material respects.

Section 7.3 Governmental Approvals. Reutlinger shall have received all governmental approvals or waivers listed on Schedule 7.3 necessary for Reutlinger to consummate the transactions described herein.

Section 7.4 Action/Proceeding. No proceeding shall have been instituted or threatened to restrain or prohibit the contemplated transactions, and no governmental body shall have taken any other action or made any request of Reutlinger or Eskaton as a result of which Reutlinger reasonably and in good faith deem it inadvisable to proceed with the transactions hereunder.

Section 7.5 Closing Documents. Eskaton shall have executed and delivered to Reutlinger at Closing all of the Eskaton Closing Documents.

Section 7.6 Consents. Each of the consents identified in Schedule 7.6 (the "Material Consents") shall have been obtained and shall be in full force and effect.

Section 7.7 No Material Adverse Change. There shall not have been a material adverse change in the Eskaton Assets or the Eskaton business or operations.

ARTICLE VIII CONDITIONS PRECEDENT TO OBLIGATIONS OF ESKATON

The obligations of Eskaton hereunder are, at their option, subject to the satisfaction, on or prior to the Closing Date, of all of the following conditions unless waived in writing by Eskaton:

Section 8.1 Assurance of Facility License. Eskaton shall have received assurances satisfactory to Eskaton and its counsel (including bond counsel) from the California Department of Public Health and Department of Social Services, that Eskaton shall maintain the right to continue to operate the Eskaton Facilities.

Section 8.2 Representations/Warranties. The representations and warranties of Reutlinger contained in this Agreement shall be true in all material respects when made and on and as of the Closing Date as though such representations and warranties had been made on and as of such Closing Date except those that may be supplemented or amended by the parties on or before the Closing Date; and each and all of the terms, covenants and conditions of this Agreement to be complied with or performed by Reutlinger on or before the Closing Date pursuant to the terms hereof shall have been duly complied with and performed in all material respects.

Section 8.3 Governmental Approvals. Eskaton shall have received all governmental approvals or waivers listed on Schedule 8.3 for Eskaton to consummate the transactions described herein.

Section 8.4 Action/Proceeding. No proceeding shall have been instituted or threatened to restrain or prohibit the contemplated transactions, and no governmental body shall have taken any other action or made any request of Eskaton or Reutlinger as a result of which Eskaton reasonably and in good faith deems it inadvisable to proceed with the transactions hereunder.

Section 8.5 Closing Documents. Reutlinger shall have executed and delivered to Eskaton at the Closing all of the Reutlinger Closing Documents.

Section 8.6 Consents. Each of the Material Consents identified in Schedule 8.6 (the "Material Consents") shall have been obtained and shall be in full force and effect.

Section 8.7 No Material Adverse Change. There shall not have been a material adverse change in the Reutlinger Assets or the Reutlinger business or operations.

ARTICLE IX POST-CLOSING COVENANTS

Section 9.1 Further Assurances. The parties shall cooperate reasonably with each other and with their respective representatives in connection with any steps required to be taken as part of their respective obligations under this Agreement, and shall (a) furnish upon request to each other such further information; (b) execute and deliver to each other such other documents; and (c) do such other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of this Agreement and the contemplated transactions.

ARTICLE X TERMINATION

Section 10.1 Termination. This Agreement and the obligations of the parties hereunder may be terminated by either party, with or without cause, on or prior to the date on which the California Attorney General provides its written consent, or its written conditional consent, to the

proposed transaction contemplated by this Agreement pursuant to California Corporations Code section 5920, et seq.

Section 10.2 Effect of Termination. Each party's right of termination under Section 10.1 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of such right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 10.1, all obligations of the parties under this Agreement will terminate, except that the obligations of the parties in this Section 10.2, Section 12.1 and Section 12.2 will survive, provided, however, that, if this Agreement is terminated because of a breach of this Agreement by the nonterminating party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of the non-terminating party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies will survive such termination unimpaired.

ARTICLE XI AMENDMENT OF AGREEMENT

The parties hereto may by mutual agreement only in writing:

- (a) Extend the time for performance of any of the obligations or other actions of the parties hereto;
- (b) Waive any inaccuracies in the representations and warranties contained in this Agreement or in any document delivered pursuant thereto;
- (c) Waive compliance with any of the covenants or conditions contained in this Agreement; provided, however, that a party may not waive any or all of the conditions precedent to its obligation to close without a written amendment signed by both parties; and
- (d) Amend this Agreement in any other respect. Any and all amendments shall be effective if made in writing by the parties.

ARTICLE XII CONFIDENTIALITY

Section 12.1 Confidential Information of Reutlinger. Eskaton acknowledges that in connection with the contemplated transactions, Eskaton has received and may continue to receive information of a confidential and proprietary nature regarding Reutlinger and the Reutlinger Facilities, including, without limitation, business plans, strategic plans, and other financial information and information concerning its activities, business, assets and properties ("Reutlinger Confidential Information"). Eskaton acknowledges that Reutlinger would be irreparably damaged if such Reutlinger Confidential Information were disclosed to or utilized by any person to the detriment of Reutlinger. Therefore, Eskaton shall not, at any time, directly or indirectly, without the prior written consent of Reutlinger, disclose, make use of or divulge, or permit any of its affiliates, directors, officers, employees or agents to disclose, make use of or divulge, to any person any Reutlinger Confidential Information at any time, except for such disclosure as may be required by law. Notwithstanding any other provision herein to the contrary, the covenants set forth in this

Section 12.1 shall survive the Closing, and if this transaction does not close it will survive the termination of this Agreement. For purposes of this Section 12.1, "Reutlinger Confidential Information" and "Community Confidential Information" shall not include information which is now, or becomes, generally available to the public by any persons other than a person disclosing information in violation of this Section 12.1.

Section 12.2 Confidential Information of Eskaton. Reutlinger acknowledges that in connection with the contemplated transactions, Reutlinger has received and may continue to receive information of a confidential and proprietary nature regarding Eskaton, including, without limitation, business plans, strategic plans, and other financial information and information concerning its activities, business, assets and properties ("Eskaton Confidential Information"). Reutlinger acknowledges that Eskaton would be irreparably damaged if such Eskaton Confidential Information were disclosed to or utilized by any person to the detriment of Eskaton. Further, Reutlinger acknowledges that Eskaton would be irreparably damaged if confidential information regarding the Eskaton Facilities was disclosed following the Closing ("Eskaton Facilities Confidential Information"). Therefore, Reutlinger shall not, at any time, directly or indirectly, without the prior written consent of Eskaton, disclose, make use of or divulge, or permit any of its respective affiliates, directors, officers, employees or agents to disclose, make use of or divulge, to any person (i) any Eskaton Confidential Information at any time, and (ii) any Eskaton Facilities Confidential Information at any time following the Closing, except for such disclosure as may be required by law. Notwithstanding any other provision herein to the contrary, the covenants set forth in this Section 12.2 shall survive the Closing, and if this transaction does not close it will survive the termination of this Agreement. For purposes of this Section 12.2, "Eskaton Confidential Information" and "Eskaton Facilities Confidential Information" shall not include information which is now, or becomes, generally available to the public by any persons other than a person disclosing information in violation of this Section 12.2.

Section 12.3 Exclusivity. Reutlinger hereby agrees not to seek to affiliate with any other entity, nor negotiate or discuss any sale, lease or option of its facilities or any interest in Reutlinger, during the period from the effective Date until the earlier of (a) the Closing Date or (b) termination of this Agreement and the obligations of the parties hereunder pursuant to the terms of Article X hereof.

ARTICLE XIII PAYMENT OF EXPENSES

Except as otherwise provided in Section 1.4, legal, accounting and other expenses incident to this Agreement incurred by (a) Reutlinger shall be paid by Reutlinger and (b) Eskaton shall be paid by Eskaton. To the extent that Reutlinger and Eskaton jointly engage the services of experts or consultants other than in connection with a Breach Notice, such expenses shall be shared equally by Reutlinger and Eskaton.

ARTICLE XV MISCELLANEOUS

Section 15.1 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be one and the same Agreement.

Section 15.2 Survival. All representations and warranties of the Parties set forth in Article III and Article IV of this Agreement shall expire as of the Closing Date. Except with respect to the Fundamental Commitments and the Parties rights and obligations in respect of a Breach Notice and Enforcement Action (which will survive indefinitely), any and all obligations of the Parties under this Agreement will be deemed complete and fully performed and will expire on the second (2nd) anniversary of this Agreement, unless a different survival period is established, directly or by reasonable inference, by this Agreement with respect to a specific obligation.

Section 15.3 Headings. The headings in this Agreement are for convenience only and shall not affect the construction hereof.

Section 15.4 Binding Terms and Provisions. All terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the successors and assigns of the parties hereto.

Section 15.5 Entire Agreement. This Agreement shall constitute the entire agreement between the parties with respect to the foregoing and may not be amended except as provided herein.

Section 15.6 Applicable Law. This Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of California.

Section 15.7 Public Announcements; Public Relations. The Parties acknowledge that the details, terms and conditions of the contemplated transactions shall, to the extent allowed by law and to the extent reasonably possible under the circumstances, be treated as confidential information and legally protected trade secrets. No information pertaining to such transactions shall be released to third parties except insofar as there is a valid need-to-know, or unless the parties agree in writing to such release of information. The parties mutually agree that no party hereto shall release, publish or otherwise make available to the public in any manner whatsoever any information or announcement regarding the contemplated transactions without the prior agreement of the other parties, except for information and filings reasonably necessary to be directed to governmental bodies to fully and lawfully effect the contemplated transactions. The Parties agree to work together in good faith, as necessary, to develop and execute a public relations effort to promote a smooth transition of the Affiliation among the relevant stakeholders.

Section 15.8 Waiver of Breach. The waiver by either party of breach or violation of any provision of this Agreement shall not operate as, or be construed to be, a waiver of any subsequent breach of the same or other provision hereof.

Section 15.9 Third Party Beneficiaries. Except as expressly provided in this Agreement, nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties to it and the respective

successors and assigns, nor is anything in this Agreement intended to relieve or discharge the liability of any third parties to any party to this Agreement, nor shall any provision give any third parties any right of subrogation or action over or against any party to this Agreement.

Section 15.10 Dispute Resolution; Jurisdiction; Service of Process. In the event any disagreement, dispute or claim (collectively, "Dispute") arises between the parties arising out of or relating to this Agreement or any contemplated transaction except as otherwise expressly provided in this Agreement in respect of an Enforcement Action, such Dispute shall be settled in accordance with the following procedures:

(a) In the event of a Dispute, a party may give written notice to the other party setting forth the nature of such Dispute ("Dispute Notice"). The parties to the Dispute shall meet and confer to discuss the Dispute in good faith within fifteen (15) days of the other party's receipt of a Dispute Notice in an attempt to resolve the dispute ("Meet and Confer Discussions"). Each party to the Dispute shall each select two (2) representatives, all representatives shall meet at such date(s) and time(s) as are mutually convenient to the representatives of each participant within the Meet and Confer Period (as defined below),

(b) If the parties are unable to resolve the Dispute within forty-five (45) days following the date of receipt of the Dispute Notice ("Meet and Confer Period"), then the parties shall submit the matter to binding arbitration. Other than in respect of a Dispute arising out of a Breach Notice, Arbitration fees shall be divided equally between the parties. If, for any controversy to which this paragraph applies other than in respect of a Dispute arising out of a Breach Notice, either party commences an action without first attempting to resolve the matter through Meet and Confer Discussions, or refuses to engage in Meet and Confer Discussions after written request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action. The arbitration shall be conducted in San Francisco, California in accordance with the procedures of JAMS, Inc. by a single, neutral arbitrator selected by the parties from the panel of JAMS, Inc. within fifteen (15) days of either party's written request to mediate. If the parties are unable to agree on an arbitrator within the fifteen (15) day period, then a single neutral arbitrator shall be selected by the then serving chief administrative officer of JAMS, Inc. The arbitration shall be completed within forty-five (45) days of the selection of the arbitrator (the "Arbitration Period").

(c) The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures. Judgment on the Award may be entered in any court having jurisdiction. Notwithstanding the parties' agreement to binding arbitration, any party shall be entitled to seek any preliminary injunctive relief, provisional remedies, or other preliminary relief to which it may be entitled upon a proper showing from a court of competent jurisdiction.

Section 15.11 Drafting. No provision of this Agreement shall be interpreted for or against any Person on the basis that such Person was the draftsman of such provision, and no presumption or burden of proof shall arise favoring or disfavoring any Person by virtue of the authorship of any provision of this Agreement.

Section 15.12 Severability. If any provision of this Agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision

hereof, and this Agreement shall be construed as if such invalid or unenforceable provision were omitted.


Section 15.13 Exhibits and Schedules. The exhibits and schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by a duly authorized officer on the date first above written.

Date: Sept. 13, 2019

Eskaton, a California nonprofit public benefit corporation

By: 
Todd Murch
Its: President and Chief Executive Officer

The Reutlinger Community, a California nonprofit public benefit corporation

Date: _____

By: _____
Jay A. Zimmer
Its: President and Chief Executive Officer

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by a duly authorized officer on the date first above written.

Eskaton, a California nonprofit public benefit corporation

Date: _____

By: _____

Chairman of the Board

The Reutlinger Community, a California nonprofit public benefit corporation

Date: 9/11/2019

By: Jay A. Zimmer

Jay A. Zimmer

Its: President and Chief Executive Officer

[Signature Page]

Exhibit 1.2

Amended Reutlinger Articles & Bylaws

RESTATED ARTICLES OF INCORPORATION

OF

THE REUTLINGER COMMUNITY

The undersigned, Jay Zimmer and David Grant, certify that:

1. They are the President and the Secretary, respectively, of THE REUTLINGER COMMUNITY, a California nonprofit public benefit corporation (the "Corporation").
2. The Articles of Incorporation of the Corporation are amended and restated to read as follows:

I.

"The name of this corporation is THE REUTLINGER COMMUNITY (the "Corporation").

II.

This Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for charitable purposes.

III.

The Corporation is organized and shall be operated exclusively for charitable purposes within the meaning of Internal Revenue Code Section 501(c)(3), or any successor section ("Section 501(c)(3)").

IV.

The specific purposes of this Corporation are:

1. to promote the health and welfare of the community by operating one or more geriatric residential and nursing home facilities, and providing outreach services to the elderly in Northern California (the "Region"), all in the Jewish tradition; and
2. to provide related health care and non-health care services and facilities to benefit the elderly in the Region.

Solely for the above purposes, the Corporation is empowered to exercise all rights and powers conferred by the laws of the State of California upon nonprofit corporations, including without limitation thereon, to receive gifts, devises, bequests and contributions in any form, and to use, apply, invest and reinvest the principal and/or income therefrom or distribute the same to qualified charitable organizations for the above purposes.

V.

Notwithstanding any other provision of these Articles, the Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of the Corporation, and the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3), or (b) by a corporation to which contributions are deductible under Internal Revenue Code Sections 170(b), 170(c)(2), 2055(a)(2) or 2522(a).

VI.

The property of the Corporation is irrevocably dedicated to charitable purposes meeting the requirements for exemption provided by Section 214 of the California Revenue and Taxation Code, or any successor section ("Section 214"), and no part of the net income or assets of the Corporation shall ever inure to the benefit of any director, officer or member thereof, or to the benefit of any private person.

VII.

No substantial part of the activities of this Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of or in opposition to any candidate for public office.

VIII.

Upon dissolution or winding up of the Corporation, its assets remaining after payment, or provision for payment, of all of its debts and liabilities, shall be distributed exclusively for charitable purposes to Eskaton (as such term is defined in Article IX below) or to any surviving affiliate of Eskaton. Notwithstanding the foregoing, in the event that: (i) a proceeding under any bankruptcy, reorganization, arrangement, insolvency,

readjustment of debt or receivership law has been filed against or consented to by Eskaton and not dismissed or withdrawn within ninety (90) days after filing; (ii) Eskaton has made a general assignment for the benefit of creditors or consented to any other marshaling of its assets or liabilities; (iii) Eskaton has been adjudicated as bankrupt or insolvent; (iv) a liquidation, dissolution or other winding up of Eskaton has occurred or is undergoing, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy; or (v) Eskaton: (x) is no longer in existence, (y) does not meet the requirements for exemption provided by Section 214 or (z) has not maintained its tax exempt status under Section 501(c)(3), then upon dissolution or winding up of the Corporation, the Corporation's assets remaining after payment, or provision for payment, of all of its debts and liabilities shall be distributed exclusively for charitable purposes to one or more nonprofit funds, foundations or corporations selected by the Commitment Committee (as such term is defined in Article X below), each of which must: (i) be organized and operated exclusively for charitable purposes for the benefit of the Jewish community in the East Bay of the City of San Francisco; (ii) meet the requirements for exemption provided by Section 214; and (iii) have established tax-exempt status under Section 501(c)(3). Any of such assets not distributed in a manner provided by the preceding sentences of this Article VIII shall be distributed exclusively for charitable purposes to one or more organizations which are then organized and operated exclusively for charitable purposes meeting the requirements for exemption provided by Section 214 and which have established tax-exempt status under Section 501(c)(3), as shall be determined by the Superior Court in the county in which the principal office of the Corporation is then located.

IX.

The Corporation shall have a single "member" as defined in Section 5056 of the California Nonprofit Corporation Law. The sole member shall be Eskaton, a California nonprofit public benefit corporation ("Eskaton"). The Member shall have all the rights afforded to members under the California Nonprofit Public Benefit Corporation Law.

X.

Effective on the closing date of the affiliation between the Corporation and Eskaton (the "Closing Date") and so long as the Corporation remains a subsidiary of Eskaton, Eskaton shall, among other things, provide for a director to Eskaton's Board of Directors

who shall be nominated by the Corporation's Board of Directors as constituted prior to the Closing Date (the "Reutlinger Designee") for a three-year term, subject to the approval of the full Eskaton Board of Directors, which approval shall not be unreasonably withheld, and subject to the limitation on successive terms applicable to all other members of Eskaton's Board of Directors. Upon the death, incapacity, resignation, removal or term limit of the Reutlinger Designee for any reason, the right to nominate his or her replacement, subject to the approval of the full Eskaton Board of Directors, which approval shall not unreasonably be withheld, shall be vested in a committee consisting of between three (3) and five (5) persons, each of whom shall serve until they elect to resign or are unable to serve due to death or incapacity (the "Commitment Committee"). Thereafter, the Commitment Committee shall be self-perpetuating, with the remaining members of the Commitment Committee selecting the persons to fill vacancies on the Commitment Committee. The initial members of the Commitment Committee shall be Craig Judson, Marc Usatin, Jordan Rose and up to two (2) additional persons as they may designate. The Reutlinger Designee shall have all of the rights, powers, duties and obligations of a member of the Corporation's Board of Directors under these Articles and the Bylaws of the Corporation, including, but not limited to, the right to vote. Only the Commitment Committee may remove the Reutlinger Designee, and then only for cause. For this purpose, "cause" shall mean any of the following in respect of such Reutlinger Designee: (i) such person has been convicted of a felony; (ii) such person has been found by a final order or judgment of any court to have breached any duty arising under Article 3 (commencing with Section 5230) of Chapter 2 of the California Nonprofit Corporation Law; (iii) such person has been declared of unsound mind by a final order of court; or (iv) upon the physical or mental "incapacitation" of such person, as determined by two independent licensed physicians who must certify in writing, under penalty of perjury, that such person has become physically or mentally incapacitated and is unable to manage his or her affairs in his or her best interest.

XI.

All references in these Articles to sections of the Internal Revenue Code shall be deemed to be references to the Internal Revenue Code of 1986, as amended, and to the corresponding provisions of any similar law subsequently enacted. All references in these Articles to sections of the California Revenue and Taxation Code shall be deemed to be references to said Code and to the corresponding provisions of any similar law subsequently enacted.

XII.

Notwithstanding the provisions of California Corporations Code section 5132(c)(4), any amendment to: (i) Article VIII, Article X and/or this Article XII of these Articles; and/or (ii) Article IV, Section 8 and/or Article X, Section 2 of the Bylaws of the Corporation shall not be effective without the prior written consent of the Reutlinger Designee and the Commitment Committee.”

3. The foregoing amendment to and restatement of the Articles of Incorporation have been duly approved by the Board of Directors of the Corporation in accordance with Section 5812 of the California Corporations Code.
4. The foregoing amendment to and restatement of the Corporation’s Articles of Incorporation has been adopted by approval of the Board of Directors of the Corporation alone because the Corporation’s Articles of Incorporation did not require approval by any other person of said amendment and restatement. Subject to Article XII of the Corporation’s Articles of Incorporation, any future amendments shall require the approval of the Member.

The undersigned declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of their own knowledge.

Dated: _____, 2019

Jay Zimmer, President

David Grant, Secretary

**SECOND AMENDED AND RESTATED BYLAWS OF
THE REUTLINGER COMMUNITY**

ARTICLE I

NAME AND PURPOSE

The name of the Corporation and the purpose for which the Corporation is organized and is being operated are set forth in its Restated Articles of Incorporation (the "Restated Articles").

ARTICLE II

OFFICES

SECTION 1. Offices.

The principal office for the transaction of the business of the Corporation shall be in the County of Contra Costa, State of California. The Corporation may also maintain such other office or offices, either within or without the State of California as the Board of Directors may from time to time establish. The Board of Directors may change the location of the principal office of the Corporation.

ARTICLE III

CORPORATE MEMBER

SECTION 1. Sole Corporate Member.

The sole corporate member of the Corporation shall be Eskaton, a California nonprofit public benefit corporation, designated as the "Member." The Corporation may refer to other persons or entities associated with it as "members," even though those persons or entities are not voting members as set forth in Section 14 of this Article, but no such reference shall constitute anyone as a member within the meaning of Section 5056 of the California Nonprofit Corporation Law. The Member shall continue to serve as the sole Member until such time as the Corporation is dissolved or these bylaws are amended by the Member to provide otherwise, or the Member is dissolved or ceases to be recognized by the Internal Revenue Service as an organization described by section 501(c)(3) of the Internal Revenue Code.

SECTION 2. Rights of the Member

Except as provided in Article VIII or Article X of the Restated Articles, Article IV, Section 8 of these bylaws and/or the Affiliation Agreement, the Member shall have the right to vote, as set forth in these bylaws, on the election and removal of directors, the disposition of all or substantially all of the assets of the Corporation, any merger and its principal terms and any amendment of those terms, and any election to dissolve the Corporation. In addition, the Member shall have all rights afforded members under the California Nonprofit Public Benefit Corporation Law (the "Nonprofit Law").

SECTION 3. Transfer to Directors if Member Fails

If at any time during the term of this Corporation, the Member dissolves or ceases to be recognized by the Internal Revenue Service as an organization described by section 501(c)(3) of the Internal Revenue Code, then the directors in office at that time shall become members of the corporation without the need for further action.

SECTION 4. Meetings of Member

The annual meeting of the Member as a member of this Corporation shall take place concurrently with or immediately after the annual board meeting of the Member as specified in the Member's bylaws. A special meeting of the Member may be called in accordance with the bylaws of the Member.

ARTICLE IV

BOARD OF DIRECTORS

SECTION 1. Responsibility.

Except as otherwise provided by the Restated Articles, these Bylaws or that certain Affiliation Agreement dated [·], 2019 by and between the Corporation and the Member (the "Affiliation Agreement") governance of the affairs of this Corporation shall be vested in a Board of Directors, hereinafter sometimes referred to as the Board.

SECTION 2. Number.

Subject to Article X of the Restated Articles and Section 8 of this Article there shall be no less than ten (10) and nor more than fifteen (15) voting members of the Board with the exact number fixed by the Board. Except for any resident directors authorized by law, such members of the Board of the Corporation shall be identical to the members of the Board of the Member.

SECTION 3. Qualifications and Election.

The President shall be an ex officio member of the Board with the power to vote. The ex officio Director shall serve by reason of official capacity, and the resignation or removal of such person from the office of President shall automatically terminate such person's membership on the Board. The remainder of the Board shall be Directors-at-large, appointed by the Member, subject to Article X of the Corporation's Articles and Section 8 of this Article. Directors shall be selected for their willingness and ability to participate effectively in fulfilling the Board's responsibilities.

SECTION 4. Nominations.

Subject to Article X of the Restated Articles and Section 8 of this Article, Candidates for election as Directors-at-large shall be nominated by the Development Committee of the Member.

SECTION 5. Term.

Except as otherwise provided herein, a Director-at-large shall hold office for a term of three (3) years or until his or her successor has been elected or appointed. Directors-at-large may be re-elected to membership on the Board except that no such Director shall serve more than three (3) consecutive full terms of office unless such Director has been chosen to act as Chair or Vice Chair, at which time such Director may serve for two (2) additional years for each position of Vice Chair, Chair and past Chair, or a maximum of six (6) additional years from the date of the initial election to one of the "Chair" positions. A one (1) year absence from the Board must occur before such Director is again eligible for election to the Board.

SECTION 6. Staggered Terms.

Directors' terms of office shall be established in such a manner that approximately one-third (1/3) of such Directors' terms expire each year. In the event of a change in the number of Directors, the staggering of terms shall be preserved.

SECTION 7. Vacancies.

Except as otherwise provided in Article X of the Restated Articles and Section 8 of this Article, any vacancy on the Board of Directors, whether by death, removal resignation, or whenever the number of authorized Directors is increased by the Member, shall be filled by the remaining members of the Board, even though less than a quorum. A Director appointed to fill a vacancy shall be appointed for the unexpired term of his or her predecessor in office.

SECTION 8. Reutlinger Designee.

The initial Reutlinger Designee (as such term is defined in the Restated Articles) shall be designated in the matter set forth in Article X of the Restated Articles. Upon the death, incapacity, resignation, removal or term limit of the Reutlinger Designee for any reason, the Commitment Committee (as such term is defined in the Restated Articles), subject to the approval of the full Member's Board, which approval shall not unreasonably be withheld, shall have the right to designate the Reutlinger Designee in the manner set forth in Article X of the Restated Articles. The Reutlinger Designee or the Commitment Committee, as applicable, shall have the right to pursue remedies for any breach by the Member and/or Corporation of its obligations and commitments described in the Affiliation Agreement as a breach of charitable trust under California Corporations Code Section 5142.

SECTION 9. Compensation.

Directors shall not receive compensation for their services as members of the Board. Nothing herein shall be construed to preclude any Director from receiving reimbursement for reasonable expenses, as may be fixed or determined by resolution of the Board. Nothing contained in this section shall be construed to preclude any Director from serving the Corporation in any other capacity as an officer, agent, employee, or otherwise, and receiving compensation therefor, subject, however, to the restrictions set forth in Internal Revenue Code Section 4958.

ARTICLE V

MEETINGS OF THE DIRECTORS

SECTION 1. Place of Meetings.

All meetings of the Board shall be held at the office of the Corporation or at such other place as may be designated for that purpose from time to time by the President of the Corporation.

SECTION 2. Organization Meetings.

As soon as reasonably practical, and within thirty (30) days after the annual election of Directors, the Directors shall meet for the purpose of organizing the Board, the election of Officers and the transaction of such other business as may come before the meeting. Notice of the date, time and place of any such organization meeting may be given at the meeting at which the election for new Director(s) was held.

SECTION 3. Regular Meetings.

Regular meetings of the Board shall be held at least quarterly. Failure of a member of the Board to attend fifty percent (50%) of all regular meetings shall be cause for removal.

SECTION 4. Special Meetings.

Special meetings of the Board for any purpose(s) may be called at any time by the President, and upon the written request of one-third (1/3) of the Board of Directors, called by the President or, upon his failure to promptly do so, by the Chair or the Vice Chair of the Corporation.

SECTION 5. Notice of Regular and Special Meetings.

Regular and special meetings may be held on four days' notice by first class mail, postage prepaid, or on forty-eight (48) hours' notice delivered personally or by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, facsimile, electronic mail or other electronic means.

SECTION 6. Validation of Meeting.

The transactions of the Board at any meeting, however called or noticed, or wherever held, shall be as valid as though had at a meeting held after call and notice if a quorum be present and if, either before or after the meeting, each Director not present signs a written waiver of notice or a consent to the holding of such meeting, an approval of the minutes thereof, or who attends the meeting without protesting the lack of notice to that Director either before or at the commencement of the meeting. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

SECTION 7. Quorum.

A majority of the authorized Directors shall constitute a quorum. Every act or decision of a majority of the Directors present at a meeting at which a quorum is present, made or done when duly assembled, shall be valid as the act of the Board.

A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for such meeting, or such greater number as is required by the law, the Restated Articles, or the Bylaws.

In the absence of a quorum, a majority of the Directors present may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time and place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of adjournment.

SECTION 8. Use of Telecommunication.

Directors may participate in a meeting through use of conference telephone, electronic video screen communication or electronic transmission by and to the Corporation, so long as all members participating in such meeting can hear one another. Such participation constitutes presence in person at such meeting if both of the following apply:

- a. Each member participating in the meeting can communicate with all the other members concurrently.
- b. Each member is provided the means of participating in all matters before the Board, including without limitation, the capacity to propose or to interpose, an objection to a specific action to be taken by the Corporation.

SECTION 9. Action Without Meeting.

Any action required or permitted to be taken by the Board under any provision of law, the Restated Articles, or these Bylaws may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of such Directors. Any certificate or other document filed on behalf of this Corporation relating to an action taken by the Board without a meeting shall state that the action was taken by a unanimous written consent of the Board of Directors without a meeting, and that the Bylaws of the Corporation authorize its Directors to so act.

ARTICLE VI

OFFICERS

SECTION 1. Officers.

The Officers of this Corporation shall consist of a President, a Secretary, and a Chief Financial Officer, and may include an Assistant Secretary.

SECTION 2. Election of Officers.

The Officers of the Corporation shall be elected annually by the Board of Directors and each shall hold his or her office until he or she shall resign, shall be removed, shall otherwise become disqualified to serve, or his or her successor shall be elected and qualified.

SECTION 3. Removal of Officers.

Any Officer may be removed from his or her office, either with or without cause by a majority of the Directors then in office at any regular or special meeting of the Board. Should a vacancy occur in an office as a result of death, resignation, removal, disqualification or any other cause, the Board of Directors may delegate the powers and duties of such office to any other Officer or to any Director until such time as a successor for said office has been elected and qualified.

SECTION 4. President.

Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chair or the Vice Chair of the Board, the President shall be the Chief Executive Officer of the Corporation and shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the business and Officers of the Corporation. The President shall act as the representative of the Corporation to the public, as well as to governmental or voluntary organizations, make policy proposals to the Board of Directors, and have responsibilities for long range planning. In the absence of the Chair and the Vice Chair of the Board, he or she shall preside at all meetings of the Board of Directors. The President shall act as the duly authorized representative of the Board of Directors in all matters in which the Board of Directors has not formally designated some other person to so act. He or she should be ex officio and shall have the general powers and duties of management usually vested in the office of the president of a Corporation and shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws. In the absence or disability of the Chair and the Vice Chair of the Board, the President shall perform all of the duties of the Chair of the Board, except as otherwise provided in these Bylaws, and when so acting shall have all of the powers and be subject to all of the restrictions upon the Chair of the Board.

SECTION 5. Secretary.

The Secretary shall keep or cause to be kept a book of minutes at the principal office or at such other place as the Board of Directors may order of all meetings of the Directors and of the Member, with the time and place of holding, whether regular or special, and if special how

authorized, the notice thereof given, and the names of those present at Directors' meetings. The Secretary shall give or cause to be given notice of all the meetings of the Member and of the Board of Directors required by these Bylaws or by law to be given and have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws. The Secretary shall not serve concurrently as the President or Chair of the Board.

SECTION 6. Assistant Secretary.

The Assistant Secretary, should there be any, shall, in the absence or disability of the Secretary perform the duties and exercise the powers of the Secretary and shall perform such other duties as the Board of Directors shall prescribe.

SECTION 7. Chief Financial Officer.

The Chief Financial Officer shall keep and maintain or cause to be kept and maintained adequate and correct accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains and losses. The books of account shall at all times be open to inspection by any Director. The Chief Financial Officer shall deposit all moneys and other valuables in the name and to the credit of the Corporation in such depositories as may be designated by the Directors. He or she shall disburse the funds of the Corporation as shall be ordered by the Board of Directors, shall render to the President and the Directors, whenever they shall request it, an account of all of his or her transactions as Chief Financial Officer and of the financial condition of the Corporation, shall take proper vouchers for all disbursements of the funds of the Corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws. The Chief Financial Officer shall not serve concurrently as the President or Chair of the Board.

ARTICLE VII

THIS ARTICLE INTENTIONALLY LEFT BLANK

ARTICLE VIII

LIABILITIES AND INDEMNITY

SECTION 1. Agents, Proceedings, and Expenses.

For the purposes of this Article, "agent" means any person who is or was a Director, Officer, employee, or other agent of this Corporation, or is or was serving at the request of this Corporation as a Director, Officer, employee, or agent of another foreign or domestic Corporation, partnership, joint venture, trust or other enterprise, or was a Director, Officer, employee, or agent of a foreign or domestic Corporation which was a predecessor Corporation of this Corporation or of another enterprise at the request of such predecessor Corporation; "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative, or investigative; and "expenses" includes, without limitation, attorneys' fees and any expenses of establishing a right to indemnification under Section 4 or 5(c) of this Article.

SECTION 2. Actions Other than by the Corporation.

This Corporation shall have the power to indemnify any person who was or is a party, or is threatened to be made a party to any proceeding (other than an action by or in the right of this Corporation) by reason of the fact that such person is or was an agent of this Corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if that person acted in good faith and in a manner that person reasonably believed to be in the best interests of this Corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of that person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of this Corporation or that the person had reasonable cause to believe that the person's conduct was unlawful.

SECTION 3. Actions By The Corporation.

This Corporation shall have the power to indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action by or in the right of this Corporation to procure a judgment in its favor by reason of the fact that that person is or was an agent of this Corporation against expenses actually and reasonably incurred by that person in connection with the defense or settlement of that action if that person acted in good faith, in a manner that person believed to be in the best interests of this Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this Section 3:

- a. in respect of any claim, issue or matter as to which that person shall have been adjudged to be liable to this Corporation in the performance of that person's duty to this Corporation, unless and only to the extent that the court in which that action was brought shall determine upon application that, in view of all the circumstances of the case, that person is fairly and reasonably entitled to indemnity for the expenses which the court shall determine;
- b. of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or
- c. of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval.

SECTION 4. Successful Defense by Agent.

To the extent that an agent of this Corporation has been successful on the merits in defense of any proceeding referred to in Sections 2 or 3 of this Article, or in defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

SECTION 5. Required Approval.

Except as provided in Section 4 of this Article, any indemnification under this Article shall be made by this Corporation only if authorized in the specific case on a determination that indemnification of the agent is proper in the circumstances because agent has met the applicable standard of conduct set forth in Sections 2 or 3 of this Article, by:

- a. a majority of a quorum consisting of Directors who are not parties to the proceeding;
- b. the Member of this Corporation ; or
- c. the court in which the proceeding is or was pending, on application made by this Corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney, or other person is opposed by this Corporation.

SECTION 6. Advance of Expenses.

Expenses incurred in defending any proceeding may be advanced by this Corporation before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the agent to repay the amount of the advance unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Article.

SECTION 7. Other Contractual Rights.

Nothing contained in this Article shall affect any right to indemnification to which persons other than Directors and Officers of this Corporation or any subsidiary hereof may be entitled by contract or otherwise.

SECTION 8. Limitations.

No indemnification or advance shall be made under this Article, except as provided in Sections 4 or 5(c), in any circumstance where it appears:

- a. that it would be inconsistent with a provision of the articles, a resolution of the Member, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or
- b. that it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

SECTION 9. Insurance.

Upon and in the event of a determination by the Board of Directors of this Corporation to purchase such insurance, this Corporation shall purchase and maintain insurance on behalf of any

agent of the Corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not this Corporation would have the power to indemnify the agent against that liability under the provisions of this Article.

SECTION 10. Fiduciaries of Corporate Employee Benefit Plan.

This Article does not apply to any proceeding against any trustee, investment manager, or other fiduciary of an employee benefit plan in that person's capacity as such, even though that person may also be an agent of the Corporation as defined in Section 1 of this Article. Nothing contained in this Article shall limit any right to indemnification to which such a trustee, investment manager, or other fiduciary may be entitled by contract or otherwise, which shall be enforceable to the extent permitted by applicable law.

SECTION 11. Liabilities.

Directors and Officers shall not be personally liable for the debts, liabilities, or other obligations of the Corporation.

ARTICLE IX

GENERAL PROVISIONS

SECTION 1. Voting Shares.

The Corporation may vote any and all shares held by it in other Corporations by such Officer, agent or proxy as the Board of Directors may appoint, or in default of any such appointment, by the President or the Chief Financial Officer and, in such case, such Officers, or any of them, may likewise appoint a proxy to vote said shares.

SECTION 2. Checks and Instruments.

All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable to the Corporation and any and all securities owned or held by the Corporation requiring signature for transfer shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by the Board of Directors.

SECTION 3. Execution of Contracts.

The Board of Directors, except as otherwise provided in these Bylaws, may authorize any Officer or Officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances and unless so authorized by the Board of Directors no Officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

SECTION 4. Annual Statements.

The Board of Directors shall cause an annual statement of transactions with interested persons and of indemnifications to be transmitted to the Member of this Corporation no later than one hundred fifty (150) days after the close of the fiscal year. Such annual statement shall be prepared in conformity with the requirements of the California Corporations Code.

SECTION 5. Annual Report.

The Board of Directors shall cause an annual report to be transmitted to the Member of this Corporation no later than one hundred fifty (150) days after the close of the fiscal or calendar year. Such annual report shall be prepared in conformity with the requirements of the California Corporations Code.

SECTION 6. Property.

The property of the Corporation is irrevocably dedicated to charitable purposes and upon the liquidation, dissolution or abandonment of the Corporation, after providing for the debts and obligations thereof, the remaining assets will not inure to the benefit of any private person, but will be distributed in accordance with Article VIII of the Restated Articles.

SECTION 7. Discrimination.

In the conduct of its affairs, the Corporation, its Officers and employees, and other persons or entities acting on its behalf, shall not discriminate on the basis of race, color, religion, sex, age, or national origin.

ARTICLE X

AMENDMENTS

SECTION 1. Amendment of Bylaws.

Except as provided in this Article, these Bylaws may be amended or repealed and new Bylaws may be adopted by the Member of this Corporation. These Bylaws may also be amended or repealed and new Bylaws may be adopted by the Board of Directors, provided however, that a bylaw fixing the number of Directors, a bylaw creating proxy rights, and a bylaw which materially and adversely affects the rights of the Member of this Corporation as to voting may not be amended, repealed or adopted without the approval of the Member of this Corporation.

SECTION 2. Commitment Committee and Reutlinger Designee Rights. No rights of the Commitment Committee or the Reutlinger Designee set forth in these Bylaws may be changed or altered or eliminated without the prior written consent of the Commitment Committee and the Reutlinger Designee.

SECTION 3. High Vote Limitation. If any of these bylaws requires a higher Board vote than is otherwise required by law, said bylaw may not be altered, amended or repealed except by such higher Board vote.

SECTION 4. Notice. A copy of the proposed amendment or new bylaws shall be included in the notice of meeting given to the Member or Director, as the case may be, at which the amendment(s) are to be considered.

SECRETARY'S CERTIFICATE

THIS IS TO CERTIFY that the foregoing bylaws of THE REUTLINGER COMMUNITY have been duly amended and adopted by the Board of Directors of said Corporation at a meeting of said Board held on [·].

IN WITNESS WHEREOF, the undersigned, duly elected and acting Secretary of the Corporation, has signed this Certificate this [·]day of [·], 2019.

[·], Secretary

Exhibit 1.4(a)

Reutlinger's Jewish Values, Practices and Policies

Reutlinger's Mission Statement

The mission of The Reutlinger Community is to provide high quality health care and social support services to seniors in a life-enhancing and stimulating environment with a commitment to Jewish values.

Policies and Practices

Financial Assistance Program: Since Reutlinger's founding in 1950, it has provided financial assistance to those individuals who, through no fault of their own, have outlived their financial assets. The Reutlinger Founders and subsequent Boards of Directors have also permitted "Holocaust Survivors" (meaning Nazi Victim, as defined on the attached definition developed by the National network of Jewish Children and Family Services organizations) to enter the community regardless of his/her ability to pay the monthly and associated fees. Attached is a copy of Reutlinger's current financial assistance policy.

Religious Practices:

Reutlinger has a long-standing practice of maintaining an on-site synagogue and a full-time Rabbi who provides religious and spiritual leadership, cultural teaching and pastoral services to those of all faiths. The sanctuary is a sacred place and is used for Shabbat (Sabbath) services every Friday night and Saturday morning, and, all of the major Jewish holidays, e.g., Rosh Hashanah, Yom Kippur, Sukkot (at such time a Sukkah is constructed), Hanukah, Simchat Torah, Passover, Shavuot, etc. The synagogue serves as a place for memorial services; morning -prayer for those who practice; and, celebrations and other ceremonies that require a sanctuary setting. After the Closing Date, the full-time Rabbi employed for religious, cultural and pastoral services shall be (a) Conservative, Reform or Reconstructionist and (b) selected from time to time by the Commitment Committee.

The community serves both Kosher and non-Kosher meals but does not permit shellfish or pork in public dining areas. During Passover, all meals are prepared under kosher law with matzo and other unleavened products throughout the holiday period.

Outside of the synagogue walls, Jewish programming occurs on a routine basis through music, lectures and classes; special dinners e.g., the Passover Seder; Yom Kippur "break the fast;" celebrations e.g., the Purim Festival, Hanukah Candle Lighting and services in the Sukkah.

Reutlinger maintains Torahs, prayer books and Chumashim and Mezuzzot on doorposts

The community is a Registered Jewish Heritage Museum (JHM) with a number of donated collections made to Reutlinger over the years. Should Eskaton determine that the museum can no longer be supported, the collection shall be donated to the Magnes Museum in Berkeley or some other appropriate Jewish organization selected by the Commitment Committee.

The maintenance of the Tree of Life wall display in the main lobby of the Reutlinger Facility (donor gifts in memoriam), along with other gifts of Judaica, artwork, books, etc. must continue to be adequately displayed, insured and safely stored if not displayed.

Maintain membership in AJAS (Association of Aging Jewish Services). This organization represents the 95+ Jewish senior living communities throughout the United States, Montreal and Toronto, Canada. In addition to an Annual Conference and several regional meetings throughout the year, AJAS is a source for funding projects that enhance the lives of the Reutlinger elderly residents. Over the past 3-years AJAS has donated \$50,000 dollars toward the purchase of new vehicles for the Reutlinger community transportation program, and, is currently funding the 1st-year of a 3-year funding cycle project for the development of a memory and music program for the Reutlinger residents suffering from dementia.



The Reutlinger
Community

Financial Assistance Program

It is the desire of The Reutlinger Community ("Reutlinger") to provide financial assistance to residents ("Residents") that have outlived or depleted their financial resources and can no longer afford to pay the full current cost of residing at Reutlinger. The amount of funding available for the Financial Assistance Program ("Program") is determined annually by the Board ("Board"). Qualification for financial assistance is based on criteria and a screening process established by the Board. This document describes the Program, the application ("Application") needed for assistance and your responsibilities under the Program should you need or seek financial assistance from Reutlinger. Your signature at the end of this document signifies your understanding and agreement with the terms and conditions of the Program. Both Reutlinger and Residents agree that they will deal with each other honestly, fairly and in good faith.

1. Eligibility for Financial Assistance

- a. At the time Residents apply for admission to Reutlinger, they are assessed for their financial ability to pay privately using Finaid or other similar senior living software. Based on the results of their Finaid assessment, Prospective Residents must be able to prove they can pay privately all costs of residency at Reutlinger for their anticipated life expectancy. If and when Residents reach a sum equal to six (6) months of then current monthly rent in remaining assets, Residents become eligible to apply for financial assistance. Residents may also become eligible for financial assistance due to a significant negative change in assets or income that is beyond their control and as approved by Reutlinger. You agree to notify Reutlinger immediately of a material adverse change in your finances.
- b. Before you receive any financial assistance from Reutlinger, you must: (1) demonstrate your inability to pay your usual monthly fees and other charges at Reutlinger, including providing any financial statements Reutlinger reasonably requests documenting your financial activity in the current or previous years; (2) explore the availability of local, state and federal assistance, other public assistance programs, including Supplemental Security Income, and apply for such assistance; and (3) prove that you have exhausted all efforts to receive such assistance.
- c. If you are unable to pay your monthly fees or other charges promptly, Reutlinger may, in its sole discretion, grant you an extension of time to make payments that are due or work out another mutually acceptable arrangement for financial assistance. To qualify for and

maintain such assistance, you must comply with all the other provisions of the Program. You will not qualify for assistance if you: (1) have impaired your ability to meet your financial obligations by transferring your assets for less than their fair market value (e.g., by making gifts, bargain sales, bequests, donations, or other similar transfers); (2) encumber your assets or otherwise dilute their value; or (3) inappropriately spend your assets (e.g., by spending down, irresponsible expenditures, or waste) before or after you are accepted for residency at Reutlinger, which, in the reasonable judgment of Reutlinger, impairs your ability to pay all charges you may foreseeably incur while residing at Reutlinger.

- d. Except in certain cases, the maximum amount of financial assistance that may be provided to each applicant shall not exceed 33% of Resident's cost of care at Reutlinger.
- e. Residents and their responsible parties should anticipate a period of up to six (6) months between the time the application for financial assistance is submitted and the time the disposition of the application is provided. Accordingly, Residents and their responsible parties are encouraged to plan in advance and notify Reutlinger at least six months in advance of their anticipated need for financial assistance.
- f. To maintain any assistance arrangement, you must also report promptly to Reutlinger any material increase in your assets and their value, whether the increase occurs by way of gift, inheritance, appreciation in value, or otherwise.

2. Application for Financial Assistance

- a. Application forms may be obtained from the Reutlinger Administrator. By submitting an Application, you agree to move to the least expensive living accommodation available, which in some cases may be a shared apartment.
- b. The Application requires full disclosure of each Resident's income and assets for review to ensure that there has been no significant divestiture or waste of income and assets since the time Resident's financial ability to pay was initially assessed or since any subsequent disclosure of resident's assets or income. Resident and/or Resident's responsible party must certify that all information provided in the Application is complete, true, and correct, with the understanding that Reutlinger will rely on the provided information. In addition, Resident and/or Resident's responsible party agree to provide such additional and further information to Reutlinger upon request with respect to the information initially provided to Reutlinger in the Application. Reutlinger will do its best to promptly inform Residents and Residents' responsible party of the disposition of the Application.

3. Financial Assistance

- a. The amount of financial assistance will depend on the amount allocated by the Board, the availability of space in Program designated accommodations, need, medical acuity and anticipation of existing residents who may become eligible for financial assistance. If an

Application is approved, Reutlinger will provide financial assistance of up to one-third of the cost of Residents' current cost of care, including monthly rent, services and level of care fees. Financial assistance will not include incidental or other costs. Reutlinger retains full discretion in determining the percentage of financial assistance provided to each Resident. Reutlinger may increase its financial assistance if Resident's service needs increase or if the financial support of Resident's family members or others decrease. Reutlinger will provide such assistance only if it determines that it can do so without jeopardizing its own ability to operate on a sound financial basis.

- b. Reutlinger retains discretion to provide financial assistance of more than 33% of a resident's current cost of care for any resident who is a Holocaust Survivor.

4. Ongoing Obligations for Residents

- a. Residents who receive financial assistance agree to annual reviews of their financial status. The annual reviews shall occur during the period from October 1 through October 31 of each year that Residents reside at Reutlinger. During such reviews, recipients of financial assistance and/or their responsible parties must respond to a questionnaire regarding changes to income and/or transfers of assets, must provide financial statements, tax returns, banking and brokerage statements and any changes to their medical coverage and other verifying documents as required by Reutlinger.
- b. Residents of the Reutlinger Health Center receiving financial assistance must apply for Medi-Cal as soon as they become eligible.

5. Resident acknowledges and agrees that the following events may result in termination of Resident's Residency Agreement and Resident's residence at Reutlinger:

- a. Misrepresentations or omissions in the Application for residency at Reutlinger (including financial forms):
- b. Misrepresentations regarding Resident's financial condition after admission
- c. Breaches of the covenant of good faith and fair dealing as set forth above.
- d. Divestiture of assets or transfers for less than fair market value
- e. Failure to disclose material financial changes to Reutlinger in a timely manner
- f. Failure to furnish the financial information as required in section 4.a. above.

6. Repayment to Reutlinger

- a. You agree that the value of any subsidy or financial assistance that you receive through the Program shall be deemed a loan to you by Reutlinger at the maximum legal rate and

shall be a first lien against your estate. As such you agree to execute any instruments (including but not limited to promissory notes, assignments, security agreements and deeds of trust) that Reutlinger deems necessary to evidence or secure its claim for repayment of any sums due under the Program.

- b. If your financial situation improves while you are at Reutlinger, your financial assistance may be reduced or eliminated, as determined by Reutlinger in its sole discretion. In addition, if your financial situation improves to the extent that you are able to repay all or part of the value of the assistance, you will be required to make such repayment at a rate and on terms established by Reutlinger, in its sole discretion.

Resident/Responsible Party Signature

Reutlinger Witness

Date

Date

CLAIMS CONFERENCE
NAZI VICTIM DEFINITION

Updated January 2012

A Nazi victim is considered to be any Jew who lived in Germany, Austria or any other country occupied by the Nazis or their Axis allies during the dates below or who emigrated from any of the countries below after the beginning dates and before liberation:

- Germany – between 30 January 1933 and May 1945
- Austria – between July 1938 and May 1945
- Czechoslovakia – between October 1938 and liberation in May 1945
- Poland – between 1 September 1939 and liberation in January 1945 (NOTE: the city of Lvov (also known as Lemberg), formerly in Poland and now Ukraine was liberated in July 1944)
- Algeria – between July 1940 and November 1942
- Tunisia – between July 1940 and May 1943
- Morocco – between July 1940 and November 1942
- Denmark – between April 1940 and May 1945
- Norway – between April 1940 and May 1945
- Belgium – between May 1940 and February 1945
- Netherlands – between May 1940 and liberation in May 1945
- France – between May 1940 and liberation in September 1944
- Luxembourg – between May 1940 and February 1945
- Hungary – between April 1941 and liberation in Budapest in January 1945 (certain parts of Western Hungary were liberated in March 1945)
- Yugoslavia – between April 1941 and liberation in May 1945
- Greece – between April 1941 and November 1944 (liberation of some islands such as Rhodes was in May 1945)
- Libya – between February 1941 and February 1943
- Albania – between September 1943 and November 1944
- Italy – between 9 September 1943 and liberation in April 45 (NOTE: Rome was liberated in June 1944 and more southern parts of Italy were liberated even earlier.)
- Bulgaria – between April 1941 and September 1944
- Romania – between April 1941 and August 1944 (NOTE: Hungarian occupied Transylvania eg Satu Mare was liberated in October 1944)
- Former Soviet Union-occupied Western areas, which include:
 - Northern Caucasus between August 1942 and February 1943
 - Pskov Region, Russia between June 1941 and July 1944
 - Latvia and Lithuania between June 1941 and October 1944 (Kurland in Latvia was liberated in May 1945)
 - Estonia between June 1941 and October 1944
 - Belarus between June 1941 and July 1944
 - Moldova between June 1941 and August 1944
 - Ukraine between June 1941 and liberation in March 1944 (although the Eastern part of Ukraine was liberated earlier, such as Kiev, in November 1943, the former Polish parts of Galicia were liberated later in summer 1944 (e.g. Lwiw in July 1944) and the former Czechoslovakian Karpato-Ukraine was liberated in October 1944)
 - Leningrad/St Petersburg between June 1941 and January 1944

In addition, Jews who survived the Leningrad siege are eligible.

Included in the definition of Nazi victims are Jews that fled between June 22, 1941 and January 27, 1944 from areas of the Soviet Union that were up to 100 km from the most easterly advance of the German army (Wehrmacht) but were not later occupied by the Nazis. This covers cities such as Moscow and Stalingrad.

Further, Nazi victims include “fetus cases”, i.e., persons who were in utero at the time their mothers were persecuted. The Nazi victim’s mother must meet the above criteria.

Exhibit 1.4(b)

Reutlinger's CAPEX Plan and Capital Reserve Study

[see attached]

PROPERTY CONDITION ASSESSMENT

4000 CAMINO TASSAJARA

Danville, California

Prepared for:

THE REUTLINGER COMMUNITY
4000 Camino Tassajara
Danville, California 94506
Attention: Mr. Jay A. Zimmer
jzimmer@rcjl.org

Marx|Okubo Job No. 17-9268

February 23, 2018

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Danville, California

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Danville, California

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DISTRIBUTION

Mr. Jay Zimmer, The Reutlinger Community (Electronic Copy)

I. PROPERTY IDENTIFICATION

Name: 4000 Camino Tassajara

Type: Senior Residential Apartments and Nursing Facility

Age: Approximately 18 years (reportedly constructed in 1999)

Location: The project is located near the Blackhawk community in Danville, California.

Site Area: 5.15 acres (224,700 square feet) per Original Construction Drawings dated July 10, 1997

Zoning: P-1 – Planned Development

Flood Plain: Per a Flood Hazards Report obtained by Marx|Okubo from CBC Innovis, per Community Panel No. 06013C0466 F, dated June 16, 2009. The site is located in Flood Zone X – areas of minimal flooding, areas determined to be outside 500-year flood plain.

Legal Description: Not provided.

Management Contact: Jay Zimmer
The Reutlinger Community
4000 Camino Tassaja
Danville, CA 94506
925.964.2058

II. EXECUTIVE SUMMARY

The property consists of a one- and two-story senior assisted living and skilled nursing facility located in the Blackhawk neighborhood of Danville, California. The property was reportedly completed in 1999 and contains 64 studio and one-bedroom assisted living apartments, a total of 28 beds in shared/private configurations in the memory care/Alzheimer wing, and 30 beds also in shared/private configurations in the skilled nursing wing. The property includes a chapel, on-site commercial laundry and kitchen facilities, as well as various common amenity rooms. Overall, the property is considered to be in good condition, but with a number of systems/assemblies approaching the end of their estimate useful life (EUL).

The site is generally in good overall condition, with a few exceptions. The building occupies a large portion of the site. The remaining areas include asphalt-paved drive aisles and parking areas, and hardscape and landscape finishes around the building perimeter. Property Management reports that the site lighting is inadequate and has poor distribution. It is recommended that a nighttime light survey be conducted to evaluate current site lighting levels. Crack repair, seal coat, and restriping of the asphalt paving should be anticipated in the early term, and every \pm five years thereafter. Localized areas of heavily alligatored asphalt were noted and the one-way drive aisle at the east and northeast side of the property has severely cracked asphalt paving. These damaged paving areas should be removed and replaced prior to seal coating. Sidewalk joints were noted to have deteriorated sealants or were 1/2" wide or greater, and sidewalk-to-building sealant joints are deteriorated. These sealants need to be replaced. The exterior concrete patio between Block 4 & Block 5 was observed to have excessive settlement. It is recommended to replace the existing patio slab in the early term and provide new prepared subbase and drainage system at this location. Localized damaged or bowed sections of wood retaining wall should be repaired. Displacement of block and soil was observed at a portion of the open assembly segmental retaining wall. Rebuilding of the affected length of wall should be completed. Damage to the trash compactor enclosure area was noted, and management reports the area does not meet the current operational needs of the facility. We recommend renovating and reconfiguring the entire trash area, including providing a covered canopy area to accommodate cleaning of wheelchairs.

The building is supported by a shallow reinforced concrete foundation system. The vertical support system consists of conventional wood framing. The lateral load-resisting system consists of wood sheathed roof diaphragms and shear walls. The superstructure appears to be in good overall condition, consistent with its type of construction, age, and current use. However, cracks in the exterior and building movement observed at expansion joints suggesting settlement and/or expansive soils were observed in several areas at the exterior envelope. It is recommended to hire a geotechnical engineer to assess the existing soil conditions and provide possible recommendations to mitigate potential future building movement. Localized hairline cracks in the foundation stem walls at the skilled nursing facility portion of the building should be repaired to prevent potential moisture infiltration.

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Building roofs include a combination of conventional low-slope, built-up roofing with a mineral-surfaced capsheet and perimeter pitched curved concrete tile roofing over a conventional roofing felt and wood sheathing. The built-up roofs are in marginal condition and at the end of their estimated useful life expectancy. With the exception of the coated section of built-up roofing, removal and replacement or potential overlay of all of these roofs should be anticipated in the near term. The coated section of roofing generally appeared to be in good condition with no significant issues noted. Based on the current condition and useful life, replacement/overlay of this section of roofing should be anticipated in the longer term. The concrete tile mansard roofs generally appeared to be in good condition with no significant issues noted.

The exterior walls generally consist of conventional painted cement plaster and doors and windows generally consist of aluminum framed assemblies with insulated glazing. The plaster walls have numerous cracks which should be repaired. Upon completion of the crack repairs, preparation and repainting of the exterior utilizing a breathable elastomeric type paint should be completed in the near term, and then approximately every five to seven years thereafter. The sealant joints between the plaster and doors/windows are in poor condition should be removed and replaced in conjunction with the recommended repainting. Localized deteriorated plywood and cement panels at the mansard parapet walls should be replaced as a part of the recommended near term exterior repainting. A waterproof coating should be installed at the base of the generator enclosure concrete masonry unit (CMU) wall to mitigate moisture intrusion into the adjacent utility rooms. The windows are generally in fair to good condition but are showing localized signs of deterioration consistent with their age and use. The staff reports that they repair the windows on an as-needed basis, and that parts are still available from the manufacturer. A reserve should be established for on-going repair/replacement of windows on an as-needed basis. The factory finish on the window frames is weathered and consideration should be given to preparing and painting the window frames to address this cosmetic issue. Two areas of failing/failed elastomeric coating at exterior stair landings should be repaired. The coatings at other common area landings and stairs are somewhat weathered; more so than at private unit balconies. Preparation and reapplication of the elastomeric coating should be anticipated in the near term at all locations. Regular reapplication of the coating should be anticipated every three to five years at the common area landings and stairs, and every five to seven years at the covered private unit balconies.

Interior common area finishes generally consist of ceramic tile and carpet floors, painted gypsum board and wall paper covered walls, and a combination of suspended acoustical tile and painted gypsum board ceilings. Amenities include a beauty salon/barber shop, café, business center, concierge, gift shop, laundry rooms, library, mail room, art room, fitness room, Life Enrichment room, meeting room, synagogue, and various dining rooms. Unit finishes generally include a combination of vinyl sheet flooring, laminate wood, and carpet floors, and painted gypsum board walls and ceilings.

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The unit interior finishes are generally in good condition. Regularly scheduled updating and replacement of the various interior finishes should be expected during the term. We recommend renovating the remaining original Assisted Living (AL) Units (approximately eight or nine each year, depending on turnover) during the term. A reserve should be established to replace the roll-in shower assemblies in these units during the term on an as-needed basis. It was reported that parts for these assemblies are difficult to obtain/no longer available; therefore, if a part breaks (i.e. the shower seat or controls), the entire assembly would need to be replaced. In addition, we recommend replacement of the rusted suspended ceiling tile system within the main kitchen, grinding out and replacing the grout at the floor of the commercial kitchen, and install vinyl composition tile (VCT) flooring within the laundry service room.

Heating and cooling is provided by constant air volume distribution systems at the skilled nursing portion of the building. Primary cooling is provided by a large packaged air conditioner. Two natural gas-fired boilers serve reheat coils at terminal boxes. Common areas, nursing stations, and other spaces are served by packaged air conditioners. Each of the apartments is served by a wall-mounted packaged terminal heat pump (PTHP). Replacement of PTHPs should be anticipated during the term based on their EUL. This work can be done on an as-needed basis. Replacement of rooftop packaged air conditioners should also be anticipated during the term based on their EUL. Natural gas-fired boilers have an EUL of 25 years. The two existing boilers and insulated storage tanks will reach their EUL during the term and their replacement should be anticipated later in the term. Natural gas-fired Make up Air Units (MAUs) have an EUL of 25 years. The two existing units will reach their EUL during the term and their replacement should be anticipated. It was reported that there have been issues with the existing building automation system and that some central plant equipment is no longer tied into the system. Building management is currently reviewing proposals to upgrade the system; this work should be completed.

The building is provided with a 4" domestic water service, with backflow preventer and meter. Where observed, domestic water piping is copper tubing and sanitary waste and vent piping is cast iron pipe. Domestic water heating is provided by five natural gas-fired units. The building has full-service commercial kitchen and laundry facilities. Natural gas-fired domestic water boilers have an EUL of 20 years. The five existing units will reach their EUL during the term and their replacement should be anticipated. The 460-gallon storage tank serving the boilers is currently leaking and should be replaced early in the term. Commercial kitchen and laundry equipment has an EUL of 20 years. All kitchen and laundry equipment is from the original construction and will reach its EUL during the term and replacement should be anticipated. It is recommended to perform an engineering study of the existing kitchen layout, prior to dishwasher replacement to address reported operational issues.

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A utility-owned, pad-mounted transformer provides 277/480-volt, 3-phase, 4-wire electrical service to the main electrical room. Main switchgear is rated at 1,600 amperes (amps). The building is protected by a 200-kW diesel fired emergency generator. Plans are underway for the installation of a solar photovoltaic system at the property.

This work should be completed as desired. Overall building electrical capacity is approximately 9 watts per square foot, which is within industry standards for senior care facilities. It was reported that lighting levels within the skilled nursing rooms was not ideal. Consideration should be given to replacing the light fixtures within each room and to ensure that new lighting levels are satisfactory. There are a limited number of 120/208-volt electrical distribution panel within electrical room 5 and It was reported that this has limited building upgrade options within this area. One additional 120/208-volt electrical distribution panel should be installed in this room to ensure that adequate electrical service is available for future projects. It is recommended to perform infrared scan services on building electrical panels every three years, as part of routine maintenance. The emergency generator was observed with corrosion of the diesel storage tank and base metal surfaces. It is recommended to thoroughly clean all metal surfaces and apply a coat of epoxy-based paint to these surfaces to prevent future corrosion.

The building is protected by an addressable fire alarm system. It was reported that building management is in the process of replacing the two main fire alarm panels. This work should be completed. Efforts are underway to replace obsolete fire alarm devices and many have already been replaced. On-going replacement of devices should be completed as a part of property maintenance. The building is protected by a wet sprinkler system and appears to be fully sprinklered. It was reported that there have been several leaks at the interior sprinkler piping. A reserve should be established for the on-going repair of leaking sprinkler drop elbows on an as-needed basis. It is also recommended to reserve an allowance to address potential future repairs of the underground sprinkler pipe connections based on the report of a recent incident related to this piping. Residential apartments now require combination carbon monoxide/ smoke detectors to protect the main living space. New detectors should be installed in each of the 64 apartments as soon as possible. Faded directional egress signage at the skilled nursing facility portion of the building should be removed and replaced. There was also an emergency exit door that did not have an illuminated exit sign. One should be installed as soon as possible, as part of maintenance.

The building is provided with two hydraulic passenger elevators, installed as part of the original construction. Elevator cabs have a 2,600-pound capacity and interiors include stainless steel doors and closures, laminated wall panels, and acrylic tile floors. Hydraulic elevators have an EUL of 25 years. The two existing units will reach their EUL during the term and modernization including drive machine upgrades and new controllers should be anticipated. There is an existing nurse call system for residential apartments. It was reported that the original system is being replaced and that efforts are already underway. This work should be completed.

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The property is required to comply with the Americans with Disabilities Act (ADA) (leasing office/front desk) and Federal Fair Housing Act (FFHA) (residential areas). In general, the property complies with applicable requirements, with a few issues noted. The slopes of the designated disabled-accessible parking access aisles exceed the maximum 2% allowable in any direction in a parking stall or access aisle. Current excessive slopes measure approximately between 3.5% and 4.2%. These areas need to be resloped.

The paper towel dispensers in single-occupancy common restrooms located within the Skilled Nursing area are mounted higher than the maximum allowed 48" and the dispenser should be lowered as the sensor is currently located at 56". Proper pipe insulation should be provided underneath sinks within the single-occupancy common restrooms located within the Skilled Nursing area to provide knee protection for wheelchair users. Select mailboxes are outside the allowable reach range required by the FHA. With side approach, the maximum height allowed is 54", with the lowest operable part allowed at 28". The current maximum height of the mailboxes was noted at 66.5". These mailboxes need to be lowered.

III. OBSERVATION INFORMATION

A. INTRODUCTION

Marx|Okubo Associates, Inc. (Marx|Okubo) has completed a Property Condition Assessment of the 4000 Camino Tassajara, located in Danville, California, for The Reutlinger Community (Client). This survey consists of a review of the physical conditions; architectural, structural, mechanical, and electrical components accessible or visible during the site visit; and the quality of construction.

The purpose of this project review is for Marx|Okubo and its consultants to provide an overview for Client, and it is in no way implied that every aspect of the project has been reviewed. The sole purpose of this report is to observe the major aspects of the property and evaluate their condition. Construction drawings were made available at the site and were used as reference material and as a basis for take-offs. These drawings were not reviewed for content. No field test results or inspection records from the construction were available for our review. The use of this report is limited to the client to whom it is addressed.

Opinions of probable costs are based upon quantity take-offs and a unit pricing method to arrive at line item totals. Unit prices are based upon historical data compiled by this office and in no way imply that bids were received from trade subcontractors. No bid documents or corrective drawings were produced.

It is not the intent of this office to assume any part of the design responsibility, but rather to report our findings to the client to whom this report is addressed.

The scope of this review is to provide a general overview of building components, as well as related ADA and code requirements. It should be noted that a detailed compliance survey related to ADA, building codes, and zoning issues was not performed.

B. SITE OBSERVATION

The project observation was conducted by a Marx|Okubo team comprised of Tommy Fong, AIA, Senior Associate, Jason Coray, P.E., S.E., SECB, Senior Associate, Director of Structural Engineering, Christopher Ong, P.E., S.E., LEED AP, Associate, Ron Brown, P.E., C.E.M. Senior Associate, Kim Luu, Project Coordinator. The site observation took place on November 16, 2017, and the walk-through incorporated a review of site improvements, building structural components as observable, building shell components, fire and life safety systems, plumbing, HVAC, electrical systems, and interior spaces, as well as a cursory review of accessibility requirements for the disabled.

C. OTHER CONSULTANTS' REPORTS

Marx|Okubo was not provided with any other consultants' reports.

D. DOCUMENTS ACCESSED

Marx|Okubo was provided with the following:

- Original construction drawings Volume I and II, dated July 10, 1997, prepared by Swatt Architects.
- Original structural drawings for original construction, Sheets S1.1 to S4.8, with the last revision date of February 5, 1998, prepared by Steven Tipping + Associates.
- Original Phase 2 "Issued for Construction" structural drawings for proposed renovation, Sheets S1.1 to S5.1 dated March 9, 2015, prepared by IDA Structural Engineers.
- Capital Budget for Fiscal Year Ending June 30, 2017, undated, and prepared by The Reutlinger Community.
- Capital Budget for Fiscal Year Ending June 30, 2018, undated, and prepared by The Reutlinger Community.
- Various Contractor quotes/bids for various trades, including but not limited to, asphalt seal coating and repair, asphalt roof restoration coating, and upgrades for HVAC units.

IV. PROPERTY DESCRIPTION

A. PROJECT FEATURES

The property consists of a one- and two-story senior assisted living and skilled nursing facility located in the Blackhawk neighborhood of Danville, California. The property was completed in 1999 and contains 64 studio and one-bedroom assisted living apartments, a total of 28 beds in shared/private configurations in the memory care/Alzheimer wing, and 30 beds also in shared/private configurations in the skilled nursing wing. The property includes a chapel, on-site commercial laundry and kitchen facilities, as well as various common amenity rooms. The site has a gradual slope downwards from the southeast to the northwest side of the site. Vehicular access to the property is from a single entry drive off of Parkhaven Drive. A total of 95 asphalt paved surface parking spaces are provided. Surrounding properties generally include open fields and single-family homes. A utility company substation is located across Camino Tassajara to the north of the site.

B. ARCHITECTURAL

The building is conventional wood frame construction supported on concrete foundations. The exteriors consist of cement plaster with aluminum-framed doors and windows. The roofs are conventional low-slope, built-up roofing assemblies with perimeter concrete tile mansards. The interior improvements are considered to be within industry standards for this type of development. Heating and cooling is provided by constant air volume distribution systems at the skilled nursing portion of the building. Common areas, nursing stations, and other spaces are served by packaged air conditioners. Each of the apartments is served by a wall-mounted packaged terminal heat pump. Two hydraulic elevators are provided. The building is fully covered by fire sprinkler and alarm systems.

C. BUILDING/UNIT DATA

The following information was provided by Property Management:

Unit Type	Description	Total No. of Units
Assisted Living	One bedroom/one bathroom	36
Assisted Living	Studio/one bathroom	12
Enhanced Assisted Living (Polse)	One bedroom/one bathroom	10

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C. BUILDING/UNIT DATA (cont.)

Enhanced Assisted Living (Polse)	Studio/one bathroom	6
Enhanced Assisted Living (Tikvah)	Room/private toilet	8
Enhanced Assisted Living (Tikvah)	Room/shared toilet	6
Memory Care (Traditions)	Room/private toilet	8
Memory Care (Traditions)	Room/shared toilet	6
Skilled Nursing	Room/private toilet	10
Skilled Nursing	Room/shared toilet	20
		122

V. SITE

A. UTILITY SERVICE PROVIDERS

Water:	East Bay Municipal Utility District
Sanitary/Sewer:	Central Contra Costa Sanitary District
Electric:	Pacific Gas & Electric
Gas:	Pacific Gas & Electric
Telephone:	AT&T
Cable:	Comcast
Trash/Recycling:	Central Contra Costa Solid Waste Authority

B. STORM DRAINAGE

Description: Storm drainage from pitched roofs is via surface flow to perimeter roof gutters, and then via downspouts which appear to be tightlined to the underground storm sewer system onsite. Storm drainage from low-slope roofs is via surface flow to roof drains connected to internal drains. Landscaped and paving areas are surface sheet flow to concrete curbs and gutters, and then to catch basins distributed along drive aisles, which are assumed to be tied to the underground storm drainage system.

Condition: No significant issues were noted or reported.

C. TRAFFIC CONTROL

Description: Access to the site is via one, two-way curb cut entry along Parkhaven Drive at the west perimeter of the property. An additional driveway without a curb cut is provided at the northeast corner of the property; however, the driveway is inaccessible from Camino Tassajara and is blocked with a locked wooden gate.

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C. TRAFFIC CONTROL *(cont.)*

- Signalization: Signalization is not provided onsite. A traffic signal is provided at the nearest major intersection at Parkhaven Drive and Camino Tassajara.
- Interior Access: Interior access is via two-way drive aisles throughout surface parking areas south of the building. A one-way drive aisle runs along the east, north, and west perimeter of the building providing access to the rear service areas, and also connects to each end of the parking area.
- Condition: No significant issues were noted or reported.

D. PARKING

- Description: Surface parking is provided to the south of the building. Limited staff parking is provided near the northwest corner of the building. According to property management, there are a total of 95 parking spaces, including four disabled-accessible spaces, of which two are van-accessible.
- Lighting: Site lighting consists of pole-mounted ornamental light fixtures and building wall-mounted fixtures.
- Adequacy: Property Management reports parking is inadequate for employees and visitors, which cause overflow into the neighboring streets. Given the constraints of the site, the ability to provide additional on-site parking appears to be very limited.

A review of site lighting at night was not performed; however, Property Management reports that the site lighting is inadequate and has poor distribution. This may be due to the height of the light fixtures and types of fixtures utilized. It is recommended that a nighttime light survey be conducted to identify potential areas with low light levels. The ability to change the fixtures or install supplemental fixtures may be limited due to the proximity of single family residential areas and planning department restrictions. Further study of this issue is beyond the scope of this report.

E. PAVING AND SIDEWALKS

Paving/Curbing: Asphalt-paving is provided at surface parking and drive lane areas. Concrete paving is provided at the property entry drive and at a portion of the rear trash area. Curbs are cast concrete.

Sidewalks/Paths: Concrete walkways are provided at the building perimeter and building courtyards.

Condition: Regularly scheduled crack seal, seal coat, and restriping should be anticipated in the early term, and every \pm five years thereafter. Localized areas of heavily alligatored asphalt were noted near the trash compactor and select drive aisle areas. In addition, the one-way drive aisle at the east and northeast perimeter of the property was noted with severely cracked asphalt-paving. These damaged areas should be removed and replaced in the early term, prior to seal coating. Sidewalk joints were noted to have deteriorated sealants or were 1/2" wide or greater and open. In addition, patio and sidewalk-to-building sealant joints are deteriorated. These sealants need be removed and replaced in the early term and every \pm seven years thereafter.

The exterior concrete patio in between Block 4 & Block 5 was observed to have excessive settlement. It was reported that this section of patio was replaced once before due to the same issue. It is recommended to replace the existing patio slab in the early term. This should include new prepared subbase and drainage system to prevent recurrence of this issue.

F. LANDSCAPE/IRRIGATION

Landscape: Landscaping consists of a mixture of trees, shrubs, lawns, and groundcover and is provided adjacent to the concrete walkways and building perimeters.

Irrigation: The landscaped areas are served by an automatic sprinkler system.

F. LANDSCAPE/IRRIGATION *(cont.)*

Condition: Property Management reports that tree roots are invading and/or damaging irrigations lines in select areas and is currently repairing/replacing sections of damaged piping as a part of ongoing maintenance. On-going work of this nature should be anticipated throughout the life of the property due to the size/maturity of the trees on-site. In addition, Property Management noted diseased trees on the property, which are being removed and/or monitored by an Arborist. This work should also be continued as a part of regular property maintenance. A localized area of barren landscape was noted near the northwest corner of the property and should be replanted. No other significant issues were noted or reported.

G. EARTHWORK/GRADING/EROSION CONTROL

Description: The site has a gradual slope downwards from the southeast to the northwest side of the site. Grade changes are accommodated via combination of landscaped slopes, block and wood retaining walls, and steps in the building footprint.

Condition: Property Management did not report any issues with grading or erosion control; however, they have report some ground movement/settlement observations. For more information, please refer to **Section VII** - Structure as well as the following section of this report.

H. RETAINING WALLS

Description: A small concrete retaining wall is provided near the southwest perimeter of the building. A low wooden retaining wall is provided along the southeast perimeter of the site, adjacent to a bike/walking path. Another low wooden retaining wall with an integrated bench is provided at the northeast and east perimeter of the building, along with an approximately 9' tall open assembly interlocking block segmental retaining wall.

H. RETAINING WALLS *(cont.)*

Condition: A small section of the concrete retaining wall was noted to be spalling and should be repaired as a part of regular property maintenance. Localized sections of both wooden retaining walls were noted to be damaged, bowed, and/or displaced, and should be repaired/replaced in the early term. Displacement of block and soil was observed at the open assembly segmental retaining wall. Rebuilding of the affected length of wall is recommended in the early term.

I. FENCING

Description: A painted wooden 3-rail fence and stained wooden four-rail fence is provided along the southeast perimeter of the site. An architectural CMU wall is provided along the northern perimeter of the site.

Condition: No significant issues were noted or reported.

J. SIGNAGE

Description: Property monument signage is provided at the main entry drive onto the property. Per the construction drawings, the sign is CMU with concrete base and a stucco finish, with surface-mounted metal lettering. Surface-mounted building signage is provided near the main entrance.

Condition: No significant issues were noted or reported.

K. SITE AMENITIES

Description: Outdoor site amenities include chairs and tables with integrated umbrellas, benches, trash receptacles, a storage shed, a sculpture, and a water feature. Indoor amenities include a beauty salon/barber shop, café, business center, concierge, gift shop, resident laundry rooms, library, mail room, art room, fitness room, Life Enrichment room, meeting room, synagogue, and various dining rooms.

K. SITE AMENITIES *(cont.)*

Condition: Preparation and painting of miscellaneous metals throughout the site should be expected in the early term and every approximately seven years. No other significant issues noted or reported.

L. TRASH ENCLOSURES

Description: An enclosure with a concrete pad is provided for the trash compactor and appears to be CMU block construction with a stucco finish. Trash bins are typically placed onto the surrounding asphalt paving. The trash bins were stored in the enclosure until a third party donated/provided the trash compactor.

Condition: Damage to the trash compactor enclosure was noted, and includes but is not limited to, damaged stucco, missing doors, and damaged concrete pad. Furthermore, management reports the area does not meet the current operational needs of the facility as the enclosure is not designed to accommodate the compactor, storage of trash bins outside of the enclosure is undesirable, and the bins impact the ability of staff to use the area for regular cleaning/washing/drying of wheelchairs. We recommend renovating and reconfiguring the entire trash area, including providing a covered canopy area to accommodate cleaning of wheelchairs.

M. ALTA SURVEY

Marx|Okubo was not provided with an ALTA survey for our review.

VII. STRUCTURE

A. DESIGN CRITERIA

The original construction drawings indicate that the 1995 California Building Code was utilized in the original design. Basic loading conditions provided on the drawings are listed below:

DESCRIPTION	VALUE
Vertical Design Live Loads	Pounds per square foot (psf)
Skilled Nursing Facility - Flat Roof	20
Skilled Nursing Facility - Pitched Roof	16
Residential Care Facility - Flat Roof	20
Residential Care Facility - Pitched Roof	16
Residential Care Facility - Floors	40
Residential Care Facility - Corridors	100
Residential Care Facility - Balconies	60
Lateral Design Forces	Criteria
Wind	70 mph, Exposure B
Earthquake	Zone 4

The construction documents indicate that the design was based on a geotechnical report prepared by Engeo, Incorporated, dated August 9, 1995. The allowable soil design bearing pressure is listed on the structural drawings as 3,500 psf for dead plus live loads.

B. FOUNDATION SYSTEM

Description: Per the available drawings, both the Skilled Nursing Facility ("SNF") building and the Residential Care Facility ("RCF") building are supported by a shallow foundation system. Continuous concrete footings support columns and bearing walls. Spread footings exist in select locations below isolated interior posts and columns. Typical exterior and interior wall footings supporting wood stud walls are 1'-0" wide.

The bottommost floor slabs at all areas of the building typically consist of 6"-thick concrete slabs-on-grade with #4 mild-steel reinforcing bars at 12" on-center, each way, at mid-depth.

B. FOUNDATION SYSTEM (cont.)

Condition: The foundation systems were not observable; however, cracks and movement observed in several areas at exterior plaster and at building joints suggest settlement and/or expansive soils. No site-specific geotechnical investigation was available for our review; therefore, the soils at the site and the subsurface conditions are unknown. However, according to the Town of Danville General Plan 2030 Environmental Impact Report, "soils within the developed areas of Danville generally consist of clays and loams. Properties of the soils vary, with well-drained clay soils and the clay loams being moderate or poorly drained. In addition, clay soils often exhibit substantial shrink-swell potential when exposed to moisture, endemic of expansive soils."

It is recommended to hire a Geotechnical Engineer to assess the existing soil conditions at the building pad and perimeter, and provide recommendations regarding ongoing building movement, if any. Given the relatively small amount and severity of the observed cracking and separations in the building walls and joints, foundation remediation is likely not warranted nor cost effective. However, geotechnical recommendations regarding landscaping configuration and practices may be beneficial in reducing future movement of the property's site and building improvements.

C. VERTICAL LOAD-RESISTING SYSTEM

Description: Based on the structural drawings, the SNF building is a one-story wood-framed structure. The SNF roof is generally flat with mansards around the building perimeter. The main roof typically consists of 3/4" wood sheathing supported by 11 7/8"-deep TJI engineered wood 'I'-joists spaced at 24" on-center, supported by conventional 2x bearing walls with sawn lumber headers. Manufactured glued laminated timber beams support roof framing at larger wall openings. The beams are supported by heavy timber and steel pipe columns. The mansards are framed out of 5/8" wood sheathing and premanufactured wood trusses. A rooftop boiler room is framed with 5/8" wood sheathing over 2x10 roof joists at 24" on-center, and 3" concrete and 1-1/8" floor plywood over 11 7/8" deep 'I'-joists spaced at 16" on-center.

C. VERTICAL LOAD-RESISTING SYSTEMS *(cont.)*

Description *(cont.)*: An open-air equipment area mechanical screen is framed with 3-1/2" square tube steel beams, 3" diameter extra strong pipe columns, and 7/8" diameter horizontal rod bracing. Both the penthouse and mechanical platform are supported by wide flange structural steel transfer girders. A small basement storage room area is supported by 8" and 12" thick concrete masonry walls.

Based on the structural drawings, the RCF building is generally a two-story, wood-framed building, except for Block 5 and the Chapel which are one-story. The RCF roof is flat with mansards around the building perimeter. The main roof is typically framed out of 5/8" tongue and groove plywood sheathing supported by premanufactured wood trusses, supported by conventional 2x bearing walls with sawn lumber headers. The mansards are framed out of 5/8" wood sheathing and premanufactured wood trusses. The elevated floors consist of 3/4" thick gypcrete and 3/4" tongue and groove plywood supported by 2x12 sawn lumber joists. At larger spans, roof or floor framing is supported by manufactured glued laminated timber beams and heavy timber or steel pipe columns. The Block 5 roof is framed out of 14"-deep TJI engineered wood 'I'-joists spaced at 24" on-center. The rooftop mechanical room is framed with 5/8" roof plywood over 2x10 roof joists at 24" on-center, and 3-1/2" thick concrete and 3/4" floor plywood over 11 7/8" deep 'I'-joists spaced at 16" on-center. An open top mechanical platform screen is framed with 3-1/2" square tube steel beams, 3" diameter extra strong pipe columns, and 7/8" diameter horizontal rod bracing. The Chapel roof is framed out of 2x10 joists and tube steel beams. The two tower roofs (Tower #1 adjacent to Block 5 and Tower #2 adjacent to Block 4) are framed out of 2x10 joists and glued laminated timber beams. A small basement at the vicinity of the elevators is supported by 8" and 12" thick concrete masonry walls. A separate one-story ground floor utility building is framed with 5/8" CDX roof plywood over 2x10 roof joists, supported by 8" concrete masonry walls, and an adjacent open-air generator room has 8" concrete masonry walls.

Per the renovation drawings, various wood stud walls in the RCF were removed and replaced with wood beams, steel wide flange girders, and shorter Hardy Frame steel panel walls when the Sun Room was constructed.

C. VERTICAL LOAD-RESISTING SYSTEMBI (cont.)

Description (cont.): The Sun Room addition is framed out of 2x10 joists and parallel strand lumber beams and supported by Hardy Frame steel panel walls. Roof Tower #1 was infilled at the second-floor level with 2x12 floor joists and parallel strand lumber girders, supported by new hollow structural steel columns.

Condition: Building evaluations are limited by the available construction documents and by the level of access possible for the observation of structural elements of the buildings. In general, floor, roof, column and wall systems were covered with architectural finishes. Interior cavities of mansards were left exposed.

Building movement was observed at the various building joints and at one mansard-to-wall connection, suggesting differential soil settlement and/or expansive soils. It is recommended to hire a geotechnical engineer to assess the existing soil conditions per **Section B** "Foundation System" above.

On the south wall face of Roof Tower #1, a relatively large exterior plaster crack was observed propagating from the lower right corner of the righthand most window. No crack was observed at the interior gypsum wallboard finish, and the floors appear flat and level. The building engineer mentioned that the crack had appeared within the last 6 months. The area is sensitive to potential cracking, given the unsupported height of the wall, as well as the aspect ratio of the tall and thin windows. The crack could be caused by wind, post-earthquake damage, expansive soils, soil settlement (whether due to the added weight from the floor infill or the building weight prior to the infill), other factors, or a combination thereof. The results of our assessment are inconclusive and would require further investigation to determine the actual cause; however, the crack does not appear to pose a significant structural safety hazard.

Hairline cracks were observed on the exterior of the perimeter CMU foundation stem wall at the SNF building exterior. These cracks appear typically common in nature and are not expected to substantially adversely affect the structural integrity of the building. We recommend that these cracks be routed and sealed as necessary to prevent moisture intrusion and protect the underlying steel reinforcing.

C. VERTICAL LOAD-RESISTING SYSTEMBI (cont.)

Condition (cont.): Except as noted above, the superstructure appears to be in good overall condition, consistent with its type of construction, age, and current use.

D. LATERAL LOAD-RESISTING SYSTEM

Description: Lateral forces in the building result primarily from wind pressure or earthquake inertia forces acting on structural and non-structural elements. Lateral loads are distributed to the wood sloped mansard and main flat roof diaphragms, which in turn transfer loads to 1/2" wood-sheathed shear walls and Hardy Frame steel panel walls located throughout the building. The forces are then transferred to the foundations and the underlying soils via bolted sill plates and bolted sheet metal hardware hold-downs where needed for overturning uplift resistance.

The major mechanical and electrical equipment generally appears to be braced. Lateral bracing of life-safety controls and systems should be continued as a part of long-term maintenance as future improvements to the property are made.

There is a building seismic joint separating the SNF and the RCF. The RCF building also contains two seismic joints separating the main building from Block 4 and from Block 5.

Condition: In general, most of the building's shear walls and diaphragms were covered with architectural finishes; however, the top of diaphragm sheathing and limited shear connectors were visible in within the mansard roof areas. No obvious visual indications of lateral distress were observed or reported.

VIII. ENVELOPE AND EXTERIOR

A. ROOFING

Description: Building roofs consist of a combination of conventional low-slope, built-up roofing with a mineral surfaced capsheet and perimeter pitched curved concrete tile roofing over a conventional roofing felt and wood sheathing. The northwest wing of Block 1 at the main low slope roof has been treated with a reinforced acrylic coating. Roof drainage at the low-slope roofs is to a combination of interior and overflow drains. Drainage at the pitched tile roofs is to perimeter gutters and downspouts which are tightlined to the underground storm drain system. Select upper roof areas discharge onto lower roof areas. With the exception of the coating on one section of the built-up roofing, all of these roofs appear to be from the original construction.

There is a small area of factory finished standing seam metal roofing at the recently constructed addition between Blocks 2 and 3.

Flashing and Sheet Metal:

The built-up roofing is typically turned part way up the parapet walls and terminated with a sheet metal counterflashing detail. At a few locations without a tile mansard, the roofing membrane is extended to the top of the parapet wall and terminated under a painted sheet metal coping. The top of the concrete tile roofs are terminated with a lead flashing detail covered with additional concrete tile. Equipment curbs typically have a sheet metal cap.

Venting:

The mansard roofs have regularly spaced louvered access doors to ventilate the mansard attic spaces. The low-slope roofs do not have any or require any venting provisions.

Expansion/Contraction:

No means of expansion or contraction are provided or required in the roofing membranes. Vertical expansion joints are provided at the building walls to separate the various sections of the buildings. The vertical expansion joints are covered with sheet metal flashings where they intersect the roofing assemblies.

A. ROOFING (cont.)

Manufacturer's
Warranties:

None provided for review. Based on the assumed age of the roofing, we anticipate there are no active roofing warranties, with one potential exception. The acrylic coating over one section of the main roof was reportedly installed within the past year and may have a related warranty.

Condition:

The built-up roofs are in marginal condition and at the end of their estimated useful life expectancy. Issues noted include significant granule loss throughout the roofs, localized splits/tears in the membrane, deterioration of parapet base flashing, and evidence of multiple previous roofing repairs. With the exception of the coated section of built-up roofing, removal and replacement or potential overlay of all of these roofs should be anticipated in the near term.

The coated section of roofing generally appeared to be in good condition with no significant issues noted. These types of coating can have up to a 10-year EUL. Based on the current condition and useful life, replacement/overlay of this section of roofing should be anticipated in the longer term.

The concrete tile mansard roofs generally appeared to be in good condition with no significant issues noted.

B. EXTERIOR WALLS

Description:

The exterior walls generally consist of conventional painted cement plaster (stucco); reportedly with an integral color finish installed over conventional wood frame construction. Joints between the plaster and exterior doors and windows are typically detailed with an elastomeric sealant joint over foam backer rod.

The back sides of the mansard parapet walls consist of a combination of painted fiber cement panels and painted plywood sheathing.

B. EXTERIOR WALLS *(cont.)*

Condition: The exterior walls are generally in good condition, with some exceptions noted. The plaster walls have numerous cracks of various sizes and lengths throughout. The cracks primarily occur at typical stress points (i.e. corners of windows/doors), but also in the field of the plaster. We anticipate the cracking is likely due to differential movement of the structure over time (see Structural section of this report for more information). All of the cracks in the plaster should be repaired to prevent excessive moisture infiltration behind the plaster. Some minor, localized corrosion was observed at some of the metal lath accessories associated with the plaster.

It is unknown when the building was last painted (if ever). Upon completion of the crack repair work, preparation and repainting of the exterior should be completed in the near term, and then approximately every five to seven years thereafter. Consideration should be given to use of a breathable elastomeric paint to help conceal the crack repair locations, and also bridge potential future cracking of the plaster.

The sealant joints between the plaster and doors/windows is in poor condition and at the end of its' estimated useful life. These sealant joints should be removed and replaced in conjunction with the recommended near-term repainting.

The plywood at the mansard parapet walls is weathered to varying degrees, with localized areas of buckled plywood and nails pulling out of the plywood. Localized cracks and evidence of sealant-type repairs were observed at various locations at the cement panel parapet walls. The finish on the mansard metal access doors and frames is weathered with localized areas of surface corrosion noted. All of the damaged/deteriorated plywood and cement panel parapet walls should be replaced, and the walls and access doors repainted as a part of the recommended near term exterior repainting.

B. EXTERIOR WALLS *(cont.)*

Condition *(cont.)*: At the exposed CMU wall at the generator enclosure, moisture intrusion was observed at the base of the walls inside the electrical and telecommunication rooms adjacent to the enclosure. A waterproof coating should be installed at this wall, extending onto the generator enclosure slab to eliminate this source of moisture intrusion.

C. THERMAL INSULATION

Roof: Loose laid batt insulation was observed in the mansard cavity spaces. According to the original construction drawings the roofs have R-19 batt insulation.

Exterior Walls: The presence of insulation could not be observed due to the finishes installed on both sides of the walls. According to the original construction drawings, R-13 batt insulation is provided.

Condition: No significant issues were noted or reported.

D. WINDOWS

Description: Exterior windows generally consist of a combination of fixed and single-hung aluminum framed assemblies with a factory paint finish. Factory finished storefront type windows are provided at select common area locations. All windows typically have insulated glazing.

Skylights: Four small skylights are installed in the standing seam metal roofing at the addition between Blocks 2 and 3.

Condition: The windows are generally in fair to good condition but are showing localized signs of deterioration consistent with their age and use. Engineering staff reported that the window frames for the single hung windows break on occasion due to people pulling on the frames at locations other than the intended handle, and the fact that the frames are spliced together using plastic joinery pieces (in lieu of metal or soldered joints).

D. WINDOWS (cont.)

Condition (cont.): Localized failed insulated units were reported and select pieces of exterior window trim were observed to be loose. The staff reports that they repair the windows on an as-needed basis, and that parts are still available from the manufacturer. A reserve should be established for on-going repair/replacement of windows on an as-needed basis.

The factory finish on the window frames is weathered to varying degrees. Consideration should be given to preparing and painting the window frames to address this cosmetic issue. If the window frames are painted, repainting should be anticipated approximately every five years.

E. EXTERIOR DOORS/FRAMES

Description: The main entry doors are a pair of stained wood stile and rail-type doors with glass lites in matching wood frames. Common area and private unit patio/balcony exterior doors are factory finished aluminum swing doors with a large glass lite matching the exterior windows. Service doors are hollow metal in hollow metal frames with a paint finish.

Weather Tightness: The doors generally appear to be appropriately weather-stripped. Most of the doors are set under overhangs for additional weather protection.

Condition: No significant issues were noted or reported. As noted previously, the weathered louvered access doors and frames at the mansard parapet walls should be prepared and repainted when the building exteriors are painted.

F. EXTERIOR SOFFITS AND TRIM

Description: Soffits typically consist of integral color cement plaster matching the exterior walls. The soffits are typically vented, fully fire sprinklered and have recessed can type light fixtures.

The main entry has a painted steel-framed canopy with corrugated metal decking.

F. EXTERIOR SOFFITS AND TRIM (cont.)

Condition: No significant issues were noted or reported.

G. EXTERIOR LANDINGS, STAIRS, AND RAILINGS

Description: Exterior balconies and egress stair landings consist of wood sheathing with an elastomeric coating presumably installed over conventional wood framing. Railing walls are typically cement plaster, typically topped with a painted metal pipe railing. Select railings are painted metal picket type. Exterior egress stairs are similar construction, wood framed with an elastomeric coating and plaster and painted metal railings/walls. Some balconies have interior drains while others have a through wall scupper for drainage.

Condition: Two areas of failing/failed elastomeric coating were observed at exterior stair landings. At one location, the wood sheathing beneath the coating is reportedly moisture damaged. At this same location, evidence of a previous coating repair at an area drain was also observed. These areas of deteriorated coating need to be repaired. All moisture damaged framing/sheathing associated these areas should also be repaired/replaced as required. The coatings at other common area landings and stairs appeared to be somewhat weathered; more so than at private unit balconies. The accelerated weathering is likely due to the non-covered nature of the common area stairs and landings as well as higher foot traffic.

Preparation and reapplication of the elastomeric coating should be anticipated in the near term at all locations. Regular reapplication of the coating should be anticipated every 3 to 5 years at the common area landings and stairs, and every 5 to 7 years at the covered private unit balconies.

IX. INTERIOR IMPROVEMENTS

The building is generally divided into two areas: the one-story Skilled Nursing (SN) wing located on the west end of the building, and Assisted Living (AL) wing located on the east end of the building. Units within the SN area, Enhanced AL (Tikvah), and Memory Care (Traditions) are generally single or double rooms with either a private or shared toilet (no shower unit), and a shared multiple occupancy shower/bathing room is provided for each of these areas; interior finishes within these types of rooms are generally consistent. Units in the remaining AL area are either one bedroom or studio types with full bathrooms, and kitchenettes.

A. INTERIOR WALLS

Description: Per the construction drawings, typical interior walls consist of 5/8" gypsum board over 2x4 wood studs. Wood wall bases are generally provided in common areas. Wood crown moldings and wall bases are provided in one bedroom and studio units. Vinyl wall bases are provided in the Skilled Nursing common areas and rooms.

Finishes: Walls within all unit types, service spaces (such as the laundry room), and interior amenities have a paint finish. Some common areas and corridors are provided with wallpaper coverings. Wood wall bases and crown moldings have a paint finish. Walls in the entrance lobby, Synagogue, and other select area have stained wood paneling.

Condition: Regularly scheduled preparation and repainting of interior walls should be anticipated during the term. Regularly scheduled removal and replacement of the wallpaper coverings in the common area corridors should be anticipated in the late term.

Per Property Management, 21 of the 64 total one bedroom and studio units have recently been renovated, and there are plans in place to renovation the remaining units at the time of tenant turnover. For capital reserve purposes, renovation of the remaining units should be anticipated during the next few years.

A. INTERIOR WALLS (cont.)

Condition: The scope of renovation generally includes repainting walls, cutting a hole in the wall between the living room and bedroom, replacing flooring, installing new light fixtures, new toilet and bathroom fixtures, new tile at the shower perimeter, removing and replacing laminate kitchenette cabinetry, kitchen sink, and faucet, and installing new granite countertops.

B. INTERIOR DOORS/FRAMES

Description: Main unit entry and unit interior doors are typically solid-core wood doors in wood frames. Service/utility doors are a combination of solid core wood and hollow metal in metal frames.

Finishes: Doors and frames are typically painted and have lever-style door hardware. Select doors have automatic push button type door opening hardware. A number of the doors have security and/or alarm provisions.

Condition: No significant issues were noted or reported.

C. CEILINGS

Description: Unit ceilings are a combination of acoustic ceiling tile and gypsum board with a paint finish. Painted wood crown moldings are provided within units. Common area corridors and indoor amenity rooms have typically have acoustic ceiling tile and remaining common areas generally have painted gypsum board.

Condition: Rust was noted on the suspended ceiling tile framing grid within the main kitchen. Replacement of this ceiling system should be anticipated in the near term. Localized stained acoustical ceiling tiles should be replaced as a part of regular property maintenance on an as-needed basis.

D. FLOORS

Description: One bedroom and studio units in the AL areas have a combination of carpet and laminated wood flooring. The entrance lobby has a combination of commercial carpet and ceramic tile floors. Common area corridors and select common area amenities in the AL area have commercial carpet floors. SN common areas and the kitchen service hallway have vinyl sheet, plank or composition tile flooring. Rooms within the SN area have vinyl sheet flooring. The service kitchen has ceramic tile flooring.

Condition: Regularly scheduled replacement of common area commercial carpet flooring should be anticipated in the middle term and every ±seven years thereafter. Regularly scheduled replacement of vinyl sheet flooring at AL common areas and all SN areas should be anticipated in the middle term and every ±seven years thereafter. VCT flooring at the kitchen service hallway is worn, should be replaced in the near term and every ±seven years thereafter. Grout at the service floor kitchen was noted to be in marginal condition and should be routed out and replaced in the early term. We recommend installing VCT flooring within the laundry service room in order to protect the existing concrete floor from excessive wear and tear.

E. ACOUSTIC INSULATION

Walls: According to the construction drawings, interior demising walls have one-hour rated, STC 50 rated, 2 1/2" thick insulation. Typical double walls have an STC rating of 59.

Ceilings: According to the construction drawings, ceilings do not appear to be provided with acoustic insulation.

Condition: No significant issues were noted or reported.

F. BATHROOMS

Description: Unit bathrooms in both AL and SN rooms have vinyl sheet flooring, and painted gypsum board walls and ceilings. AL units have one-piece monolithic shower bases and surrounds, wall-mounted vitreous china lavatories, and tank-type, floor-mounted vitreous china toilets. Renovated AL unit bathrooms have tile floors, with additional tile walls adjacent to the shower unit. SN rooms have wall-mounted vitreous china lavatories and toilets and are not provided with showers. Shared shower rooms within SN areas and specialty AL areas (Enhanced Assisted Living and Memory Care units) have tile floors and surrounds, and painted gypsum board ceilings.

Common area restrooms in the SN area have vinyl sheet flooring, painted gypsum walls and ceilings, and wall-mounted vitreous china lavatories and toilets. Common area restrooms in the AL area have ceramic tile floors and wet walls, laminate floor-mounted partitions, granite countertops with top mounted lavatory basins, wall-mounted vitreous china toilets, and painted gypsum board walls and ceilings.

Condition: We recommended a reserve be established to remove and replace roll-in shower units within the AL units. Replacement of showers may be needed as parts are reportedly difficult to obtain or no longer available (i.e. seats, shower controls etc.), therefore necessitating complete replacement. Our cost table assumes three or four of the 64 total AL unit showers will be replaced each year. No other significant issues were noted or reported.

G. KITCHENS

Description: Kitchenettes are provided in AL units. The kitchenettes have laminated wood floors, painted gypsum board walls and acoustic tile ceilings. A full service commercial kitchen is provided on the ground level. Finishes include painted gypsum walls, ceramic tile floors, and acoustic tile ceilings. A full range of commercial kitchen cooking equipment, dishwashing equipment, and walk-in type refrigeration units are provided. The kitchen is setup with dual food handling and cooking facilities to accommodate kosher foods.

G. KITCHENS *(cont.)*

Condition: Replacement of cabinets and countertops within kitchenettes in the AL units, once the unit is turned over is included in the renovation of the unit. We recommend installation of fiber-reinforced panels (FRP) at the service kitchen walls in lieu of the current painted gypsum board walls, due to the high humidity in the room and durability and easy maintenance of the FRP panels. This work should be coordinated with other recommended work within the kitchen, including re-grouting of the floors and replacement the suspended ceiling.

H. CABINETS

Description: Kitchenettes are provided in AL units. Kitchen base cabinets appear to be composite wood with a laminate veneer. Countertops in older units are laminate with no backsplash, while renovated units are stone with a stone backsplash.

Condition: No significant issues were noted or reported. Replacement of the cabinets and countertops should be expected when the unit is turned over and included in the typical renovation scope of the unit.

I. UTILITY ROOMS

Description: Utility rooms have exposed concrete floors, painted gypsum board walls, and ceilings exposed to the underside of the above structure.

Condition: No significant issues were noted or reported.

J. INTERIOR STAIRS

Description: Interior stairs have carpeted wood risers, treads, and landings, with painted wood railings.

Condition: No significant issues were noted or reported.

K. WINDOW COVERINGS

Description: Windows coverings vary per unit type. SN units are provided with fabric drapes and AL units generally have horizontal metal blinds. Some AL units have an interior wall opening provided between the living and bedroom areas with vertical vinyl blinds. Window coverings are typically not provided at doors leading to unit patios.

Condition: No significant issues were noted or reported.

L. APPLIANCES

Description: AL units are provided with a small combination refrigerator/freezer. Garbage disposals are not provided for kitchen sinks in the AL units.

The property includes a commercial laundry facility as well as smaller resident laundry facilities. The smaller resident laundries typically include a single higher quality washing machine and dryer. See **Section X - Plumbing** of this report regarding the commercial laundry equipment.

Warranties: Not applicable.

Condition: The resident laundry equipment generally appeared to be in good condition. Replacement of this equipment should be completed on an as-needed basis as a part of regular property maintenance. No significant issues were noted or reported. See Plumbing Section of this report regarding the commercial laundry equipment.

M. FIREPLACES

Description: A faux electric fireplace/heating element is provided in the main lounge area for the AL units.

Condition: No significant issues were noted or reported.

X. MECHANICAL/ELECTRICAL

A. HEATING, VENTILATION, AND AIR CONDITIONING

Description: Heating and cooling for the skilled nursing wing is provided by constant air volume distribution systems. Individual terminal boxes, with hot water reheat coils, serve each of the 30 skilled nursing rooms and other spaces at this portion of the building. Primary cooling is provided by a roof-mounted York 50-ton packaged air conditioner. Two Bryan natural gas-fired boilers, each with an input capacity of 750,000 BTUs per hour, feed a circulating hot water system that serves the reheat coils. System capacity is supplemented with two Teledyne Laars 119-gallon insulated storage tanks.

Common areas, nursing stations, and other spaces are served from 21 packaged air conditioners, manufactured by Carrier and Trane. Packaged unit cooling capacities range between 3-1/2 and 15 tons and heating input capacities range between 80,000 and 180,000 BTUs per hour.

Each of the 46 one-bedroom and 18 studio apartments and the 28 Group/Alzheimer units are served by wall-mounted Carrier packaged terminal heat pumps (PTHP), each sized between ½ and 1 ton. Smaller units use 1,900-watt electric elements for supplemental heating.

Controls: Central plant equipment scheduling and operation and zone temperature control is typically provided by a central Delta direct digital control (DDC) building automation system. Heat pumps for the apartments have local thermostat controls.

Ventilation: Ventilation air is provided by outside air dampers at each of the packaged air conditioners and PTHPs. There are two Reznor roof-mounted natural gas-fired, make-up air units (MAU), one for the laundry and one for the commercial kitchen ventilation. Apartment bathrooms, common area restrooms, and other nursing areas use roof-mounted exhaust fans. A dedicated exhaust system serves the kitchen and dishwasher hoods.

A. HEATING, VENTILATION, AND AIR CONDITIONING (cont.)

Age: Heating and cooling equipment was typically installed as part of the original construction. One 6-ton packaged air conditioner was installed around 2006 and one 7-1/2-ton unit in 2016.

Maintenance: Maintenance is typically provided by an in-house staff, with Bay Air Systems called in, as needed.

Condition: Overall building cooling capacity is approximately 660 square feet per ton, which is within industry standards for a senior care facility. PTHPs have an EUL of 15 years and it was reported that 2 units have been replaced to date. Replacement of the remaining 90 units should be anticipated during the term. This work can be completed on an as-needed basis.

Packaged air conditioners have an EUL of 20 years. The 50-ton unit will reach its EUL during the term, and it was reported that one of the compressors has already been replaced. Replacement of this unit should be anticipated in the near term. 20 of the smaller units, totaling approximately 136 tons, will also reach their EUL during the term and their replacement should also be anticipated. This can be done on an as-needed basis.

One of the existing units (AC-21) was observed with the outside air intake grille too close to the natural gas flue of the adjacent unit (AC-8). California Mechanical Code requires a 3-foot vertical clearance for outside air intake grilles. Although the AC-8 flue pipe has been modified with an extension, it remains within the required 3-foot clearance. A similar situation with unit AC-18 was also observed, with exhaust fan EF-14 within the 3-foot clearance. When AC-8 and AC-18 are replaced, modifications should be completed to ensure that code required clearances are provided.

Natural gas-fired boilers have an EUL of 25 years. The two existing boilers will reach their EUL during the term and their replacement should be anticipated later in the term. The two 119-gallon insulated storage tanks and circulating pumps should be replaced along with the boilers.

A. HEATING, VENTILATION, AND AIR CONDITIONING (cont.)

Condition (cont.): Natural gas-fired MAUs have an EUL of 25 years. The two existing units will reach their EUL later in the term and replacement should be anticipated. It was reported that there were comfort/ventilation issues in the commercial kitchen area. An engineering study of the existing kitchen heating, cooling, and ventilation, equipment should be completed prior to replacement of the MAU and air conditioner equipment serving this area to ensure the replacement equipment addresses these issues.

It was reported that there have been issues with the existing building automation system and that some central plant equipment is no longer tied into the system. Building management is currently reviewing proposals to upgrade the system. This control upgrade should be completed to ensure that control/operation of all of the central heating and cooling equipment is managed through the system.

B. PLUMBING

Water Service: The building is provided with a 4" domestic water service, with backflow preventer and meter.

Domestic Water Piping: Where observed, domestic water piping is copper tubing.

Water Heating: Domestic water heating is provided by five Teledyne Laars natural gas-fired boilers, located within two boiler rooms. The rooftop penthouse contains two units, each with an input capacity of 500,000 BTUs per hours. The lower level boiler room houses three 1,825,000 BTU per hour units, integrated with a 460-gallon insulated storage tank. Thermostatic mixing valves are used to control hot water delivery temperatures.

Site Water Feature: There is a site water feature, located within the courtyard near the sunroom. The fountain has an integral circulating pump.

B. PLUMBING (cont.)

Plumbing Waste and

Vent Lines: Where observed, sanitary waste and vent piping is cast iron pipe. Lower level spaces are protected by a duplex sewage ejector pumping system. Kitchen grease waste is routed to a grease interceptor, located outside the loading dock/trash area.

Natural Gas Service: The building is provided with a natural gas service, with meter. Building boilers were observed with earthquake safety shutoff valves on the natural gas feed pipe.

Kitchen Equipment: The building is provided with a full-service commercial kitchen. Kitchen equipment includes one natural gas-fired range top, one natural gas-fired griddle, one natural gas-fired combination griddle/range top, one convection oven, one duplex convection oven, one natural gas-fired fryer, one steam kettle, and a rack-style dishwasher. There are two walk-in coolers, each with a refrigeration evaporator. The two evaporators are tied to a single roof-mounted condenser.

Laundry Equipment: The building is provided with an in-house commercial laundry facility. Existing equipment includes one 35-pound washing machine, two 55-pound washing machines, one 75-pound natural gas-fired clothes dryer, and two 120-pound clothes dryers.

Age: Plumbing systems, including kitchen and laundry equipment, were typically installed as part of the original construction.

Condition: Natural gas-fired domestic water boilers have an EUL of 20 years. The five existing units will reach their EUL during the term and replacement should be anticipated in the first half of the term. The 460-gallon storage tank is currently leaking and should be replaced early in the term.

Commercial kitchen and laundry equipment has an EUL of 20 years. One of the walk-in cooler evaporators has already been replaced. All of the kitchen and laundry equipment described above will reach its EUL during the term and replacement of all of the equipment should be anticipated. An engineering study of the existing kitchen layout should be completed prior to dishwasher replacement as it was reported that the current layout is not efficient/practical.

B. PLUMBING (cont.)

Condition (cont.): The current walk in coolers system has two evaporators tied to a single rooftop condenser. This means that when one of the coolers need refrigeration, the system delivers refrigerant to both coolers. This does not allow for independent temperature control, should different temperature settings be desired in the two coolers. Walk-in cooler refrigeration equipment replacement should include an option to operate the two evaporators independently.

C. ELECTRICAL

Electrical Service: A utility owned pad-mounted transformer provides 277/480-volt, 3-phase, 4-wire electrical service to the main electrical room. Main switchgear is rated at 1,600 amperes (amps) and has a 400-amp critical branch and 225-amp life safety/emergency branch. It was reported that the main disconnect switch was recently replaced. Plans are reportedly underway for the installation of a solar photovoltaic system on the pitched mansard roofs, which would tie into and supplement the building electrical service.

Electrical Distribution: Wire in conduit serves electrical rooms located throughout the building. Rooms house 277/480-volt electrical distribution panels, step down transformers, and 120/208-volt panels for lighting and power loads.

Emergency Power: The building has a 200-kW diesel fired emergency generator, located in an enclosed area outside the building. Emergency loads served by the generator include fire alarm systems, emergency egress lighting, and elevator recall.

Light Fixtures: Building lighting is by a variety of ceiling mounted and wall mounted fixtures, typically using compact fluorescent lamps (CFL). Residential rooms have ceiling mounted wrap-around fixtures with T-8 fluorescent lamps and wall mounted sconce fixtures with CFLs. Corridor lighting is by wall mounted indirect fixtures with LED lamps. Corridor fixtures are equipped with integral motion sensors and dimming control.

C. ELECTRICAL (cont.)

Light Fixtures (cont.): It was reported that the corridor light fixture controls interfered with tenant hearing aids, and they have been disabled. A Tork lighting control system provides fixture scheduling.

Maintenance: Maintenance is typically provided by an in-house staff with Pacific Bay Electric called in, as needed.

Condition: Overall building electrical capacity is approximately 9 watts per square foot, which is within industry standards for senior care facilities. It was reported that lighting levels within the 30 skilled nursing rooms was less optimal than desired. Consideration should be given to replacing the light fixtures within each room to ensure that new lighting levels are satisfactory.

There are a limited number of 120/208-volt electrical distribution panel within electrical room 5 and all breaker spaces in these panels are full. It was reported that this situation has limited building upgrade options within this area. It is recommended to install one additional 120/208-volt, 42-space electrical distribution panel within this room to ensure that adequate electrical service is available for future projects.

It is recommended to perform infrared scan services on building electrical panels every three years, as part of routine maintenance. Services should be performed early in the term and should include repair of identified issues.

The emergency generator was observed with corrosion of the diesel storage tank and base metal surfaces. It is recommended to thoroughly clean all metal surfaces and apply a coat of epoxy-based paint to prevent future corrosion.

The reported plan to install a solar panel system at the property should be completed if desired by ownership.

D. LIFE SAFETY SYSTEMS

Fire Alarm System: The building is protected by a Siemens MXL-IQ addressable fire alarm system that monitors initiation devices such as smoke detectors and manual pull stations and, if alarmed, signals notification devices such as horns and strobes. Residential apartments have smoke detectors in bedrooms and the main living space. Smoke detectors are local only and are not tied into the fire alarm system. It was reported that building management is in the process of replacing the two main fire alarm panels (one serves the skilled nursing area, and the other serves the remainder of the building). Efforts are also underway to replace obsolete fire alarm devices and many have reportedly already been replaced.

**Emergency Lighting/
Egress Signage:** Illuminated exit signs and emergency light fixtures are backed by the emergency generator and appear to provide path of egress lighting.

**Fire Sprinkler
System:** The building is protected by a wet sprinkler system and appears to be fully sprinklered. An 8" fire sprinkler water service feeds a perimeter loop with multiple 4" risers. It was reported that there have been several leaks at the interior sprinkler piping. The leaks typically occur at the drop elbow and are repaired as they occur. It was also reported that part of the building loop 8" underground sprinkler pipes recently failed at a joint and was repaired.

Fire Pumps: None required. City water pressure appears to be adequate.

Maintenance: Fire alarm monitoring and maintenance is provided by Siemens. Fire sprinkler inspection and testing is performed by G&S Fire Protection. Riser tags show most recent five-year inspection and testing occurred in February 2015.

D. LIFE SAFETY SYSTEMS *(cont.)*

Manual Fire
Extinguishing
Equipment:

Manual wall-mounted fire extinguishers were noted throughout the property at common areas and corridors. Inspection tags observed show last inspection occurred in December 2016.

Fire Hydrants:

The site fire sprinkler water loop feeds two fire hydrants, each within 75 feet of the building.

Condition:

Fire alarm panels have an EUL of 15 years. Panel replacements should proceed, as currently planned. Efforts to replace obsolete fire alarm devices should continue, as part of property maintenance. Residential apartments now require combination carbon monoxide/smoke detectors to protect the main living space. New detectors should be installed in each of the 92 apartments and Group/Alzheimer rooms as soon as possible. A reserve should be established for the on-going repair of leaking sprinkler drop elbows on an as-needed basis. It is also recommended to reserve an allowance to address potential future repairs of the underground sprinkler pipe connections based on the report recent incident. Faded directional egress signage at the skilled nursing facility portion of the building should be removed and replaced. There was also an emergency exit door that did not have an illuminated exit sign. One should be installed as soon as possible, as part of maintenance.

XI. BUILDING EQUIPMENT

A. VERTICAL TRANSPORTATION

Description: The building has two hydraulic passenger elevators, installed by National Elevator Company as part of the original construction. The elevator cabs have a 2,600-pound capacity and interior finishes include stainless steel doors and closures, laminated wall panels, and ceramic tile floors.

Condition: The elevators generally appeared to be in good condition with no significant issues noted. Hydraulic elevators have an estimated useful life (EUL) of 25 years. The two existing units will reach their EUL towards the end of the term and modernization, including drive machine upgrades and new controller, should be anticipated.

B. SECURITY SYSTEMS

Description: Key-pad readers limit access at building entrances. Seven security cameras are located at building entrances, with images monitored on site.

Condition: No significant issues were noted or reported.

C. COMMUNICATION SYSTEMS

Description: The building is provided with communication service from AT&T including a 200 copper pair telephone service and a fiber optic service. There is also cable television service from Comcast. There is an existing nurse call system for residential apartments.

Condition: It was reported that the original nurse call system is currently in the process of being replaced. This work should be completed.

D. EXTERIOR BUILDING MAINTENANCE EQUIPMENT

Description: None provided or required based on the size/configuration of the building. All exterior building maintenance can be accomplished with ground-based equipment.

Condition: No significant issues were noted or reported.

XII. CODE REVIEW

A. CODE CLASSIFICATION

Per the original construction drawings, the project was constructed under the provisions of the 1995 California Building Code (1994 Uniform Building Code).

Occupancy Use: Per the construction drawings, the primary occupancy classifications include I-1.1 (skilled nursing) and R-2.1 (residential care). Ancillary occupancy types include A (assembly) and B (office).

Construction Type: Per the construction drawings, the building is identified as Type V, 1-hour rated, fully fire sprinklered construction.

B. CERTIFICATES OF OCCUPANCY/BUILDING PERMITS

Marx|Okubo contacted the Contra Costa County Building Department (records@dcd.cccounty.us) on November 22, 2017 for information regarding the Certificate of Occupancy. As of the writing of this report, we are awaiting a response to our request.

C. GOVERNMENT AGENCY REVIEW

Building

Department: Marx|Okubo contacted the City of Danville and Contra Costa County Building Departments (925.314.3371) and (epermits.cccounty.us/citizenaccess) on November 21 and November 22, 2017 for information regarding potential outstanding building code violations. Per Kimberley (last name withheld), Danville Development Services Department, there are no outstanding violations on record. Per Aaron Hauswirth, Danville Development Services Technician, there is one issued permit dated June 12, 2017 for solar structure installation. According to the information provided on the Contra Costa County Citizen Access website there is one issued permit from August 24, 2017 for roof-mounted solar equipment. There is also one expired permit from May 17, 2004 for installation of a shade canopy and a permit for a pond dated March 15, 1999. All open or issued permits should be properly closed out as a part of regular property maintenance.

C. GOVERNMENT AGENCY REVIEW (cont.)

Fire Department: Marx|Okubo contacted the San Ramon Valley Fire Protection District (925.838.6667) on November 21, 22 and December 11, 2017 for information regarding potential outstanding fire code violations and recent inspections. As of the writing of this report, we are awaiting a response to our request.

Planning Department: Marx|Okubo contacted the Contra Costa County Planning Services (925.674.7200) on November 22, 2017 for information regarding potential outstanding zoning code violations and current zoning information. Per Deborah Laughlin, Senior Planning Technician, there are no outstanding violations on record. The property is zoned P-1, Planned Development.

D. MEANS OF EGRESS

Description: Means of egress from ground floor areas is through multiple exterior doors located throughout the facility which discharge directly to the exterior at-grade. Means of egress from second floor residences and common areas is typically into common area central corridors which lead to a combination of fully enclosed exit stair wells and exterior landings at stairs located at the ends off the various wings of the building. Egress signage appears to be provided at appropriate locations.

Lighting: Illuminated exit signs and emergency light fixtures are backed by the emergency generator and appear to provide path of egress lighting throughout.

Condition: The directional egress signage at the skilled nursing area is very faded and not legible. This signage should be removed and replaced. The egress signage at the remainder of the building appeared to be in good condition. Otherwise, no significant issues were noted or reported.

XIII. DISABLED ACCESSIBILITY

This is a limited accessibility review based on a sampling of conditions, and there may be non-compliance items that have not been identified. This limited review was done to identify major barriers related to federal accessibility requirements and an opinion of probable cost associated with a possible removal scenario. There may be other scenarios. This is not to be construed as a barrier removal plan. Federal, state and local disabled access requirements should be thoroughly reviewed prior to implementing a barrier removal plan.

A. FAIR HOUSING AMENDMENTS ACT OF 1988

Buildings that are occupied after March 13, 1991, or received their last building permit after June 15, 1990, are required to comply with the Fair Housing Amendments Act of 1988. We understand that buildings "for which first occupancy was achieved by March 13, 1991, are not subject to the guidelines.". This project was constructed after the date in question, and is therefore required to comply.

Description: There are a total of four-unit plan configurations at the property: Assisted Living (AL) one-bedroom, AL studio, Skilled Nursing/Memory Care/Enhanced Assisted Living room with private toilet, and Skilled Nursing/Memory Care/Enhanced Assisted Living room with shared toilet. Marx|Okubo reviewed one of each unit type, along with common areas accessible to the residents. Common areas include a beauty salon/barber shop, café, business center, concierge, gift shop, laundry rooms, library, mail room, art room, fitness room, Life Enrichment room, meeting room, synagogue, and various dining rooms.

Based on Marx|Okubo's in-field count, there are a total of four designated disabled-accessible parking spaces provided.

Condition: Based on the total number of parking spaces of 95 per property management, the property meets the required number of disabled-accessible parking spaces. Disabled-accessible parking is located near the main building entrance. Typical spaces and access aisles measured by Marx|Okubo were in compliance with requirements except as noted in the following ADA section of the report. Compliant signage appears to be provided.

A. FAIR HOUSING AMENDMENTS ACT OF 1988 (cont.)

Common areas and units appear to be generally compliant with accessibility requirements.

The following issues were noted:

- The paper towel dispensers in single-occupancy common restrooms located within the Skilled Nursing area are mounted higher than the maximum allowed 48". The dispensers should be lowered as the sensor are currently located at 56" above finished floor (AFF).
- Proper pipe insulation should be provided underneath sinks within the single-occupancy common restrooms located within the Skilled Nursing area to provide knee protection for wheelchair users.
- Select mailboxes are outside the allowable reach range required by the FHA. With side approach, the maximum height allowed is 54" AFF, with the lowest operable part allowed at 28". The current maximum height of the mailboxes was noted at 66.5" AFF. Approximately 40-50 mailboxes need to be relocated to address this issue.

B. AMERICANS WITH DISABILITIES ACT (ADA), TITLE III

This legislation affects places of "public accommodation" which, with relation to residential projects, is considered to be the rental office and any other facilities offered to the general public. This means that if any of the facilities, such as an activity room or swimming pool, are offered to the public at large (other than owners, tenants and their guests), they would be subject to the Act. Common use spaces intended only for owners, tenants and their guests are not covered by the ADA.

In July 1990, the Americans with Disabilities Act (ADA) was signed into law, extending civil rights protection to persons with disabilities, effective January 26, 1992 (reference Federal Register 36.508, Friday, July 26, 1991). There are currently five titles in the ADA. Marx|Okubo's review is limited to Title III, Public Accommodations and Commercial Facilities. The intent of the ADA, Title III, is to provide accommodations to persons with disabilities and access equal to, or similar to, that available to the general public. ADA Standards for Accessible Design were issued in 1991.

B. AMERICANS WITH DISABILITIES ACT (ADA), TITLE III (cont.)

The Department of Justice required full compliance for buildings with first occupancy on or after January 26, 1993. The Act was also retroactive for public accommodations and required barriers to be removed to the degree it was readily achievable to do so. Readily achievable is defined as "easily accomplishable and able to be carried out without much difficulty or expense."

Updated standards were published on September 15, 2010, effective March 15, 2011, with a mandatory compliance date of March 15, 2012, for any new construction or alteration of facilities or elements, including barrier removal. In the period between the publication date of September 15, 2010, and the compliance date of March 15, 2012, covered entities undergoing alterations or new construction were able to choose between compliance with the 1991 or 2010 ADA Standards.

The compliance date for the 2010 ADA Standards for new construction and alterations is determined by:

- the date the last application for a building permit or permit extension is certified to be complete by a State, county, or local government;
- the date the last application for a building permit or permit extension is received by a State, county, or local government, where the government does not certify the completion of applications; or
- the start of physical construction or alteration, if no permit is required.

Properties commencing construction before March 15, 2012, and complying with the 1991 ADA Standards are generally safe harbored; however, facilities and features newly covered under the 2010 ADA Standards are subject to the "readily achievable" barrier removal standard. For example, if the apartment project included a public fishing pier, the 2010 ADA Standards include requirements for such a facility.

We understand the subject project obtained first occupancy on or after January 26, 1993, but before March 15, 2012, and is therefore required to comply with the 1991 ADA Standards or may comply with the 2010 ADA Standards. Marx|Okubo made a general review of the property for compliance with the criteria in the 2010 ADA Standards for Accessible Design. Where areas of non-compliance were identified, we reviewed them against the 1991 ADA Standards also. Our review exceeds the visual-only review scope in the ASTM E2018-15. It should be noted that this is a limited review based on a sampling of conditions, and there may be non-compliance items that have not been identified.

B. AMERICANS WITH DISABILITIES ACT (ADA), TITLE III (cont.)

A general ADA compliance survey was conducted including accessible routes of travel from the public sidewalk, and disabled-accessible parking to the leasing desk/office and restrooms associated with the leasing desk/office area. Our review exceeds the visual-only review scope in the ASTM E2018-15.

Description: A public sidewalk provides a path of travel to the property. An on-site sidewalk connects the public sidewalk with the building main entry and front desk area. Designated disabled-accessible parking, including van-accessible spaces, was noted near the main entrance to the building.

At the building entrance, there is a card key reader, call button, and automatic door opener.

Restrooms are provided for prospective tenants and visitors.

Condition: The public sidewalk bordering the site appears generally accessible, with curb ramps at necessary locations. The on-site sidewalk appears generally accessible. The path of travel from the designated disabled-accessible parking spaces to the main entrance appears to be generally accessible. Typical disabled-accessible spaces and access aisles measured by Marx|Okubo and signage appear to be compliant with requirements except as noted below. The main entrance and exit doors appear generally accessible. Public restrooms appear to be generally compliant with accessibility requirements except as noted below.

The following issues were noted:

- The slopes of the designated disabled-accessible access aisles exceed the maximum 2% allowable in any direction in a parking stall or access aisle. Current excessive slopes measure approximately between 3.5% and 4.2%.

XIV. DEFICIENCIES AND RECOMMENDATIONS

Recommendations for remedial work addressing significant building deficiencies are included in this section. Recommendations are divided into *Immediate Work Items* and *Capital Work Items*.

Immediate Work Items: Include items that correct safety and life-threatening building and/or fire code violations; items that, if left unrepaired over the next year, would result in serious damage to the building or its contents; and elements not compliant with federal accessibility regulations. These items should be undertaken on a priority basis taking precedence over routine preventive maintenance work.

Capital Work Items: Include items that are customarily repaired or replaced over several years due to economic considerations (e.g. paving, roofs, appliances), items which are currently in acceptable condition but will reach or exceed their useful economic service life during the term, and items that are periodic in nature but not considered normal maintenance (e.g. pavement seal coating, painting). Also included are significant energy-saving or operational improvements. These opinions of cost are generally based on industry-accepted life spans for these systems unless there are mitigating circumstances.

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safety, and/or issues that left unresolved could result in further damage to the property		Normal operation/capital reserve work and costs				
Higher priority maintenance/capital reserve issues recommended to maintain property and operations.		Discretionary optional upgrades/improvements				
Description	Immediate	Years 1-3	Years 4-6	Years 7-10	Comments	
SITE						
1. Perform seal coat, and restripe of asphalt pavement.		9,200		9,200	Property Management reports asphalt paving was last resealed in 2015; work should be performed in conjunction with asphalt repairs. Cost based on Contractor bid provided by Property Management.	
2. Perform asphalt paving repairs, including crack repair, and remove and replace heavily cracked and damaged asphalt paving.		58,200			Drive aisle at the east and north east of the property was noted with heavily cracked asphalt paving. Additional select areas of damaged asphalt paving include the trash compactor area and alligatored drive aisles and parking space areas. Cost based on Contractor bid provided by Property Management.	
3. Replace damaged, bowed, or displaced wooden retaining wall sections.		5,000			Select locations include, but are not limited to, wood retaining wall along south perimeter of site near trail, and at hill base with wood bench/retaining wall near northeast area of site.	
4. Remove and replace sealants at sidewalk joints.		1,200		1,200	Sidewalk joints noted to be 1/2" wide or greater. Sealant joints are deteriorated or exhibiting adhesion and cohesion failure. Work is typically necessary every ±7 years.	
5. Remove and replace sealants at building to sidewalk joints.		20,000		20,000	Sealant joints are deteriorated or exhibiting adhesion and cohesion failure. Work is typically necessary every ±7 years.	
6. Replant barren landscape in localized area.		5,000			Noted at the northwest corner of the property near the facility vehicle parking area.	
7. Prepare and repaint miscellaneous metals.		1,500		1,500	Includes handrails located throughout property.	
8. Replace existing patio slab between Block 4 and 5 due to settlement. Provide new prepared subbase and drainage system.		7,200			Patio slab was observed to have excessive settlement. To restore the serviceability of the patio.	
9. Rebuild east side site interlocking block segmental retaining wall.		20,000			Displacement of block and soil was observed in open assembly segmental retaining wall on east side of site	
10. Perform nighttime light survey to determine appropriate light levels.		3,000			Property Management reports that the site lighting is inadequate and has poor distribution.	
11. Renovate and reconfigure trash area at rear of building. Install new canopy over area to allow for regular cleaning of wheelchairs.		60,000			Damage to compactor enclosure was noted, including damaged stucco, missing doors, and damaged concrete pad. Work includes canopy with footings, and redesign of trash area to better serve current operations.	
Site - Subtotal	\$0	\$190,300	\$0	\$31,900		
STRUCTURE						
12. Rout and seal exterior cracks at exterior perimeter foundation stemwalls.		2,000			Hairline to minor cracks were noted at a few various locations. To prevent moisture intrusion and rebar corrosion.	
13. Hire Geotechnical Engineer to assess existing soil conditions at building pad and perimeter and provide recommendations regarding ongoing building movement.		2,000			Cracks and movement suggesting settlement and/or expansive soils were observed in several areas in exterior stucco and at building joints	
Structure - Subtotal	\$0	\$4,000	\$0	\$0		

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Higher priority maintenance/capital reserve issues recommended to maintain property and operations.		Normal operation/capital reserve work and costs				Comments
Safety, and/or issues that left unresolved could result in further damage to the property		Discretionary optional upgrades/improvements				
Description	Immediate	Years 1-3	Years 4-6	Years 7-10	Comments	
ENVELOPE AND EXTERIOR						
14.	Remove and replace built-up roofing membranes.		667,200			Roofs are approaching the end of their estimated useful life. Coating the roofs may be an option at a lower cost of approximately \$7/sf versus \$12/sf to reroof.
15.	Remove and replace section of built-up roofing membrane which recently received a reinforced coating system.				44,000	Coating recently installed at the north wing of Block 1.
16.	Regularly scheduled annual roof maintenance.		27,000	27,000	36,000	
17.	Repair localized cracks throughout building exterior cement plaster.		25,000		6,300	Cracking is present throughout exterior elevations. Complete in conjunction with repainting. Fewer cracks anticipated in later term if all cracks are repaired in near term.
18.	Remove and replace deteriorated sealant joints between windows and doors and cement plaster.		43,200			Sealant joints are in poor condition.
19.	Prepare and repaint building exteriors utilizing a breathable elastomeric type paint.		175,000		175,000	Elastomeric paint will help bridge cracks in plaster due to on-going building movement.
	Repair, prepare, and repaint inside faces of cement board and plywood parapet walls.		18,000		18,000	Cost includes re-nailing loose boards, replacing sealants at mansard access doors, and repainting access doors.
21.	Reserve to replace deteriorated plywood at inside faces of parapet walls with new plywood or cement board panels.		4,800			Plywood exhibits varying amounts of weathering. Cost assumes approximately 25% of sheathing requires replacement.
22.	Install waterproof coating at exterior side of concrete masonry unit (CMU) wall between generator enclosure and utility rooms to mitigate moisture intrusion at the base of the walls.	3,000				Existing wall is not painted/waterproofed, allowing moisture into the electrical and telecom rooms.
23.	Reserve for repair/replacement of residential-type, aluminum-framed insulated windows.		27,000	27,000	36,000	Cost assumes repair/replacement of 5% per year. Engineer reports that repairs are regularly required, and parts are available.
24.	Prepare and repaint window frames; finish is weathering and chalking to various degrees.		36,000	36,000		Aesthetic issue only. Completion of this work is discretionary.
25.	Repair two areas of damaged elastomeric pedestrian coating at exterior stair landings.	10,000				Underlying plywood has failed at one location, split/low spot in coating at second location.
26.	Prepare and reapply elastomeric pedestrian coat at exterior common area stairs and landings.		9,000	9,000	9,000	Recoating should be anticipated more frequently due to UV exposure and higher traffic.
27.	Prepare and reapply elastomeric pedestrian coating at covered unit and common area balconies.		6,500		6,500	Generally in good condition. Recoating required approximately every 5 years.
Envelope and Exterior - Subtotal		\$13,000	\$1,038,700	\$99,000	\$330,800	

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Safety, and/or issues that left unresolved could result in further damage to the property		Normal operation/capital reserve work and costs				Comments
Higher priority maintenance/capital reserve issues recommended to maintain property and operations.		Discretionary optional upgrades/improvements				
Description	Immediate	Years 1-3	Years 4-6	Years 7-10	Comments	
INTERIOR IMPROVEMENTS						
28.	Prepare and repaint walls and ceilings in common areas including hallways, and amenity spaces (in Skilled Nursing area).		15,900		15,900	Walls and ceilings should be repainted every ±7 years.
29.	Remove and replace vinyl sheet flooring in Skilled Nursing common areas.			28,200		Vinyl sheet flooring should be replaced every ±7 years.
30.	Prepare and repaint walls and ceilings, in common areas including hallways, and amenity spaces (in Assisted Living area).			67,500		Walls and ceilings should be repainted every ±7 years.
31.	Remove and replace vinyl wall coverings Assisted Living common areas.				50,000	Vinyl wall covering should be replaced every ±10 years.
32.	Remove and replace commercial carpet flooring within Assisted Living common areas.			100,000		Carpet flooring should be replaced every ±7 years.
33.	Remove and replace vinyl sheet flooring within Assisted Living common areas.			40,000		Vinyl sheet flooring should be replaced every ±7 years.
34.	Prepare and repaint walls and ceilings, within unit/rooms at Skilled Nursing area.		48,800		48,800	Walls and ceilings should be repainted every ±7 years. Assumes 30 Skilled Nursing rooms.
	Remove and replace vinyl sheet flooring within unit/rooms at Skilled Nursing areas.			45,000		Flooring should be replaced every ±7 years. Assumes 30 Skilled Nursing rooms.
36.	Allowance: Renovate Assisted Living Unit, including repainting walls, replacing carpet flooring, installing new light fixtures, new toilet and bathroom fixtures, new tile at shower perimeter, removing and replacing laminate kitchenette cabinetry, kitchen sink, and faucet, and installing new granite countertops.		1,548,000	1,032,000		Assumes 8 or 9 Assisted Living Units will be turned over each year, and that 21 of the 64 total units have already been renovated per Property Management. Totals do not include Enhanced Assisted Living or Memory Care units. Cost based on recent management reported cost/unit.
37.	Allowance: Remove and replace roll-in shower unit within Assisted Living Units.		192,000	192,000	256,000	Replacement is needed due to parts no longer available, resulting in complete replacement. Assumes 3 or 4 of the 64 total Assisted living units will be replaced each year. Totals do not include Enhanced Assisted Living or Memory Care units.
38.	Install fiber-reinforced panels (FRP) at kitchen walls. Includes removal and reinstallation of existing shelving/equipment.		15,000			FRP is recommended at all walls due to high humidity of kitchen and is more durable, with easier maintenance. Cost assumes all work is done at the same time, and includes moving equipment as required.
39.	Grind out/replace existing grout at kitchen tile floors.		20,000			Grout at ceramic tile is in poor condition.
40.	Remove and replace suspended ceiling tile framing grid within kitchen.		14,400			Framing grid noted to be very rusted. Coordinate with kitchen flooring replacement.
41.	Prepare and repaint kitchen service hallway.		2,500		2,500	Walls should be repainted every ±7 years.
42.	Remove and replace vinyl composition flooring at kitchen service hallway.		4,000			Flooring is worn and should be replaced.
43.	Prepare and repaint walls in laundry service room		2,200		2,200	Walls should be repainted every ±7 years.
	Install vinyl composition tile flooring at laundry service room floor.		7,500		7,500	Exposed concrete floors should be protected for heavy use. Vinyl composition tile flooring is recommended.
Interior Improvements - Subtotal		\$0	\$1,870,300	\$1,504,700	\$382,900	

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Higher priority maintenance/capital reserve issues recommended to maintain property and operations.		Discretionary optional upgrades/improvements				Comments
Normal operation/capital reserve work and costs		Immediate	Years 1-3	Years 4-6	Years 7-10	
Description	Immediate	Years 1-3	Years 4-6	Years 7-10	Comments	
MECHANICAL/ELECTRICAL						
45. Replace 90 residential packaged terminal heat pumps (PTHP), based upon expected useful life (EUL) and existing condition. Replacement should be phase through the term.		13,500	13,500	18,000	PTHPs have an EUL of 15 years. The existing units are now beyond their EUL and several have already been replaced.	
46. Replace AC-1; 50-ton packaged unit, based upon EUL and existing condition.		125,000			Roof-mounted large packaged air conditioners have an EUL of 20 to 30 years. It was reported that the existing unit has experienced issues and that one of the two compressors has already been replaced.	
47. Replace 20 packaged air conditioners, totaling approximately 136 tons, based upon EUL and existing condition. Packaged unit AC-8 should be installed such that the natural gas flue provides a clearance of at least 15 feet horizontal or 3 feet vertical from the outside air (OA) intake hood for AC-21. Packaged unit AC-18 should be installed such that its OA hood provides the above mentioned clearance from exhaust fan EF-14.		115,000	105,000	120,000	Roof-mounted packaged air conditioners have an EUL of 20 years. Twenty existing units will reach their EUL during the term and replacement should be anticipated.	
49. Replace two natural gas-fired boilers, based upon EUL and existing condition.				100,000	Natural gas-fired boilers have an EUL of 25 years. The two existing units will reach their EUL during the term and replacement should be anticipated.	
49. Replace two 119-gallon insulated hot water storage tanks, based upon EUL and existing condition.				2,000	Insulated storage tanks have an EUL of 20 to 25 years, the two existing tanks are showing signs of wear, and replacement should be anticipated.	
50. Replace two natural gas-fired makeup air units, based upon EUL and existing condition.				30,000	Natural gas-fired duct furnaces have an EUL of 25 years. The two existing units will reach their EUL during the term and replacement should be anticipated.	
51. Continue to upgrade building automation system (BAS). The existing system is somewhat obsolete and several major pieces of equipment are no longer controlled by the system. Building management has secured a bid of \$87,480 for system upgrade.		87,500			BAS systems typically have an EUL of 15 years, after which a system upgrade is required. It was reported that the existing system is somewhat obsolete and several major pieces of equipment are no longer under its control.	
52. Replace two 500-MBH natural gas-fired domestic water heating boilers, based upon EUL and existing condition.		30,000			Natural gas-fired domestic water boilers have an EUL of 20 years. The two existing units will reach their EUL during the term and replacement should be anticipated.	
53. Replace three 1,825-MBH natural gas fired domestic water heating boilers, based upon EUL and existing condition.		110,000	55,000		Natural gas-fired domestic water boilers have an EUL of 20 years. The three existing units will reach their EUL during the term and replacement should be anticipated.	
54. Replace 460-gallon insulated hot water storage tank, based upon EUL and existing condition.		15,000			Insulated storage tanks have an EUL of 20 to 25 years, the existing tank is starting to leak, and replacement should be anticipated.	
55. Replace one commercial eight burner range top, based upon EUL and existing condition.		10,000			Commercial grade cooking equipment has an EUL of 20 years. The existing range will reach its EUL during the term and replacement should be anticipated.	

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safety, and/or issues that left unresolved could result in further damage to the property		Normal operation/capital reserve work and costs				
Higher priority maintenance/capital reserve issues recommended to maintain property and operations.		Discretionary optional upgrades/improvements				
Description		Immediate	Years 1-3	Years 4-6	Years 7-10	Comments
56.	Replace one commercial gas-fired griddle, based upon EUL and existing condition.		7,000			Commercial grade cooking equipment has an EUL of 20 years. The existing griddle will reach its EUL during the term and replacement should be anticipated.
57.	Replace one commercial gas-fired combination range and griddle, based upon EUL and existing condition.		10,000			Commercial grade cooking equipment has an EUL of 20 years. The existing range/griddle will reach its EUL during the term and replacement should be anticipated.
58.	Replace one commercial convection oven, based upon EUL and existing condition.		10,000			Commercial grade cooking equipment has an EUL of 20 years. The existing convection oven will reach its EUL during the term and replacement should be anticipated.
59.	Replace one commercial double convection oven unit, based upon EUL and existing condition.		15,000			Commercial grade cooking equipment has an EUL of 20 years. The existing convection ovens will reach their EUL during the term and replacement should be anticipated.
60.	Replace one natural gas-fired fryer, based upon EUL and existing condition.		7,500			Commercial grade cooking equipment has an EUL of 20 years. The existing fryer will reach its EUL during the term and replacement should be anticipated.
	Replace one steam kettle, based upon EUL and existing condition.		15,000			Commercial grade cooking equipment has an EUL of 20 years. The existing steam kettle will reach its EUL during the term and replacement should be anticipated.
62.	Replace one commercial dishwasher, based upon EUL and existing condition. The existing dishwasher arrangement should be modified to allow for a wash sink.		25,000			Commercial grade dishwashers have an EUL of 20 years. The existing unit will reach its EUL during the term and replacement should be anticipated.
63.	Replace two commercial refrigeration evaporators and condensers, based upon EUL and existing condition.		20,000			Commercial refrigeration systems have an EUL of 20 years. The existing system will reach its EUL during the term and replacement should be anticipated.
64.	Replace one 35-lb commercial washing machine, based upon EUL and existing condition.			12,500		Commercial grade washing machines have an EUL of 20 years. The existing unit will reach its EUL during the term and replacement should be anticipated.
65.	Replace two 55-lb commercial washing machines, based upon EUL and existing condition.			30,000		Commercial grade washing machines have an EUL of 20 years. The two existing units will reach their EUL during the term and replacement should be anticipated.
66.	Replace one 75-lb commercial clothes dryer, based upon EUL and existing condition.			7,500		Commercial grade natural gas-fired clothes dryers have an EUL of 20 years. The existing unit will reach its EUL during the term and replacement should be anticipated.
67.	Replace two 120-lb commercial clothes dryer, based upon EUL and existing condition.			24,000		Commercial grade natural gas-fired clothes dryers have an EUL of 20 years. The two existing units will reach their EUL during the term and replacement should be anticipated.
	Replace four light fixtures in each of the 30 skilled nursing rooms, based upon existing conditions. Issues have been reported with existing light levels within the rooms.		30,000			It was reported that light levels within the rooms did not seem adequate. New fixtures should provide the desired light levels.

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Higher priority maintenance/capital reserve issues recommended to maintain property and operations.		Normal operation/capital reserve work and costs				Comments
Safety, and/or issues that left unresolved could result in further damage to the property		Discretionary optional upgrades/improvements				
Description	Immediate	Years 1-3	Years 4-6	Years 7-10	Comments	
69. Consider installation of one additional 120/208-volt electrical distribution panel in electrical room 5. It was reported that the lack of electrical capacity has limited projects within this area of the building.		25,000			The three existing panels were observed with all 42 spaces full. One additional panel would allow flexibility to add future loads.	
70. It is recommended to perform infrared (IR) scan services on building electrical panels every three years. Services should include repair of identified issues.		15,000	15,000	15,000	IR scan services should be performed early in the term and repeated, on regular intervals, as part of routine maintenance.	
71. Reserve to thoroughly clean metal surfaces at the base of the emergency generator, then apply a coat of epoxy based paint.	2,000				The existing generator base and diesel storage tank were observed with corrosion to metal surfaces. Painting should allow continued generator operation through the term.	
72. Replace one fire alarm panels, based upon EUL and existing condition. It was reported that efforts are currently underway to replace the panels.		25,000			Fire alarm panels have an EUL of 15 years and plans are underway to replace one of the original panels. The second existing panel is beyond its EUL and replacement should be anticipated.	
73. Continue to replace existing fire alarm devices, as needed. It was reported that some of the original devices are obsolete and can no longer communicate with the existing panels.			maint.		Work is currently underway, however the percentage of completion is unknown.	
74. Install combination carbon monoxide (CO)/smoke detectors at all residential units.	22,500				It was reported that efforts are underway to install detectors in each residence by April 2018.	
75. Reserve an annual allowance to replace piping drops and elbows serving in-ceiling sprinkler heads. Allowance is for three additional repairs per year.		7,500	7,500	10,000	It was reported that there have been several leaks at threaded joints in the sprinkler drop piping and elbows. Five year sprinkler inspection and testing report also referenced several issues.	
76. Reserve an allowance to replace piping joints in the underground fire sprinkler water loop.		10,000	10,000	10,000	It was reported that one of the existing joints has already failed. Allowance is for one additional repair every three years.	
77. Continue efforts to replace existing nurse call system. It was reported that system replacement is currently underway.			Underway		Several residential rooms have already been upgraded with new nurse call devices.	
78. Continue efforts on pending solar panel installation project.			Underway		No costs included as it is assumed the project is already under contract.	
Mechanical/Electrical - Subtotal		\$24,500	\$728,000	\$280,000	\$305,000	
BUILDING EQUIPMENT						
79. Reserve to modernize two hydraulic passenger elevators, based upon EUL and existing condition. Modernization includes upgrades to the drive machine and a new controller.				400,000	Hydraulic passenger elevators have an EUL of 25 years. The two existing units will reach their EUL during the term and modernization should be anticipated.	
Building Equipment - Subtotal		\$0	\$0	\$0	\$400,000	
CODE REVIEW						
80. Install new directional egress signage in Skilled Nursing area.	1,600				Egress signage is faded and illegible.	
Code Review - Subtotal		\$1,600	\$0	\$0	\$0	

**4000 CAMINO TASSAJARA
Danville, California**

safety, and/or issues that left unresolved could result in further damage to the property		Normal operation/capital reserve work and costs				
Higher priority maintenance/capital reserve issues recommended to maintain property and operations.		Discretionary optional upgrades/improvements				
Description		Immediate	Years 1-3	Years 4-6	Years 7-10	Comments
DISABLED ACCESSIBILITY						
81.	Reslope disabled-accessible parking aisles, located east and west of the main building entrance.	10,000				Cross slopes within the parking aisles exceed the maximum 2% allowed per ADA Standards. Current slopes were noted between 3.5%-4.2%.
82.	Lower paper towel dispenser in single-occupancy restrooms located within the Skilled Nursing area.	200				Dispensers are mounted higher than the maximum allowed 48" and sensor is currently located at 56".
83.	Replace pipe insulators underneath sinks in single-occupancy restrooms located within the Skilled Nursing area.	200				Pipes should be insulated to provide knee protection for wheelchair users.
84.	Relocate mailboxes outside the allowable 28"-54" reach range required by the USPS and FHA.	3,000				With side approach, the maximum height allowed is 54", with the lowest operable part allowed at 28". Current maximum height noted at 66.5". Approximately 40-50 mailboxes are affected.
<i>Subject to Readily Achievable Barrier Removal Standards</i>						
Not applicable.		0	0	0	0	
Disabled Accessibility - Subtotal		\$13,400	\$0	\$0	\$0	
TOTAL		\$52,500	\$3,831,300	\$1,883,700	\$1,450,600	Note: Advisory cost items are not included in totals.

4000 CAMINO TASSAJARA
Danville, California

XV. EXHIBITS

- A. VICINITY MAP
- B. SITE PLAN
- C. BUILDING FLOOR PLANS
- D. FLOOD PLAIN DETERMINATION REPORT
- E. PHOTOGRAPHS

EXHIBIT A

4000 CAMINO TASSAJARA
Danville, California

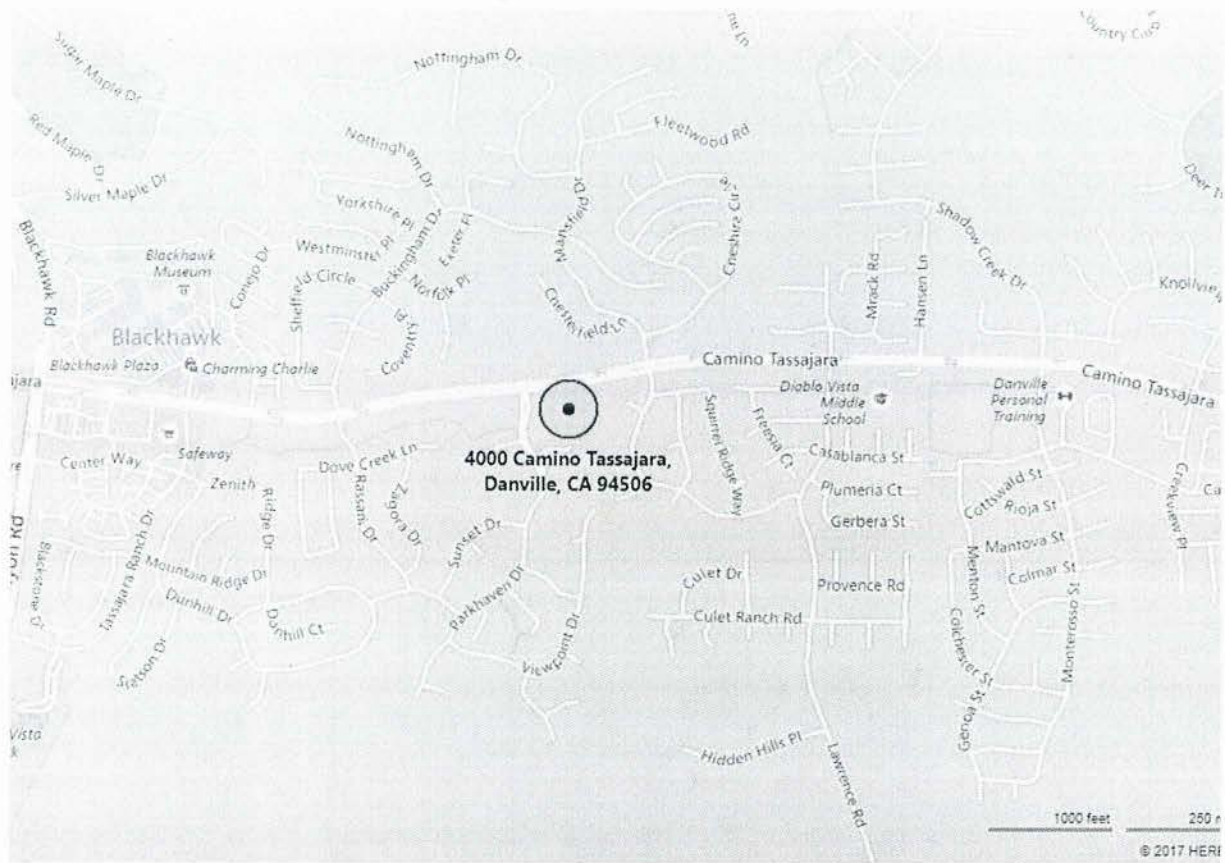


EXHIBIT B

SWATT
ARCHITECTS

100 South
Broad Street
San Francisco, CA 94103
Tel: 415.342.0200
Fax: 415.342.0204



SENIOR
LIFECARE CENTER
OF THE
EAST BAY

A PROJECT OF
REWORK FOR SUSTAINABILITY
DONALD OSWALD

CONTRACT NUMBER: 17



CONSTRUCTION

NO.	DESCRIPTION	DATE
1	ISSUED FOR PERMIT	10/15/10
2	ISSUED FOR CONSTRUCTION	11/15/10
3	ISSUED FOR OCCUPANCY	12/15/10
4	ISSUED FOR FINAL	01/15/11
5	ISSUED FOR SHUTDOWN	02/15/11
6	ISSUED FOR RESTART	03/15/11
7	ISSUED FOR	04/15/11
8	ISSUED FOR	05/15/11
9	ISSUED FOR	06/15/11
10	ISSUED FOR	07/15/11
11	ISSUED FOR	08/15/11
12	ISSUED FOR	09/15/11
13	ISSUED FOR	10/15/11
14	ISSUED FOR	11/15/11
15	ISSUED FOR	12/15/11
16	ISSUED FOR	01/15/12
17	ISSUED FOR	02/15/12
18	ISSUED FOR	03/15/12
19	ISSUED FOR	04/15/12
20	ISSUED FOR	05/15/12
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95	ISSUED FOR	08/15/18
96	ISSUED FOR	09/15/18
97	ISSUED FOR	10/15/18
98	ISSUED FOR	11/15/18
99	ISSUED FOR	12/15/18
100	ISSUED FOR	01/15/19

SCALE MAP

ALL

P.G. & E
Parcel No. 200-080-012
Blanchard Corp.

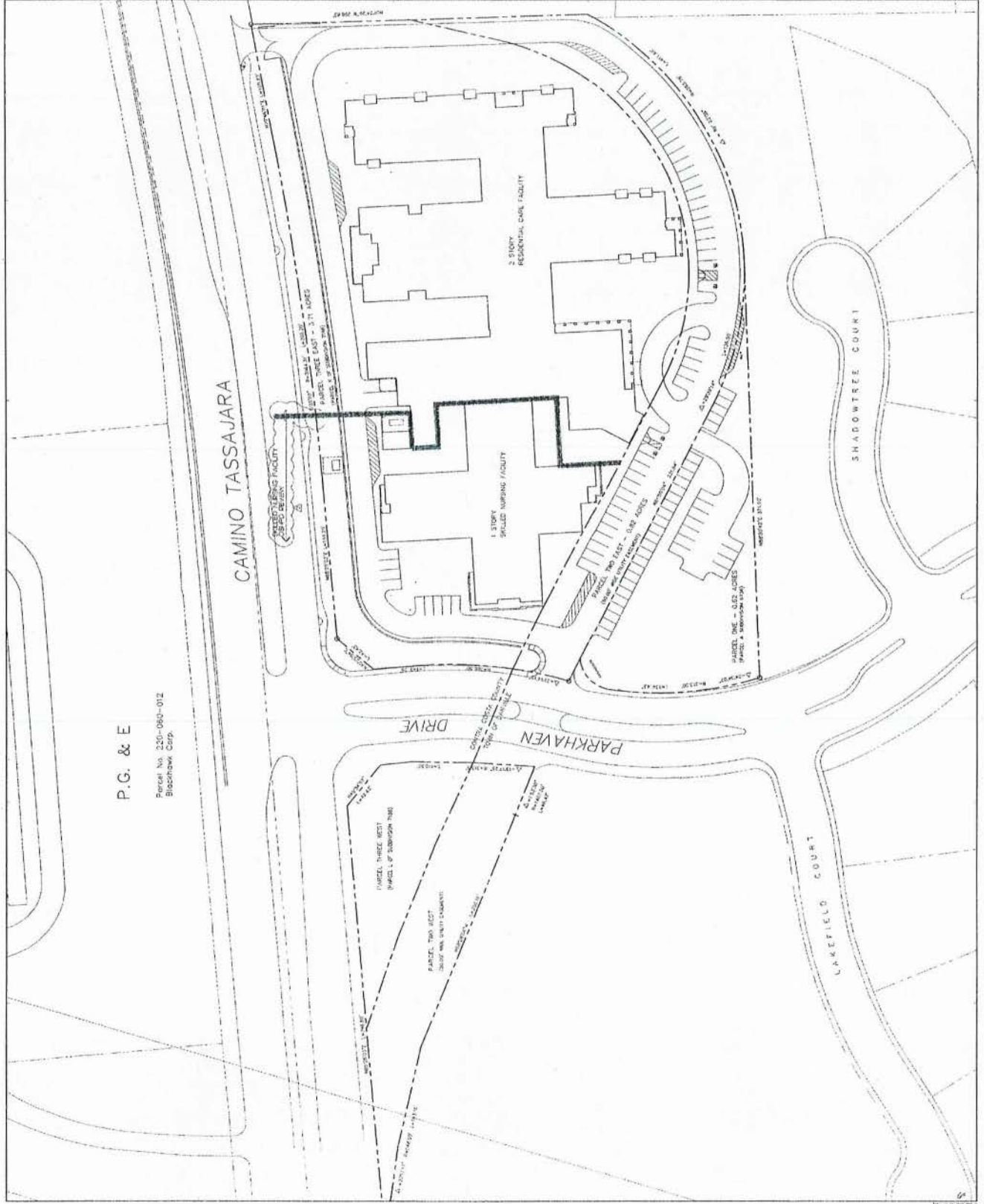
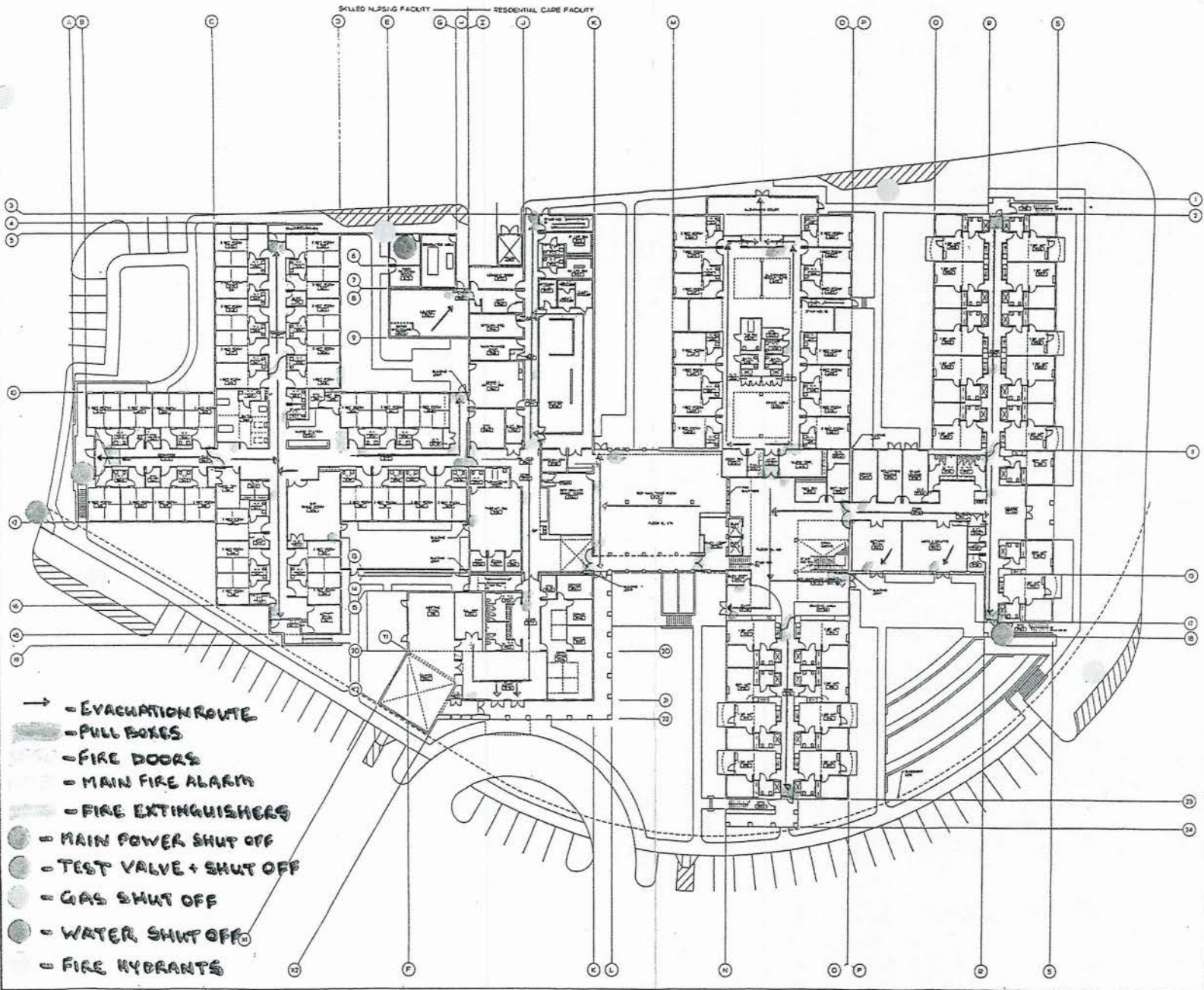


EXHIBIT C



- - EVACUATION ROUTE
- - PULL BOXES
- - FIRE DOORS
- - MAIN FIRE ALARM
- - FIRE EXTINGUISHERS
- - MAIN POWER SHUT OFF
- - TEST VALVE + SHUT OFF
- - GAS SHUT OFF
- - WATER SHUT OFF
- - FIRE HYDRANTS

SWATT ARCHITECTS
 252 Filson Street
 San Francisco, CA 94103
 Tel: 415 541 0200
 Fax: 415 541 0201

SENIOR LIFECARE CENTER OF THE EAST BAY

A PROJECT OF
 THE HOME FOR SENIOR PATIENTS, INC.
 IN DAVENPORT, CALIFORNIA

NO. OF SHEETS: 10

NO.	DATE	BY	CHKD.
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

MD / KE
 9322
 1/8" = 1'-0"
 4/22/96

GROUND FLOOR PLAN

A2.1

JUVALL
ARCHITECTS
320 Edison Street
San Francisco, CA 94103
Tel. 415.541.0200
Fax. 415.541.0208

SENIOR
LIFECARE CENTER
OF THE
EAST BAY

A PROJECT OF
THE HOME FOR SENIOR AMERICANS, INC.
DANFEL, CALIFORNIA

DESIGN DOCUMENTS	
Project No.	102 / 102
Date	09/20/02
Scale	1/8" = 1'-0"
Drawn By	JAV/MS

SECOND FLOOR
PLAN

A4

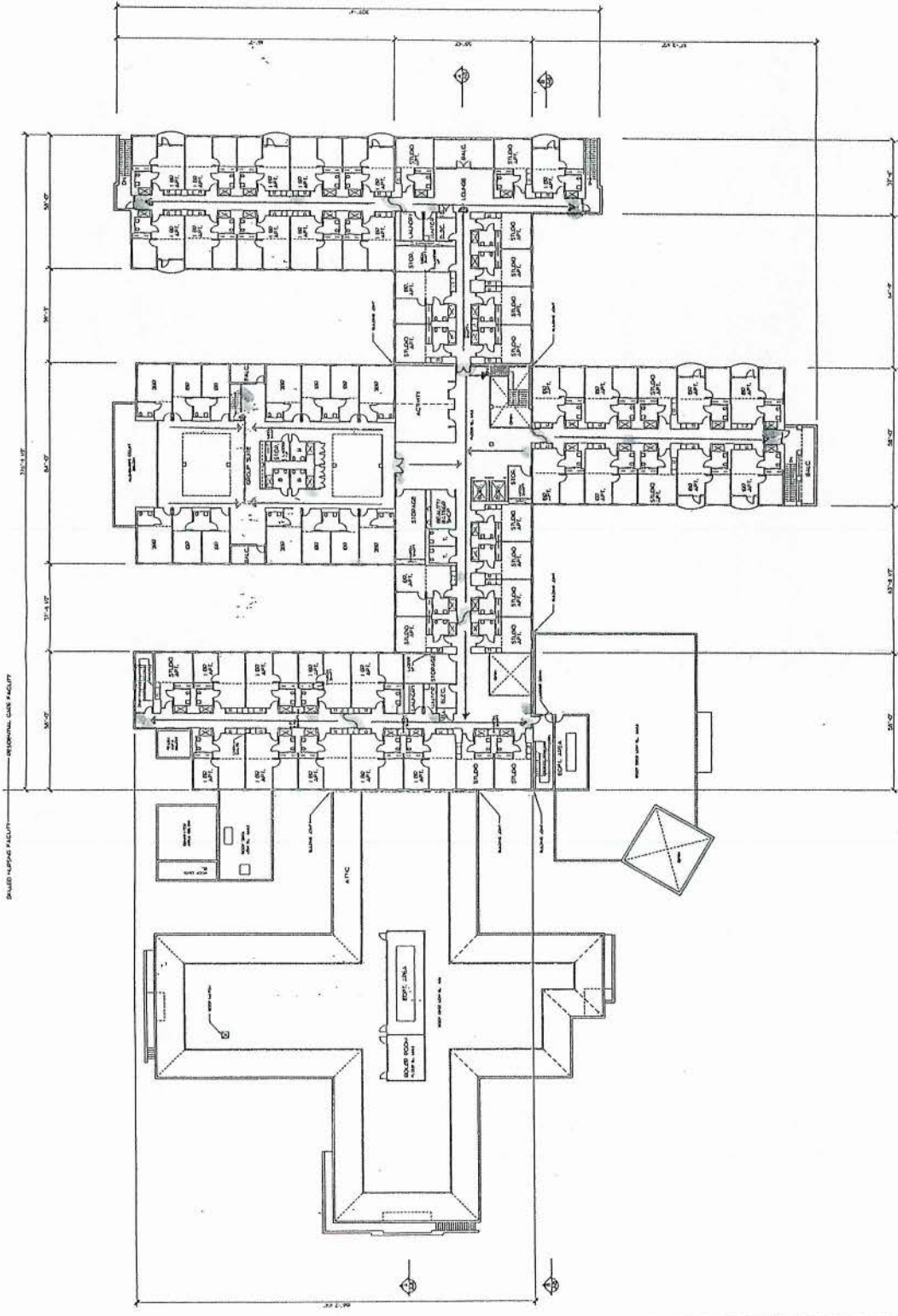
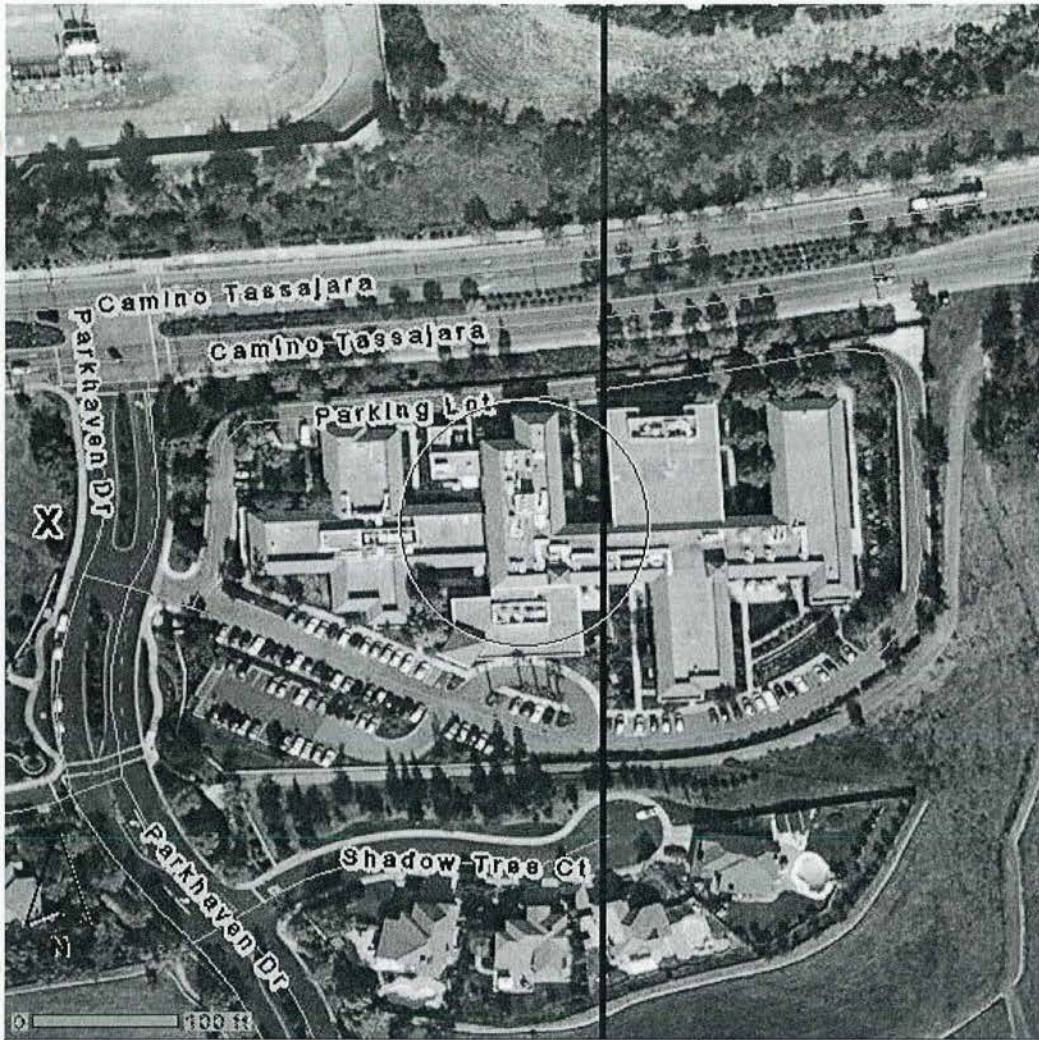


EXHIBIT D








MARX/OKUBO & ASSOCIATES : Insurance Report

FZDS

<i>Determination Report</i>	DATE: 11/20/17
Account Number: INS 97157389	MARX/OKUBO & ASSOCIATES
Owner Name: MARX OKUBO Certified Street Address: 4000 CAMINO TASSAJARA, DANVILLE, CA 94506-4711 Requester: Marx Okubo Phone#: Fax#: Policy Number: 4000_CAMINO_TASSAJARA Community Name: CONTRA COSTA COUNTY* Community Status: Regular Program Type: Participating Det ID: 319137270 Map Panel #: 06013C0466 F Community #: 060025 Panel Date: 06/16/09 Entry Date: 07/16/87 Det Date: 11/20/17 Flood Zone: X BFE: LOMA/LOMR <input type="checkbox"/> DATE:	
Areas of minimal flooding. Areas determined to be outside 500 year flood plain.	
This flood determination is provided to the lender pursuant to the flood disaster protection act and for no other purpose. It does not create any private cause of action on behalf of the Policy Holder against FZDS.	



Legend Flood Zones

-  A Values
-  D / NMA
-  SHX / B
-  V Values
-  X / C
-  Street
-  Highway

Street Maps Copyright 1992-2016 TomTom.

Determination Id : 319137270

Certified Address : 4000 CAMINO TASSAJARA,
DANVILLE, CA 94506-4711

Flood Zone : X

Base Flood Elevat : N/A

FEMA Map Panel Number : 06013C0466 F

FEMA Map Panel Eff. Date : 06/16/09

Coast CBRA Date :

LOMA LOMR Date :

Distance To 100/500 : 532.0 ft to A
Flood Zone

DISCLAIMER: THIS MAP IMAGE IS PROVIDED AS A VISUAL AID WITHOUT ANY WARRANTIES OR GUARANTEES; IT DOES NOT CREATE ANY PRIVATE CAUSE OF ACTION ON BEHALF OF THE BORROWERS OR INSURED PROPERTY OWNERS AGAINST THE FLOOD DETERMINATION PROVIDER. DISTANCE TO 100/500 YEAR FLOOD AREA IS AN APPROXIMATION CALCULATED FROM GEOCODING TECHNOLOGY AND IS NON-GUARANTEED.

EXHIBIT E

4000 CAMINO TASSAJARA
Danville, California



Photograph #1

Building overview
looking north.



Photograph #2

Project monument
signage is provided
at entry drive.

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Danville, California



Photograph #3

Main building entry improvements at south elevation.



Photograph #4

Sealant at sidewalk to building perimeter joint has failed.

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Photograph #5

Typical drive aisle
and parking area.



Photograph #6

Asphalt paving at
drive aisles at the
east and north east
perimeter of the site
is severely cracked.

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Danville, California



Photograph #7

Walkways generally provided along building perimeters. Concrete retaining wall noted with minor spalls.



Photograph #8

Sealants at sidewalk joints is deteriorated.

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Danville, California



Photograph #9

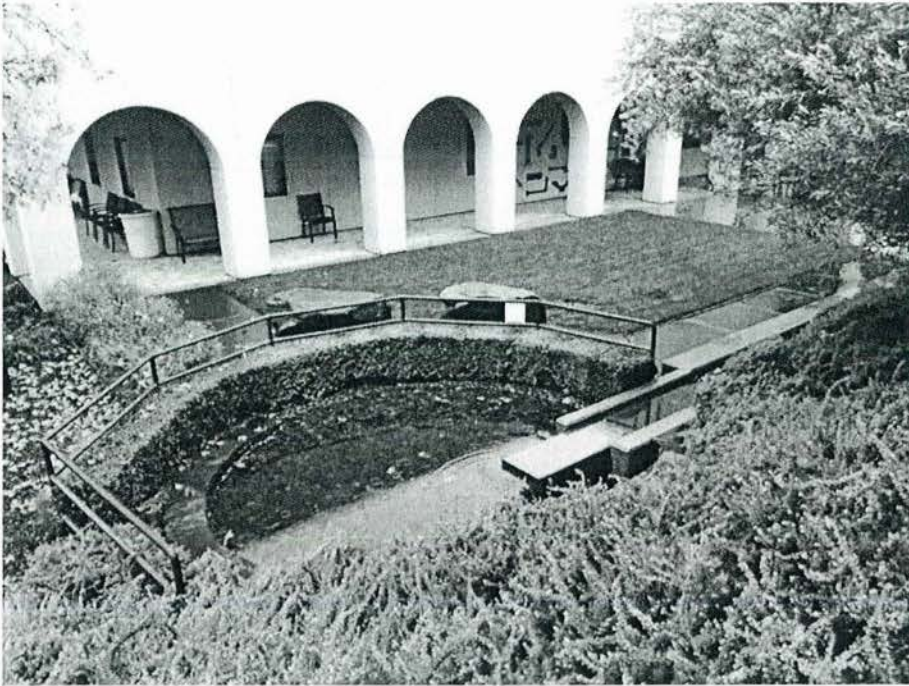
Courtyards with benches. Typical landscaping includes shrubs and trees.



Photograph #10

Area of barren landscape noted at the northwest corner of the property.

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Danville, California



Photograph #11

Water feature
provided at a
courtyard located at
the south elevation.



Photograph #12

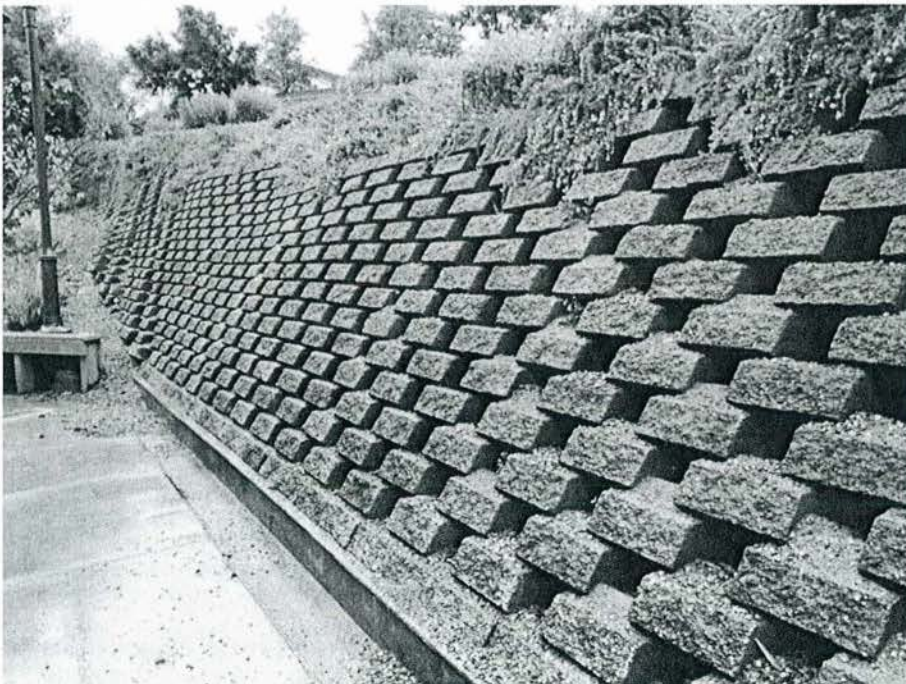
Sculpture provided
at a courtyard near
main building entry.

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Danville, California



Photograph #13

Settlement noted at
concrete patio slab
between Block 4 and
5.



Photograph #14

Displacement of
interlocking block
segmental retaining
wall noted at east
side of property (far
back of photo).

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Danville, California



Photograph #15

Wooden fencing
with retaining wall at
southeast perimeter
of site noted to be
bowed.



Photograph #16

Wooden bench with
retaining wall at
northeast of
property is
deflected.

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Danville, California



Photograph #17

Trash enclosure area
houses the trash
compactor and is
damaged.



Photograph #18

At-grade loading
dock is provided at
the rear of the
property (north
elevation, reportedly
not used regularly).

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Danville, California



Photograph #19

Typical underside of floor framing concealed by gypsum sheathing.



Photograph #20

Typical exposed slab-on-grade.

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Danville, California



Photograph #21

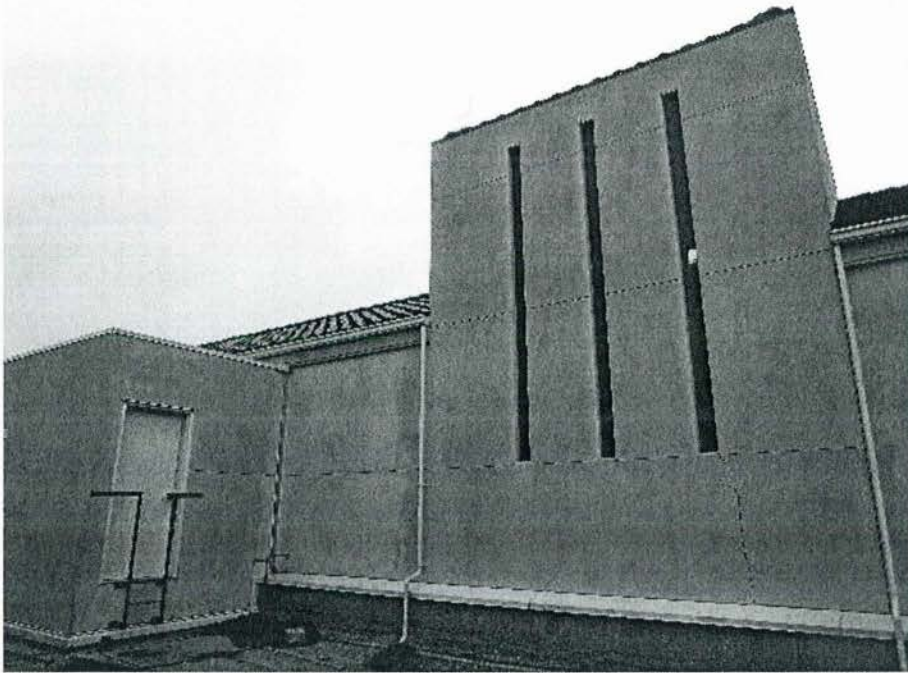
Typical mansard
framing.



Photograph #22

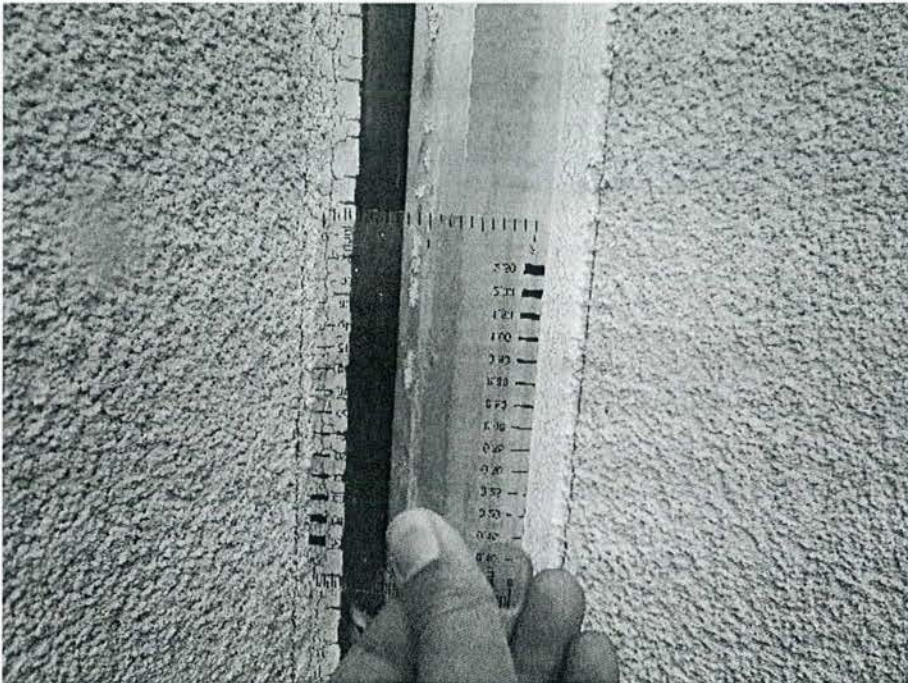
Cracks in exterior
CMU basement stem
wall at Skilled
Nursing wing.

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Danville, California



Photograph #23

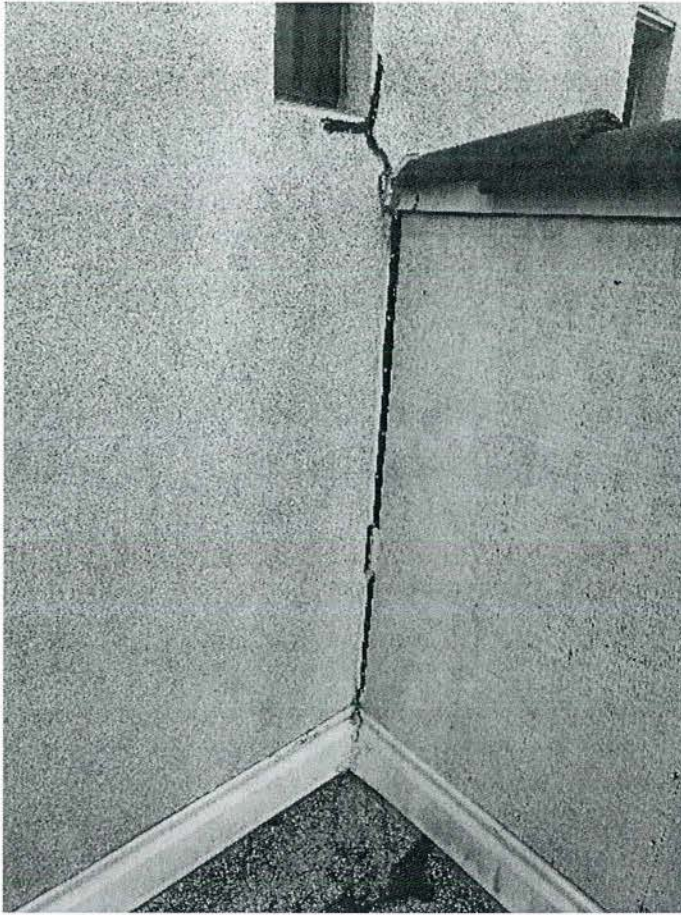
Stair penthouse with seismic joint on the left, and roof tower #1 on the right with plaster crack at base of rightmost window.



Photograph #24

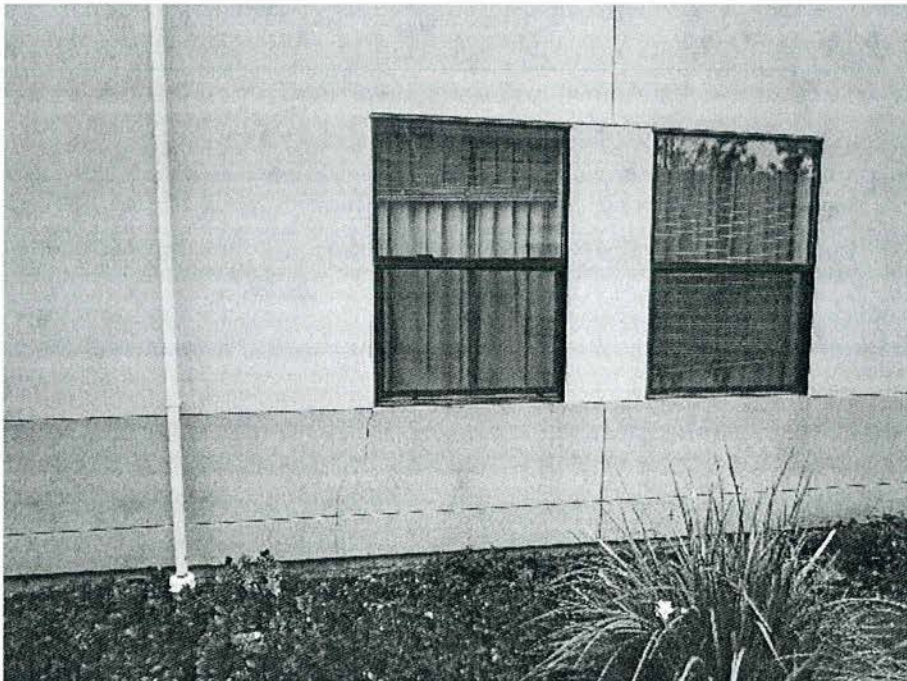
Separation at seismic joint at stair penthouse.

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Danville, California



Photograph #25

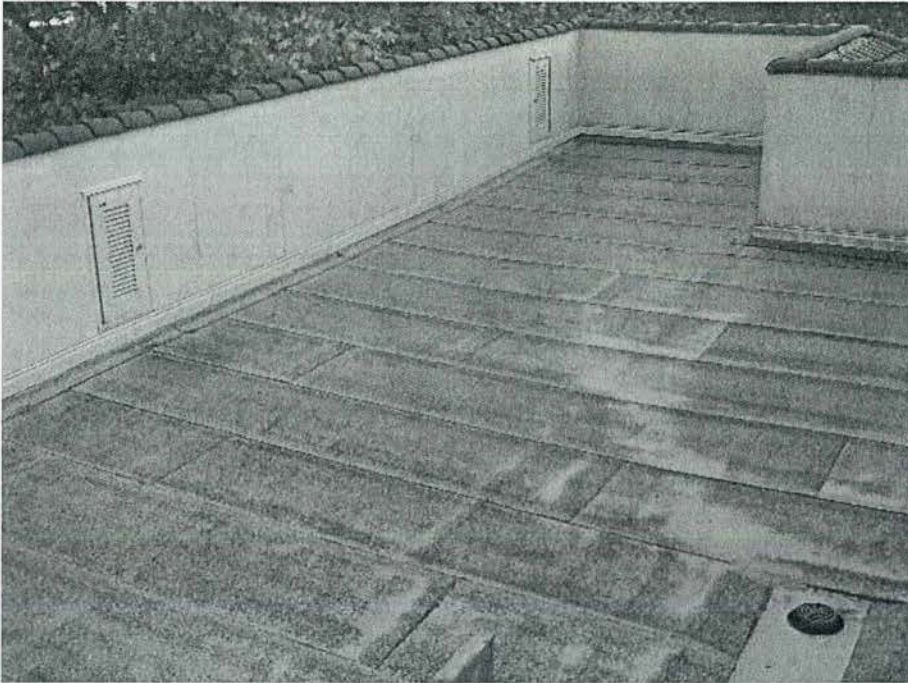
Separation between
roof tower #2 and
mansard roof.



Photograph #26

Typical crack at
exterior stucco at
SNF.

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Photograph #27

Typical built-up roof.



Photograph #28

Typical roof and overflow drains; note erosion of mineral surface capsheet granules collecting in drain sumps.

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Danville, California



Photograph #29

Deterioration of
parapet base flashing
sheet.



Photograph #30

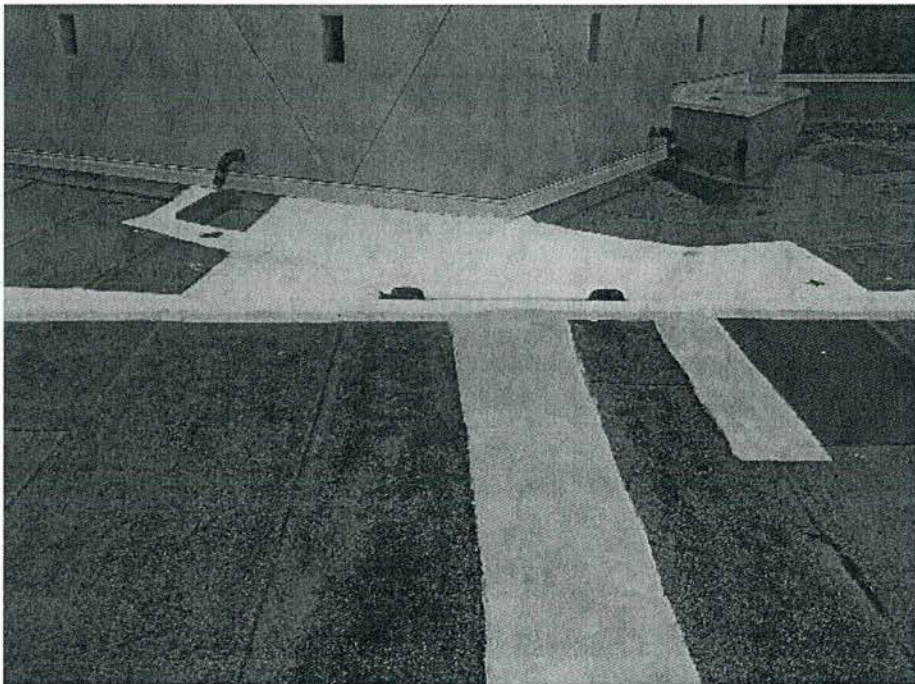
Roofing termination
counterflashing
detail and drain from
upper roof.

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Danville, California



Photograph #31

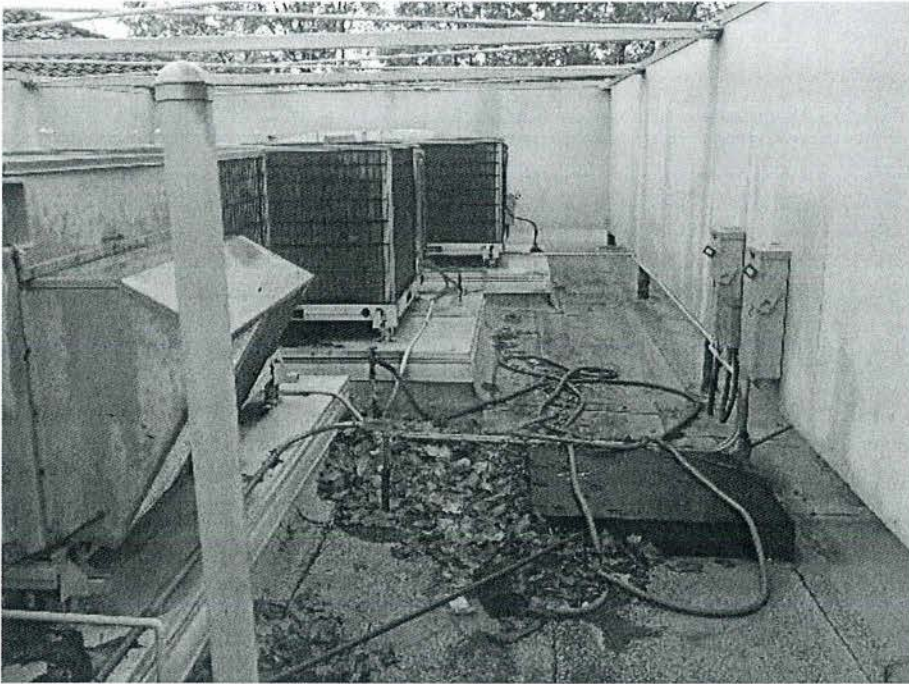
Localized
splits/deterioration
of roofing capsheet.



Photograph #32

Multiple previous
repairs/coating of
existing roof
membrane;
presumably to
address roof leaks.

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Danville, California



Photograph #33

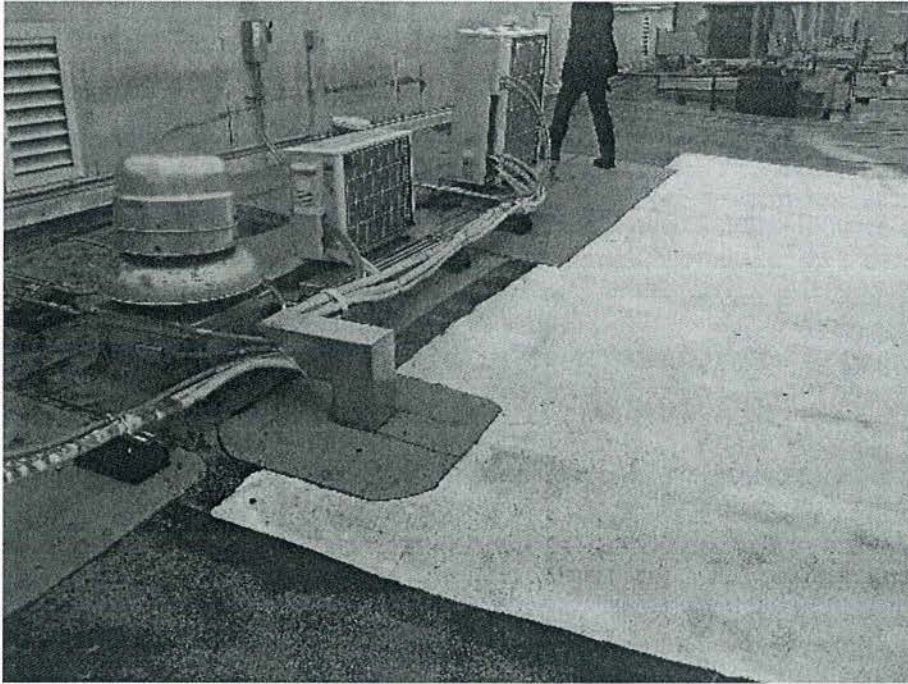
Typical rooftop
equipment enclosure
area and sight screen.



Photograph #34

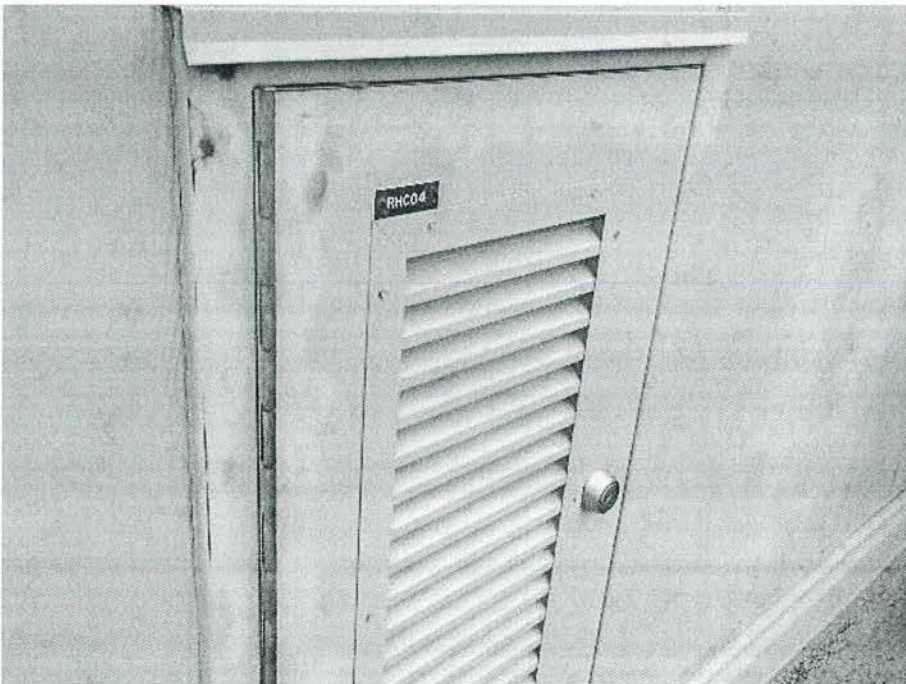
Upper main roof
overview.

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Danville, California



Photograph #35

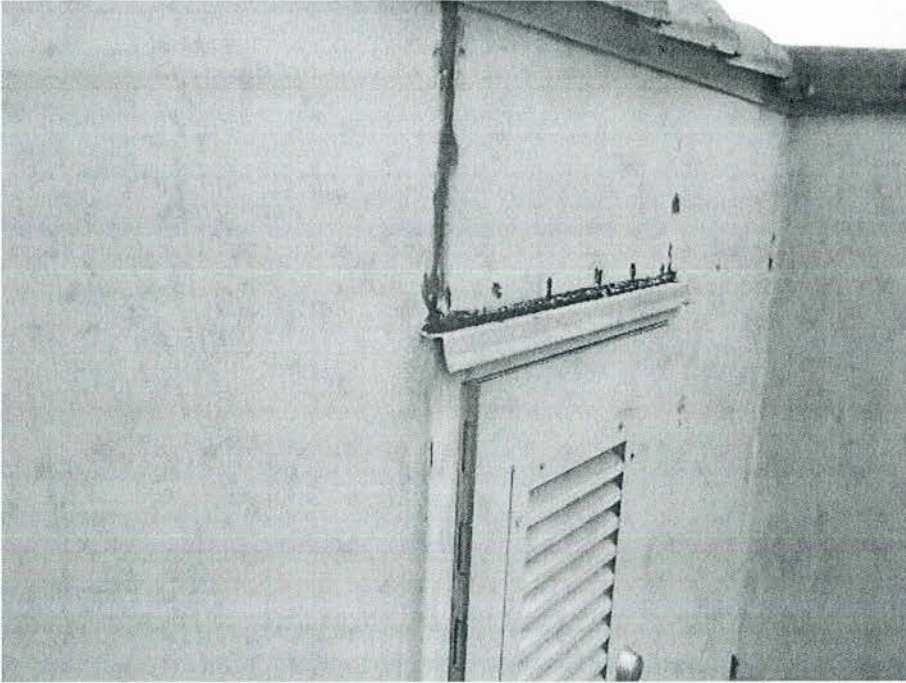
Larger section of the main roof has receiving a reinforced coating.



Photograph #36

Weathered finishes and failed sealants at mansard roof access doors.

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Danville, California



Photograph #37

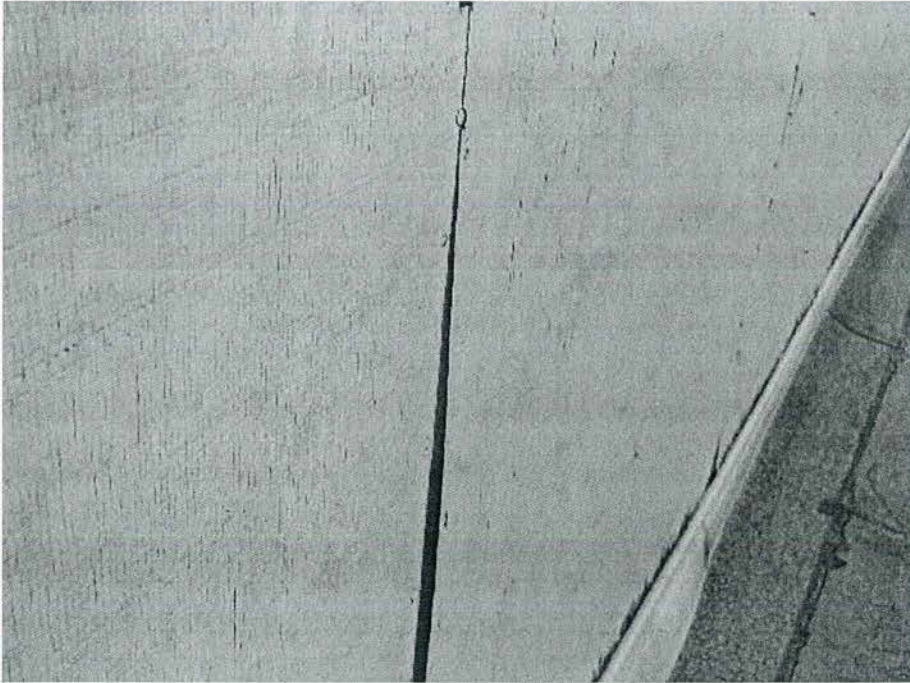
Previous sealant
repairs at access
doors and parapet
wall panel joints.



Photograph #38

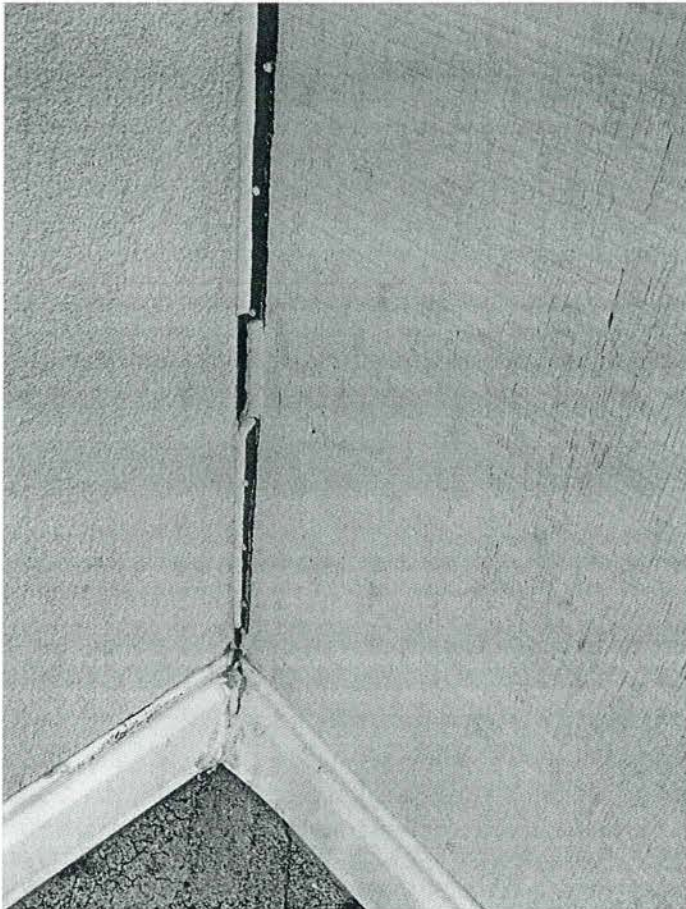
Weather plywood
and nails pulling out
at main roof parapet
wall panels.

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Danville, California



Photograph #39

Weathered and buckled plywood panels.



Photograph #40

Localized open joints at parapet walls due to building movement.

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Danville, California



Photograph #41

Typical tile roof with
perimeter gutter.



Photograph #42

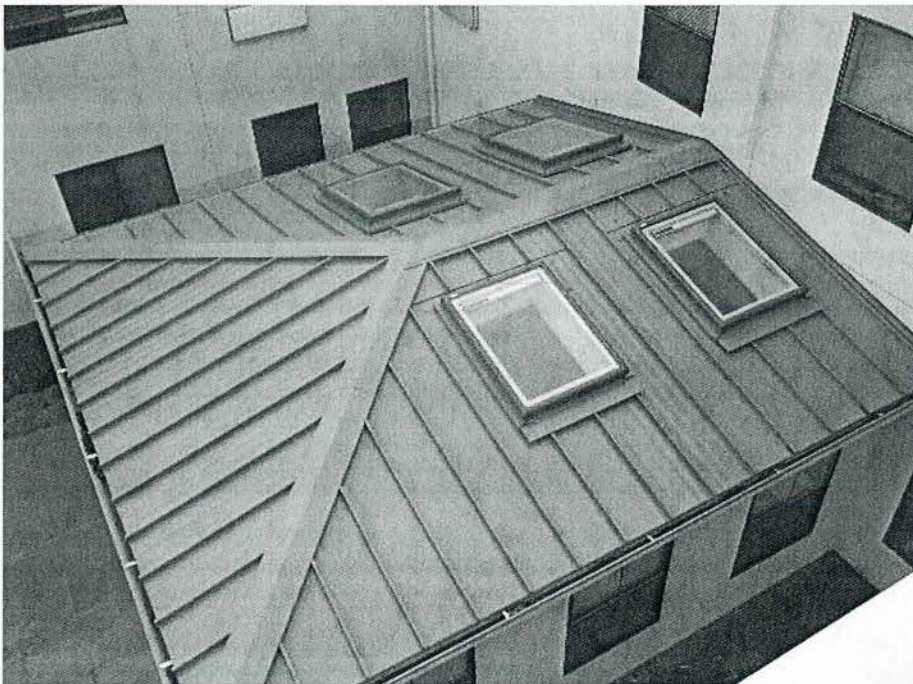
Tile roof top edge
termination with
lead flashing detail.

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Photograph #43

Tile and built-up roof areas at the rear of the building.



Photograph #44

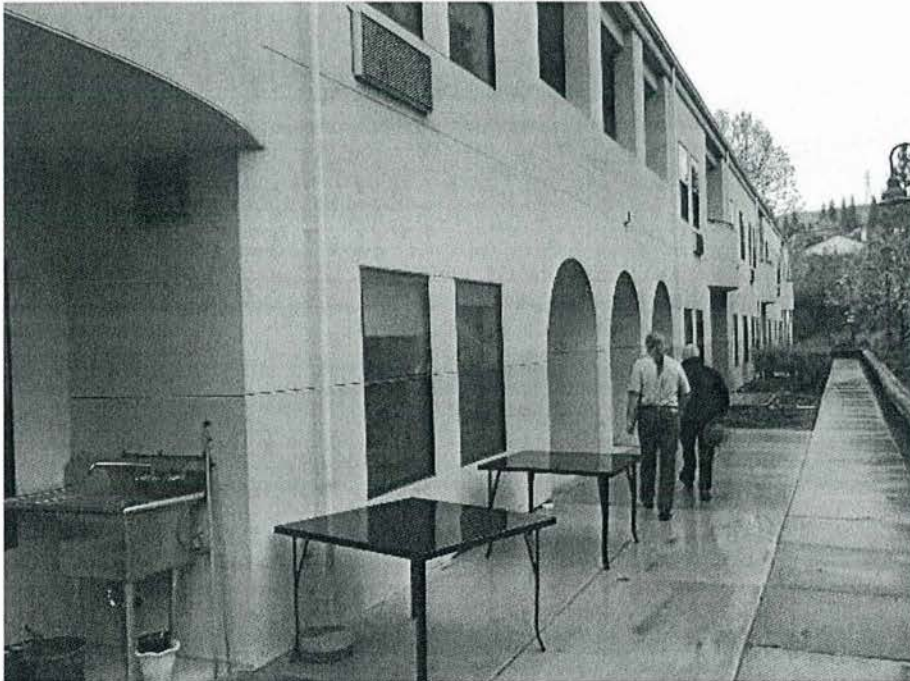
Standing seam metal roof and skylights at new addition area.

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Danville, California



Photograph #45

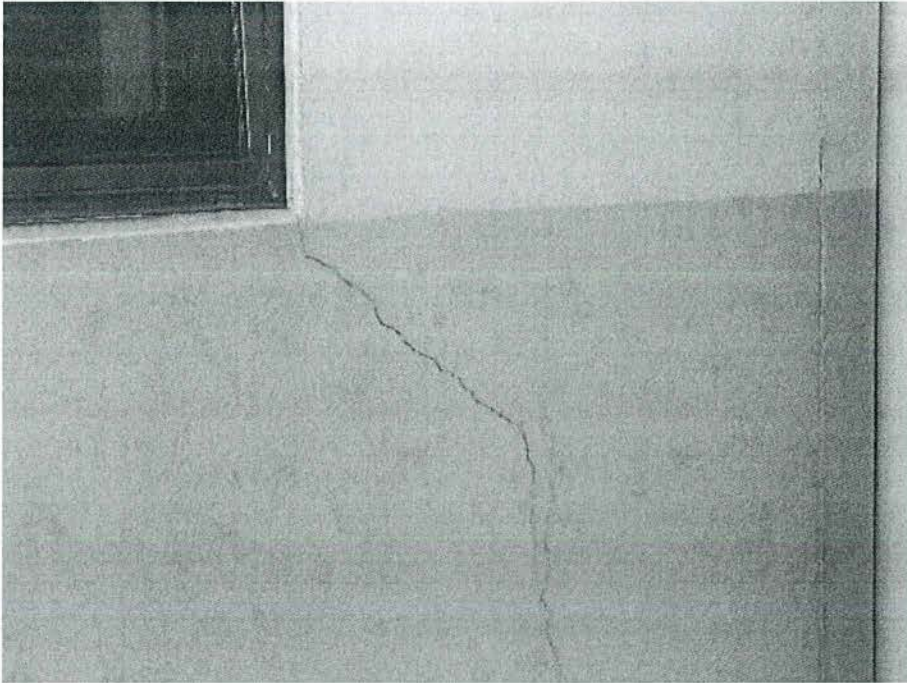
Main building entry
overview.



Photograph #46

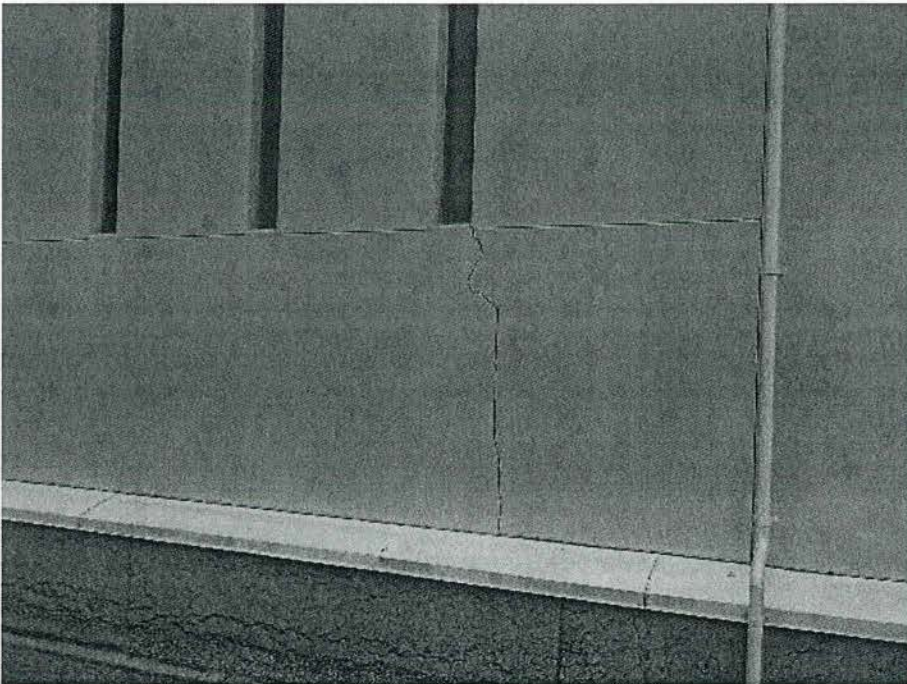
Typical exterior
finishes.

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Danville, California



Photograph #47

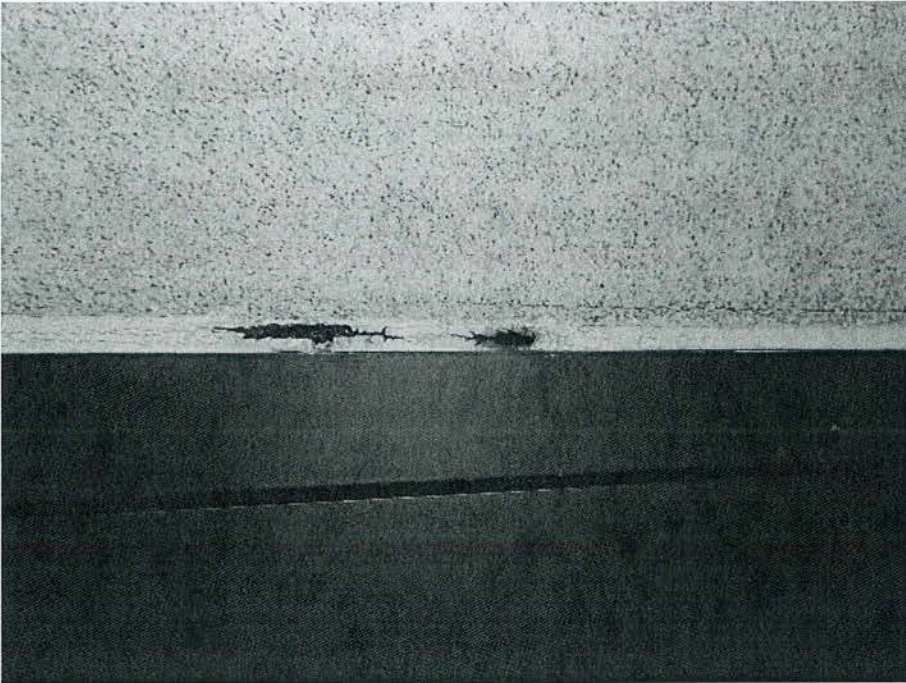
Plaster cracking
prevalent
throughout the
exterior walls.



Photograph #48

Large crack in plaster
at roof level opposite
two-story tower
floor opening which
was previously filled
in.

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Danville, California



Photograph #49

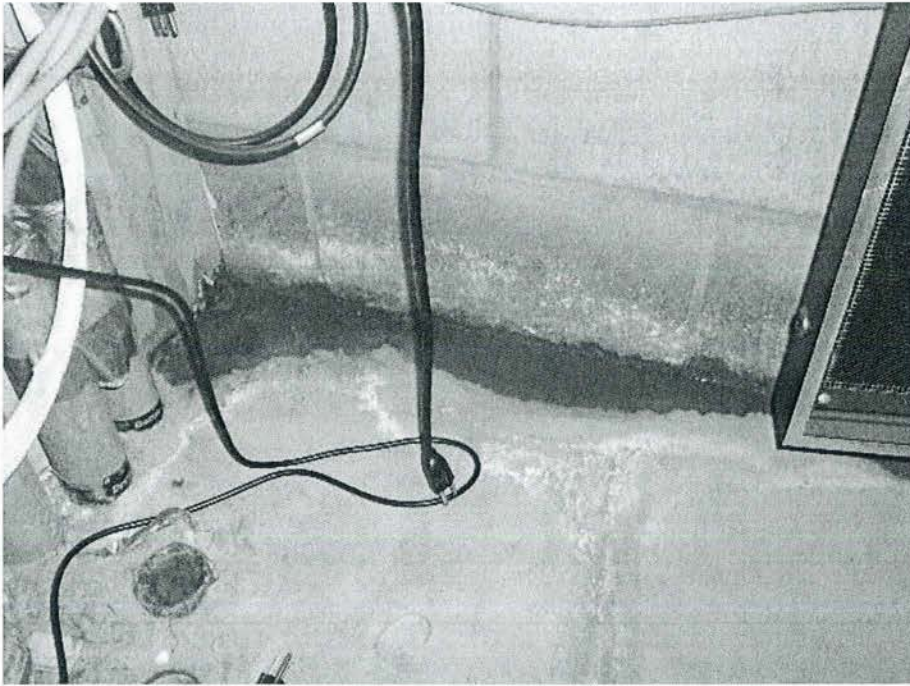
Deteriorated sealant joints at plaster to door/window intersections.



Photograph #50

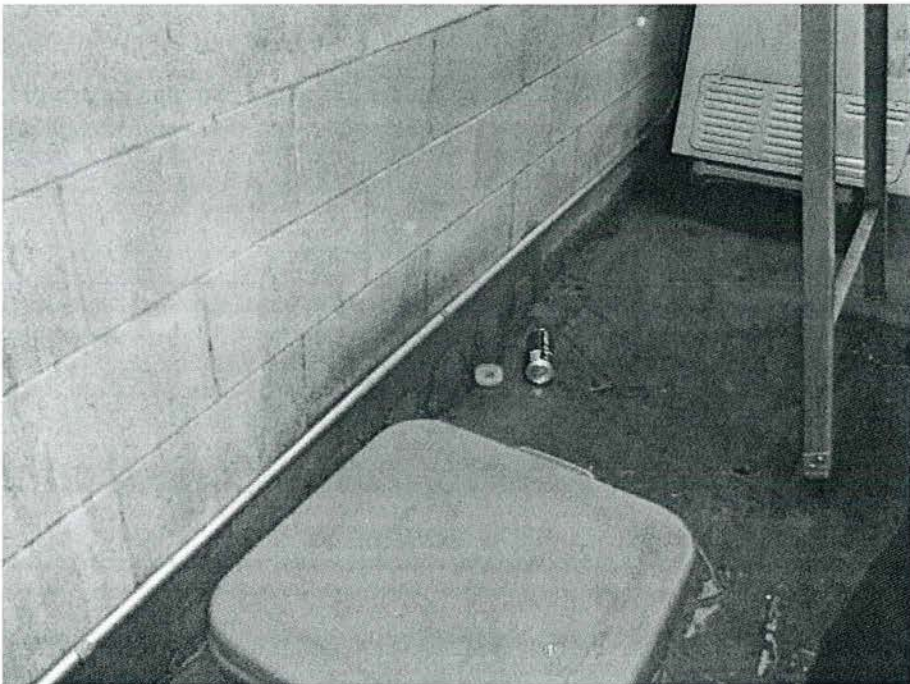
Failed sealant joints at patio base of wall to concrete conditions.

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Danville, California



Photograph #51

Leak at base of CMU wall in electrical room adjacent to generator enclosure.



Photograph #52

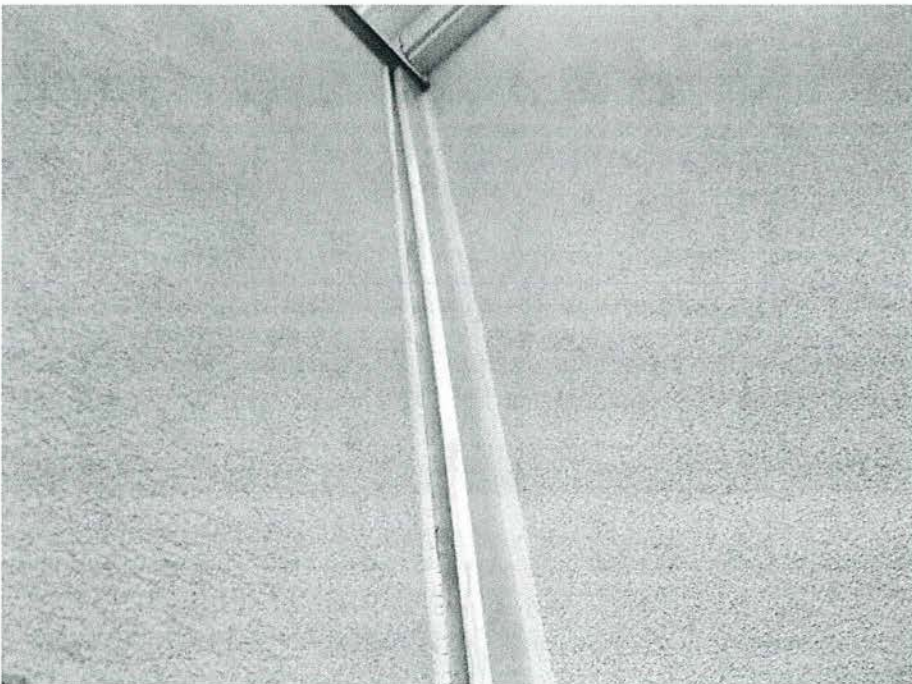
Exterior view of uncoated CMU wall which is leaking at the base.

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Danville, California



Photograph #53

Localized areas of cracking and rust at plaster metal accessories.



Photograph #54

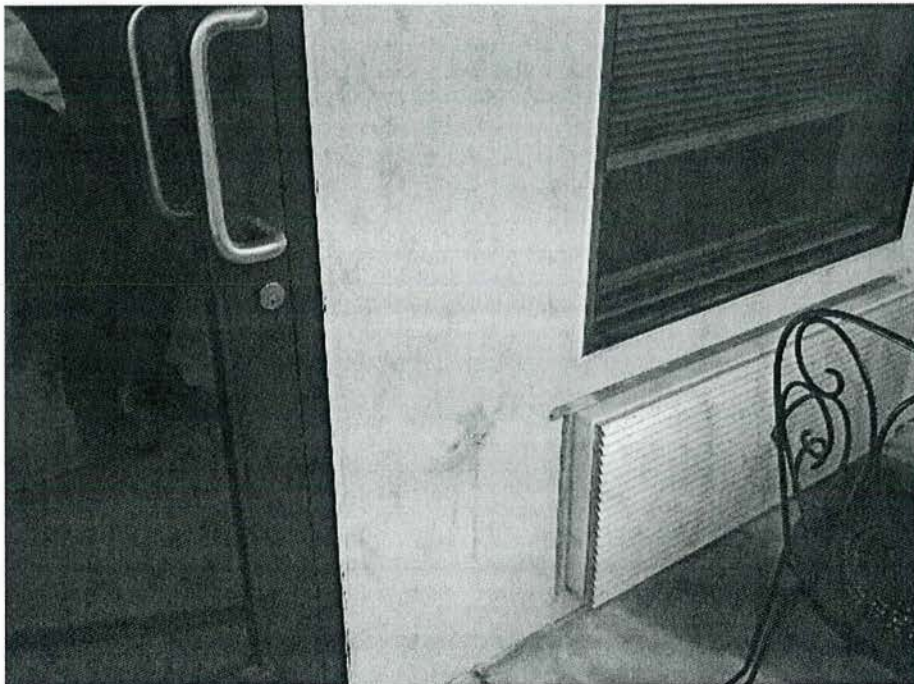
Evidence of movement at building vertical expansion joints.

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Danville, California



Photograph #55

Main entry doors
and windows.



Photograph #56

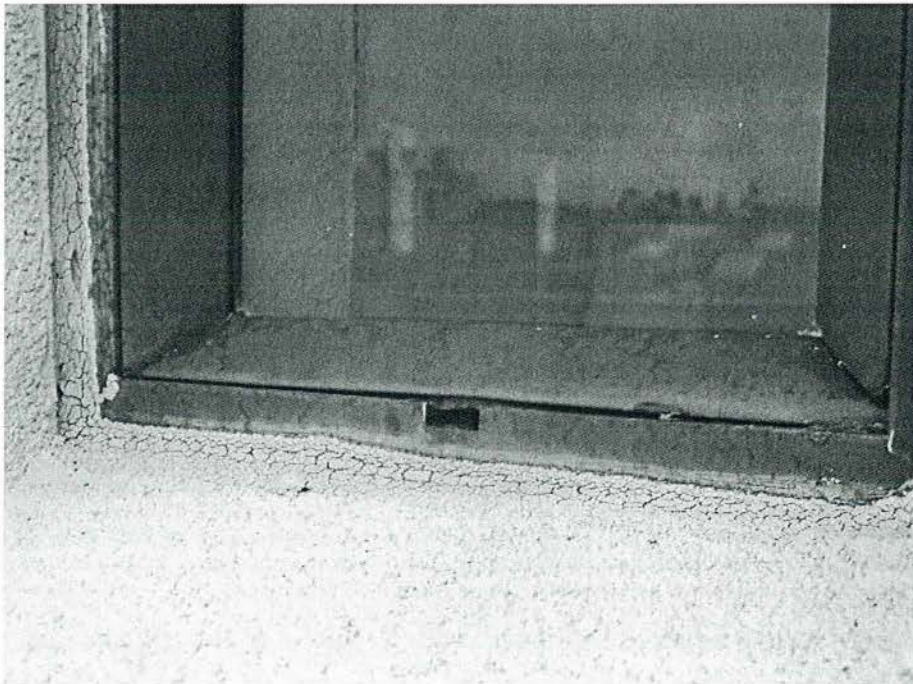
Typical unit patio
door and window.

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Danville, California



Photograph #57

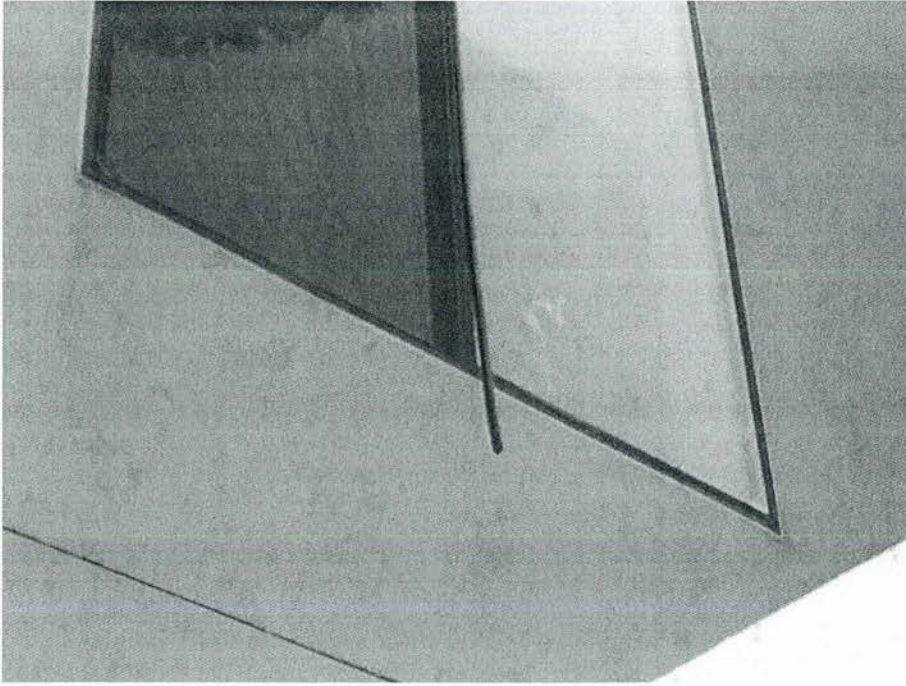
Broken window
frame at single-hung
window at laundry
room.



Photograph #58

Window frame
finishes are
weathered.

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Photograph #59

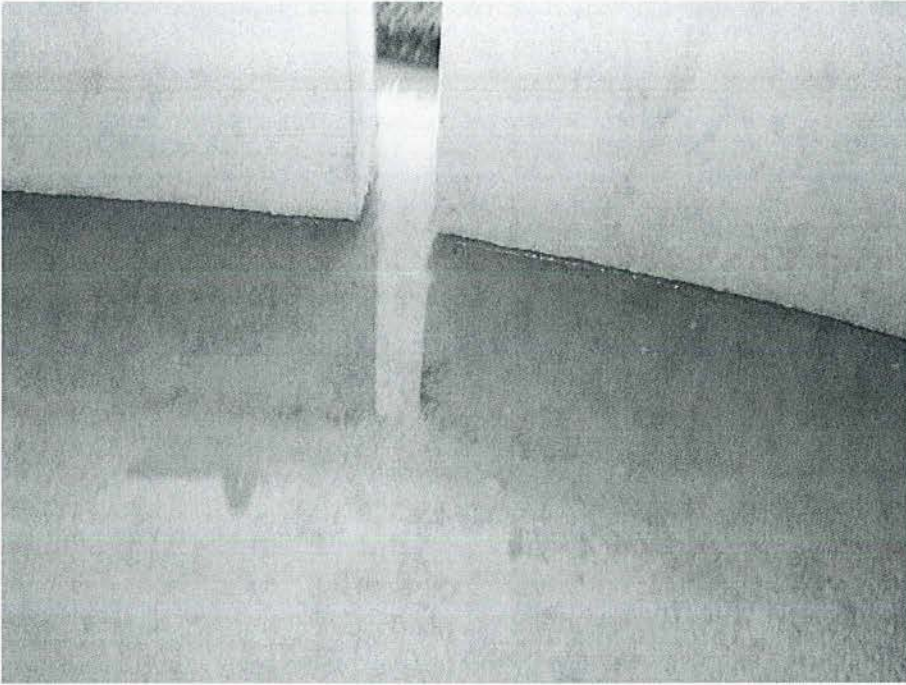
Localized window trim pieces have come loose.



Photograph #60

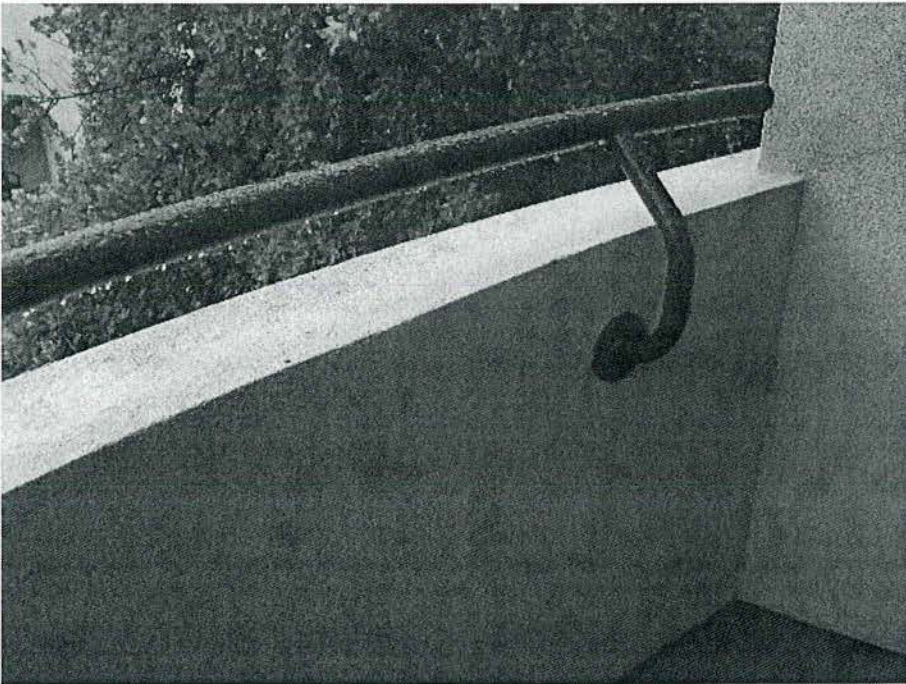
Aluminum storefront-type windows at common areas.

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Photograph #61

Typical balcony deck with elastomeric coating over wood substrate; also note scupper detail.



Photograph #62

Balcony railing detail.

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Photograph #63

Typical exterior
egress landing and
stair with
elastomeric coating
over wood substrate.



Photograph #64

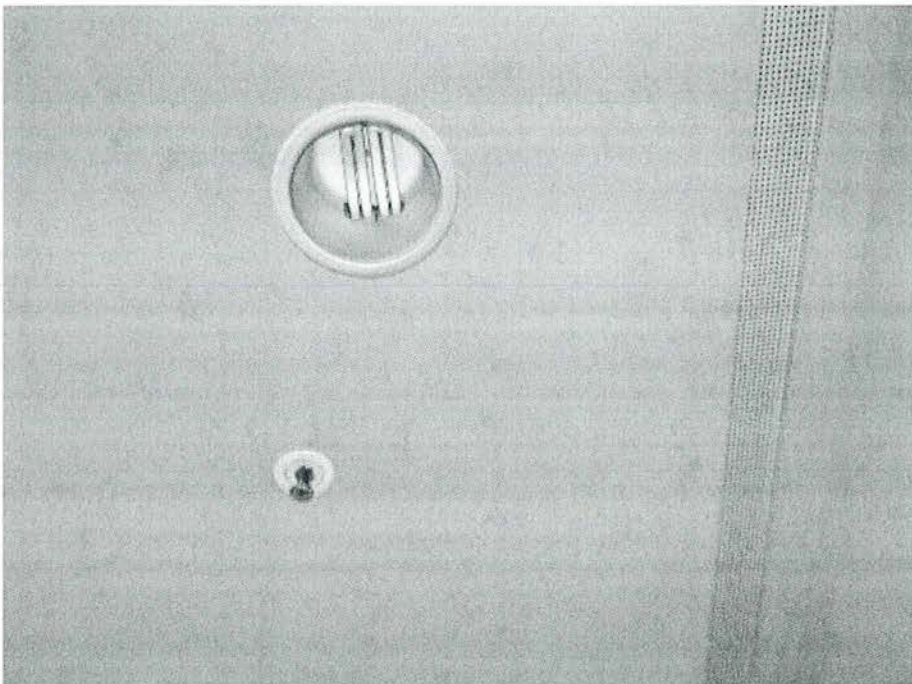
Area of previous
repair around drain,
failed elastomeric
coating and potential
wood deterioration
at exterior egress
landing.

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Photograph #65

Elevated balcony
with metal pick
railings and interior
drain.



Photograph #66

Typical plaster soffit
is vented and has fire
sprinkler coverage.

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Photograph #67

Lobby finishes include wood veneer and wall paper coverings at walls.

//



Photograph #68

Common area finishes include a combination of carpet and ceramic tile flooring, and acoustic tile ceilings.

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Photograph #69

A Synagogue is provided for residents.



Photograph #70

Overview of mailboxes.

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Photograph #71

Main dining area finishes included carpet flooring and wall paper coverings.



Photograph #72

Café finishes include painted gypsum walls, granite countertops, and ceramic tile floors.

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Photograph #73

Gift shop finishes include vinyl sheet flooring and acoustic tile ceilings.



Photograph #74

A salon/barber shop is provided for residents.

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Photograph #75

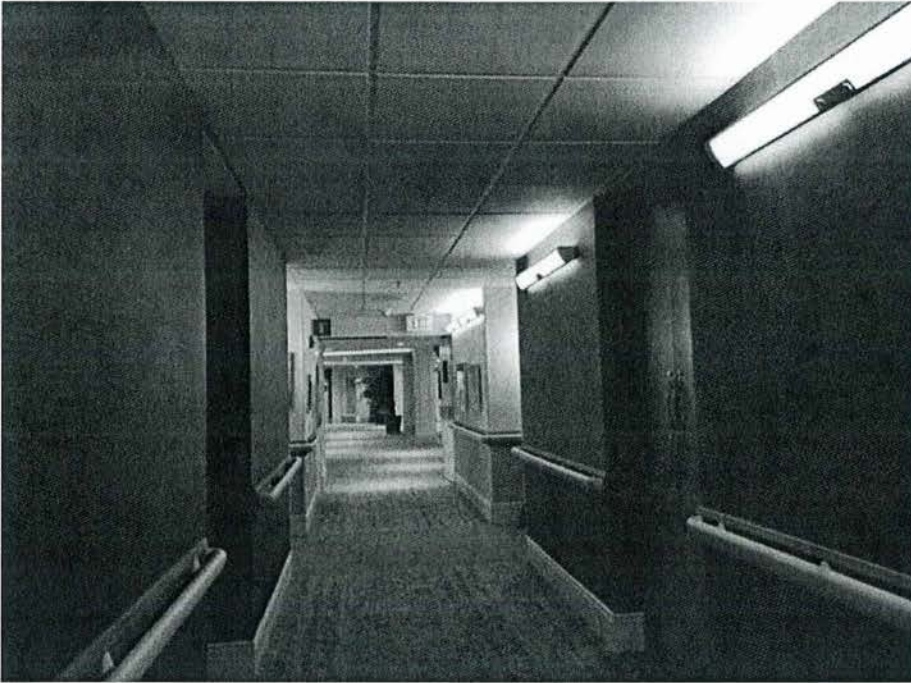
Fitness center finishes included vinyl composition tile flooring and acoustic tile ceilings.



Photograph #76

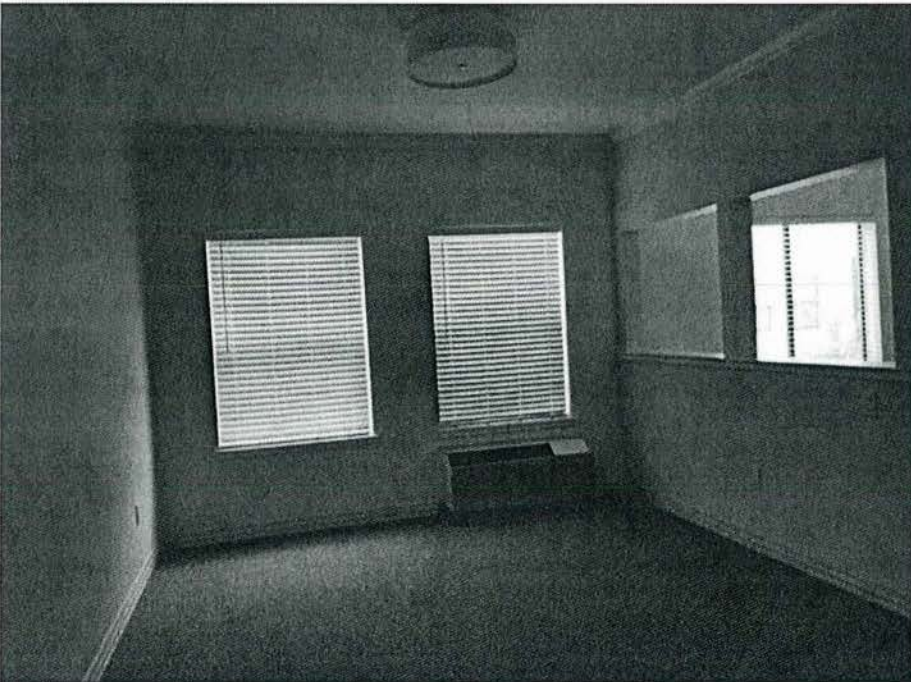
The new addition to the building is the Life Enrichment Center.

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Photograph #77

The Assisted Living corridors have carpet flooring and a combination of wall paper coverings and painted gypsum board walls.



Photograph #78

Assisted Living one-bedroom unit has painted gypsum walls and carpet flooring. Renovated units have wall openings from the living space into the bedroom.

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Photograph #79

Original Assisted Living units have laminate countertops and cabinets.



Photograph #80

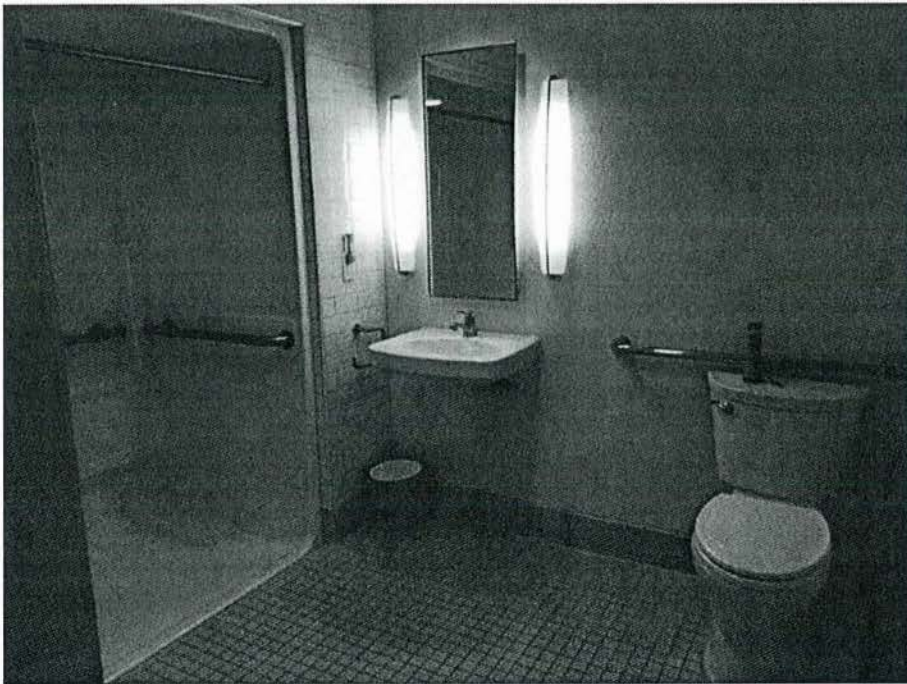
Renovated Assisted Living units have granite countertops and backsplashes and new laminate cabinets.

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Photograph #81

Original Assisted
Living unit
bathrooms have
vinyl sheet flooring.



Photograph #82

Renovated Assisted
Living unit
bathrooms have
ceramic tile floors
and walls (at
shower), and new
lighting.

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Photograph #83

Skilled Nursing
corridors have sheet
vinyl flooring and
painted gypsum
board walls.



Photograph #84

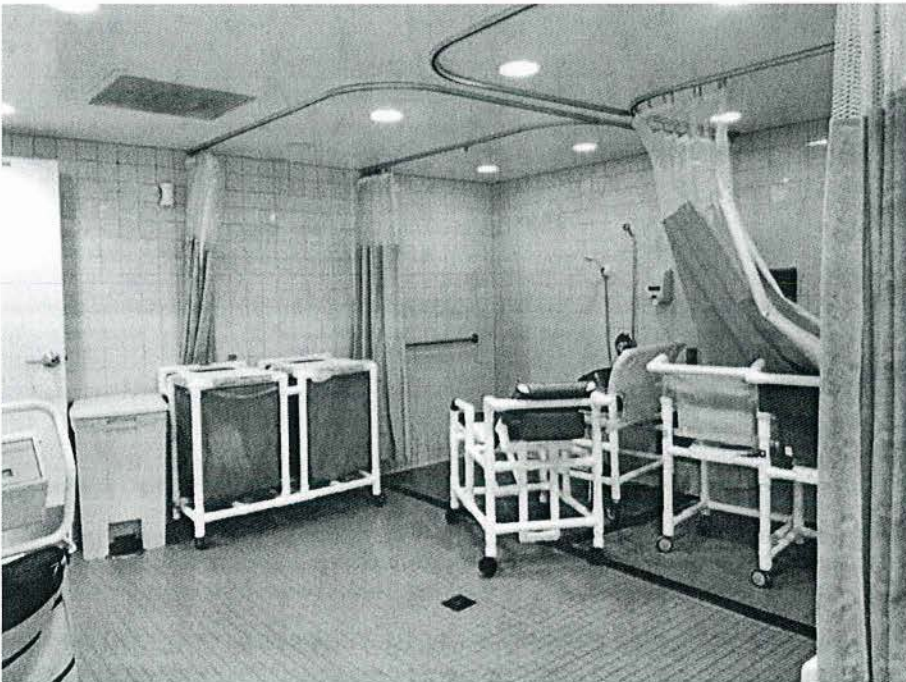
Skilled Nursing unit
rooms generally
have two beds per
room.

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Photograph #85

Skilled Nursing unit bathrooms do not have shower units and are sometimes shared between units.



Photograph #86

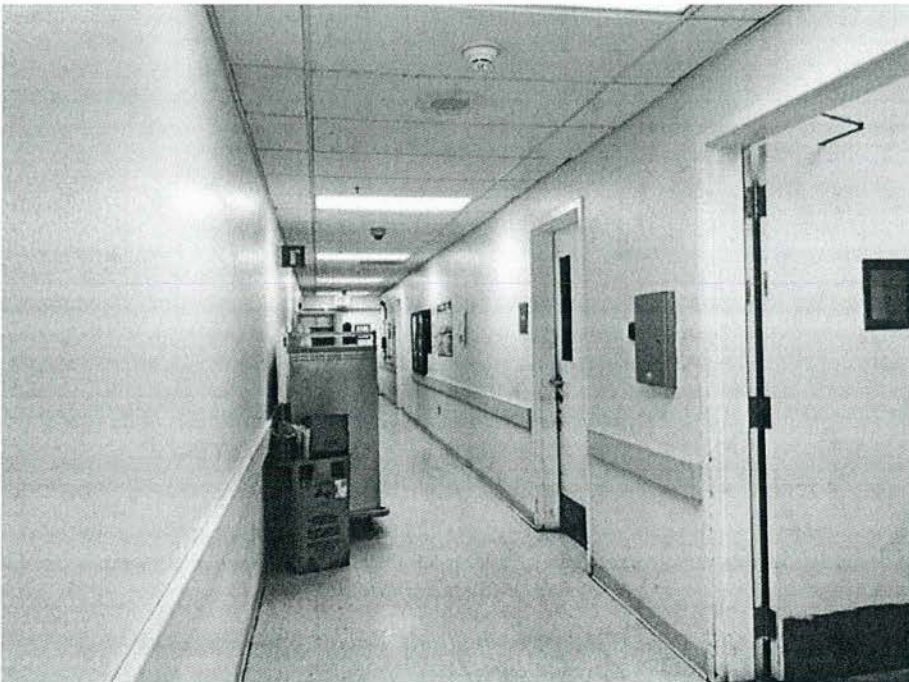
Shared shower/bathing areas are provided in the Skilled Nursing area.

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Photograph #87

The laundry service room has exposed concrete floors.



Photograph #88

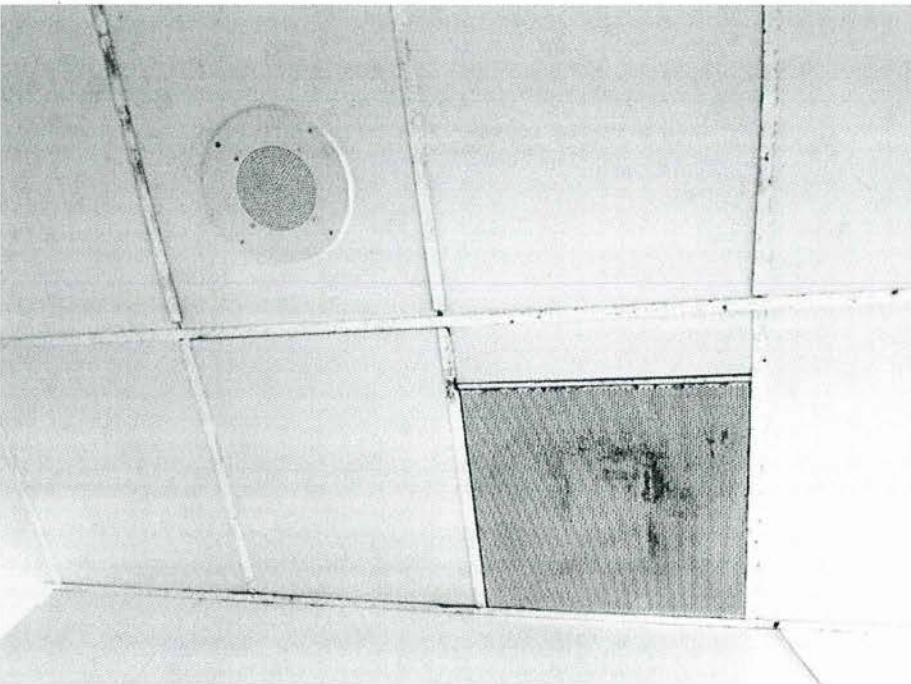
Service kitchen corridor has worn vinyl composition tile flooring.

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Photograph #89

The service kitchen has worn and damage ceramic tile flooring and painted gypsum walls.



Photograph #90

Suspended acoustic ceiling tile framing grid within service kitchen is rusted.

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Photograph #91

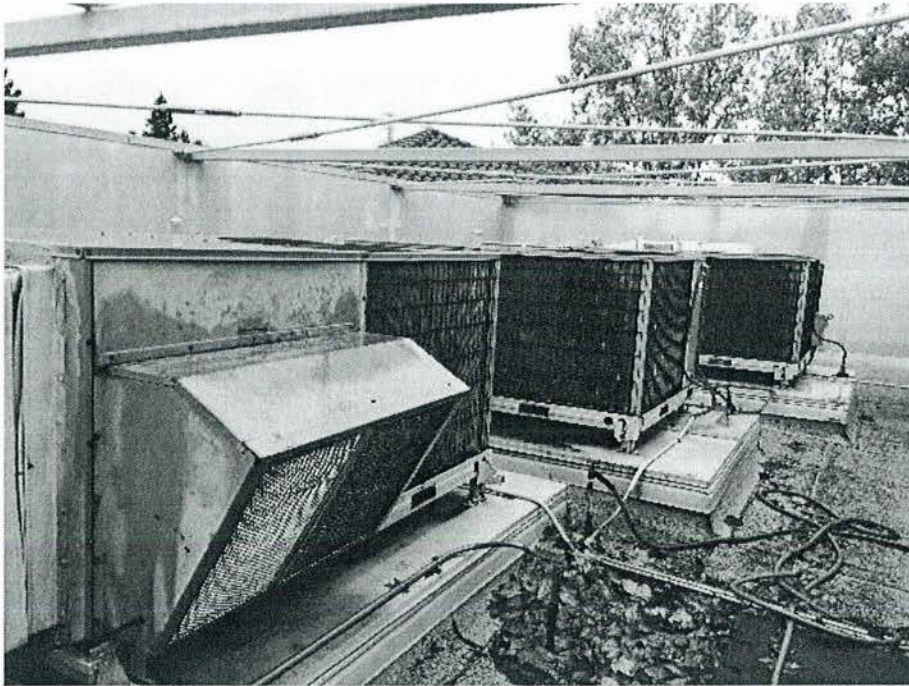
Residential packaged
terminal heat pump.



Photograph #92

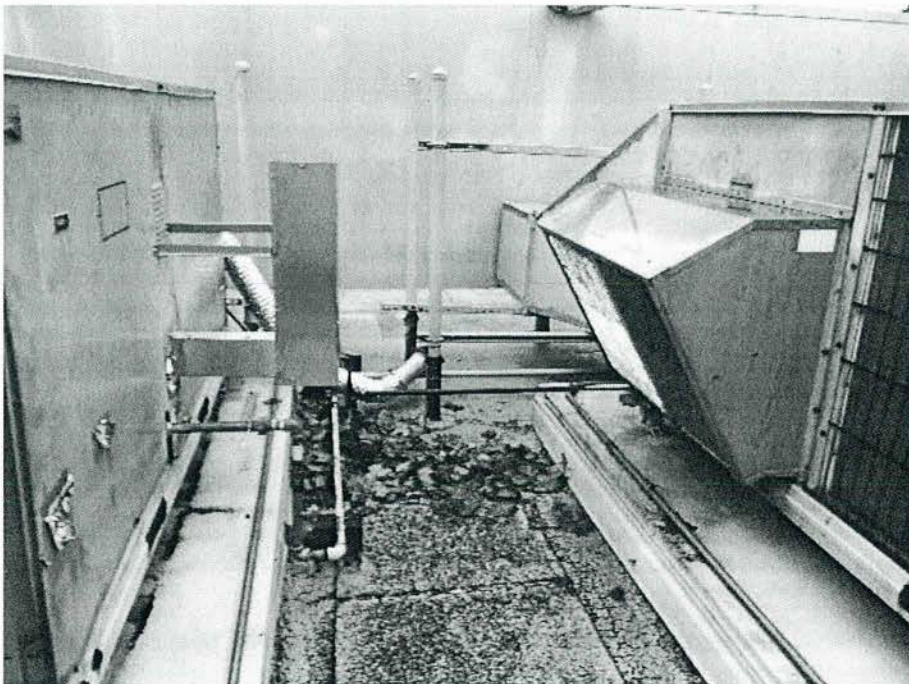
Skilled nursing air
handling unit.

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Photograph #93

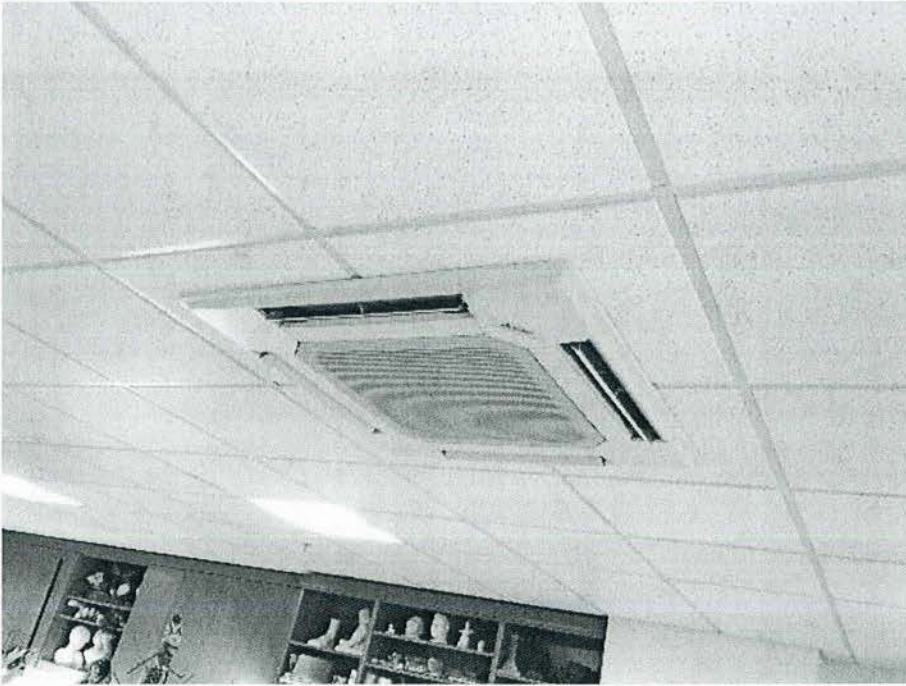
Rooftop packaged air
conditioners.



Photograph #94

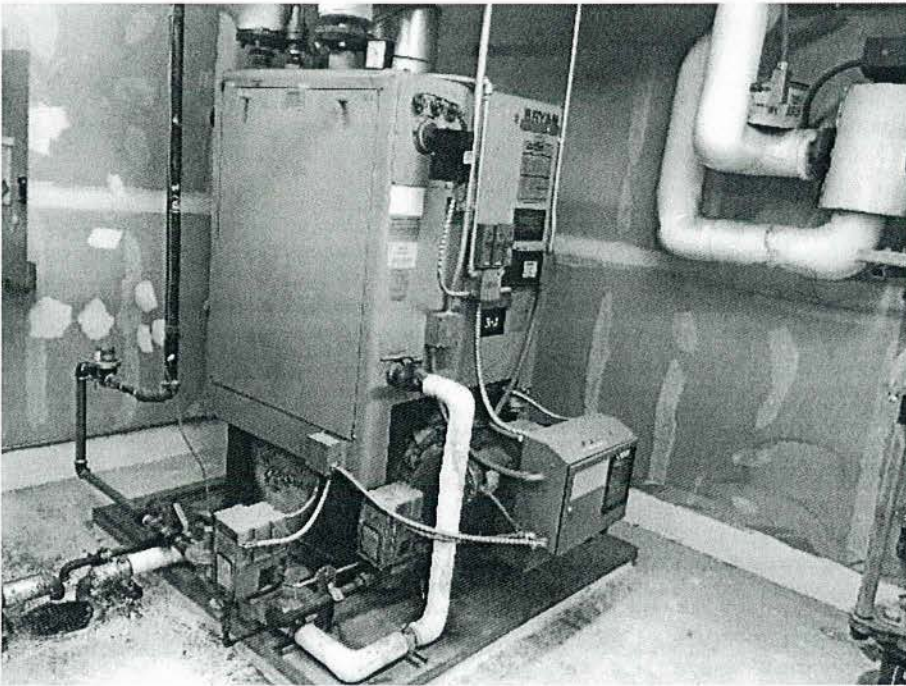
AC-8 gas flue too
close to AC-21
outside air intake.

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Photograph #95

Supplemental heat
pump fan coil unit.



Photograph #96

Natural gas-fired
boiler.

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Photograph #97

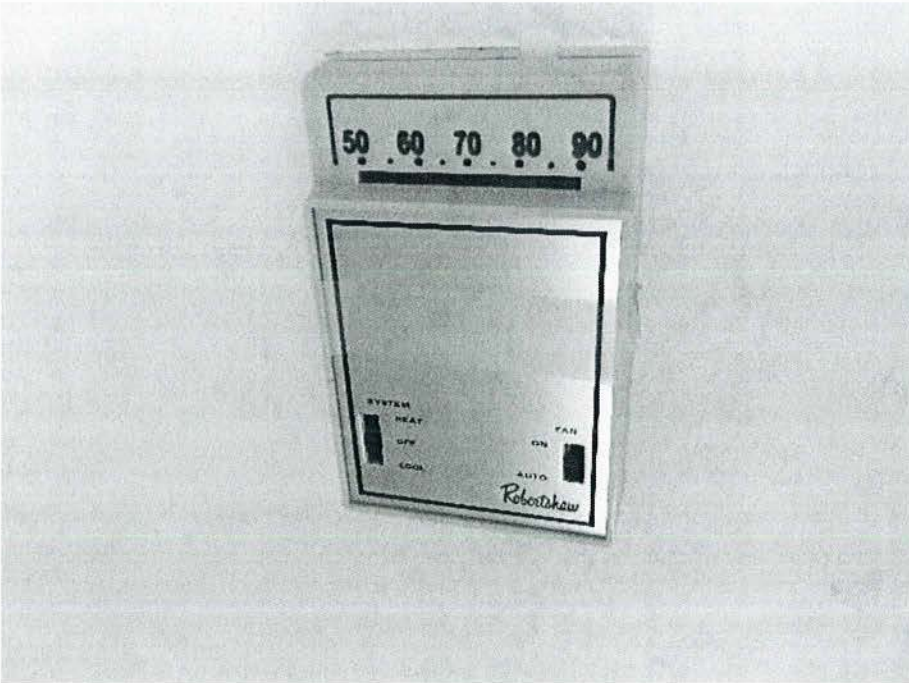
Insulated hot water storage tanks.



Photograph #98

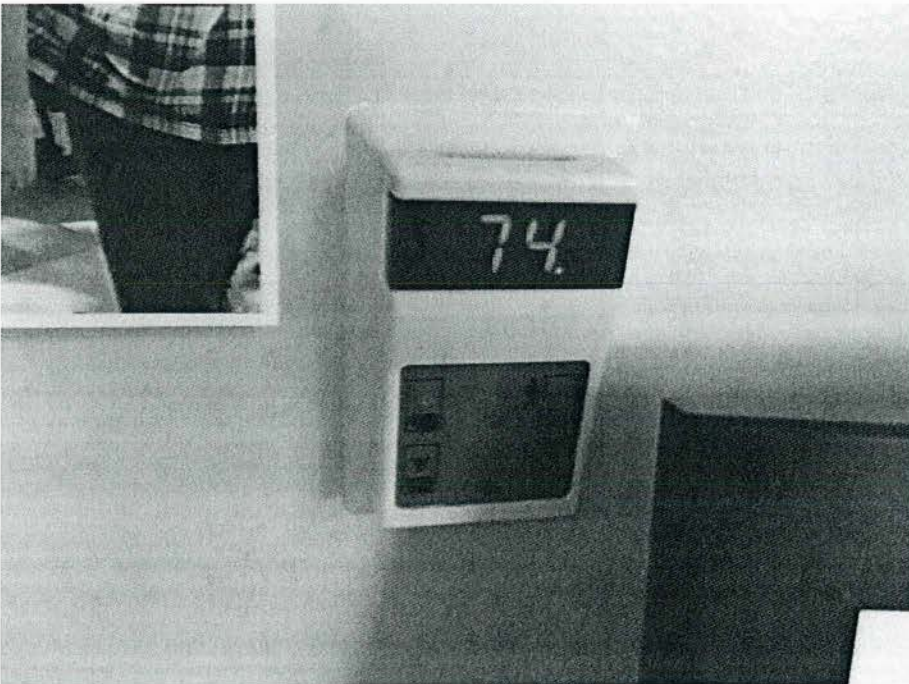
Laundry room
make-up air unit.

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Photograph #99

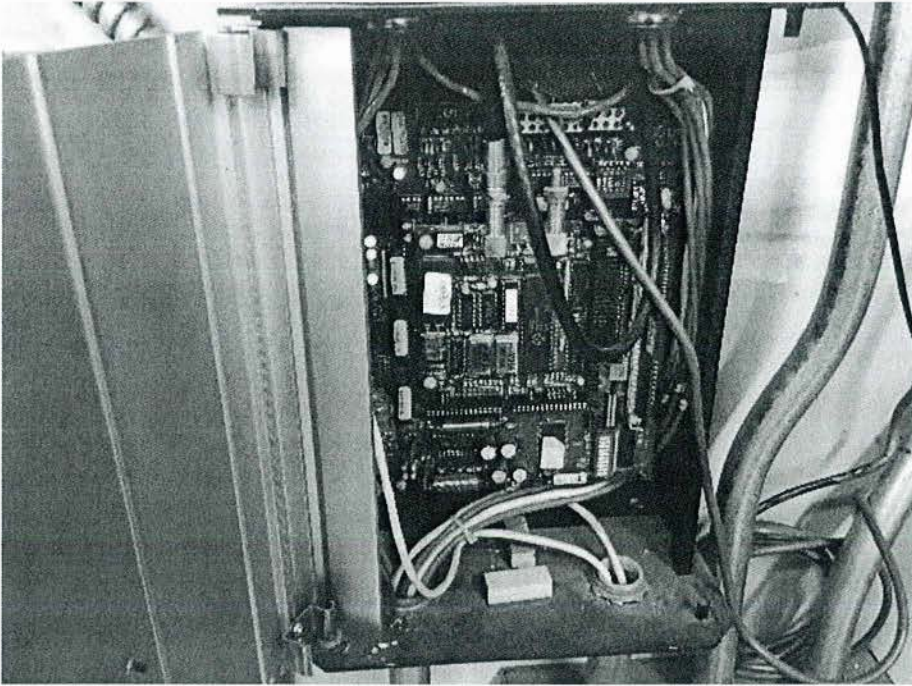
Residential
wall-mounted
thermostat.



Photograph #100

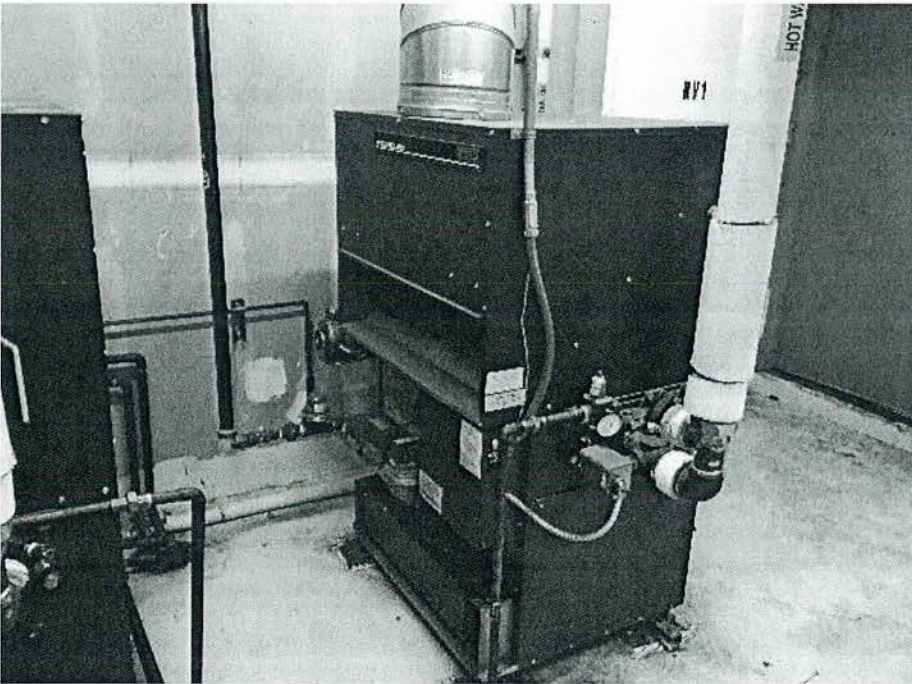
Skilled Nursing area
wall-mounted
thermostat.

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Photograph #101

Delta building
automation control
panel.



Photograph #102

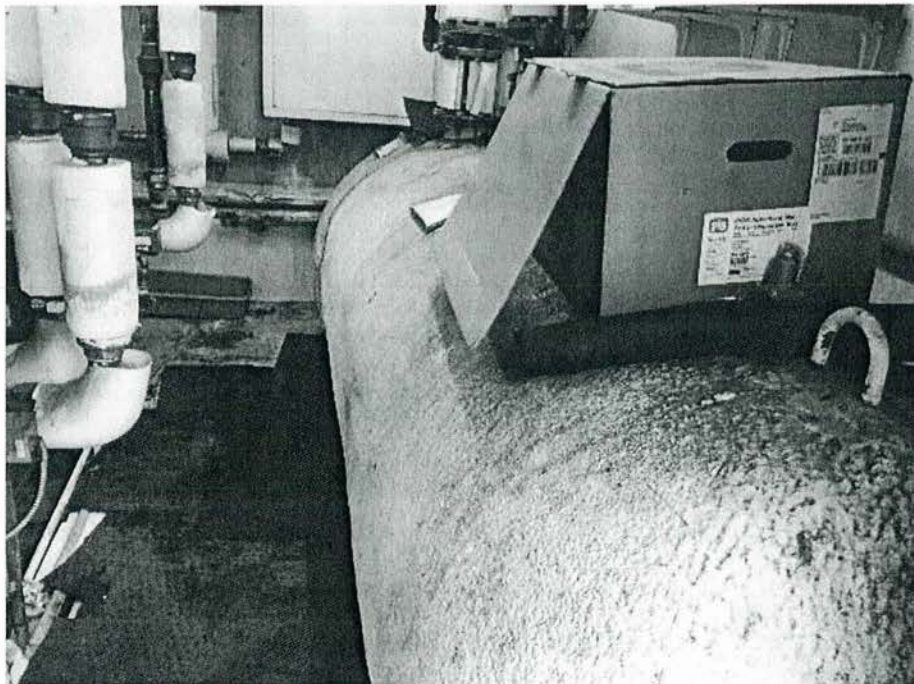
Natural gas-fired
domestic water
boiler.

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Photograph #103

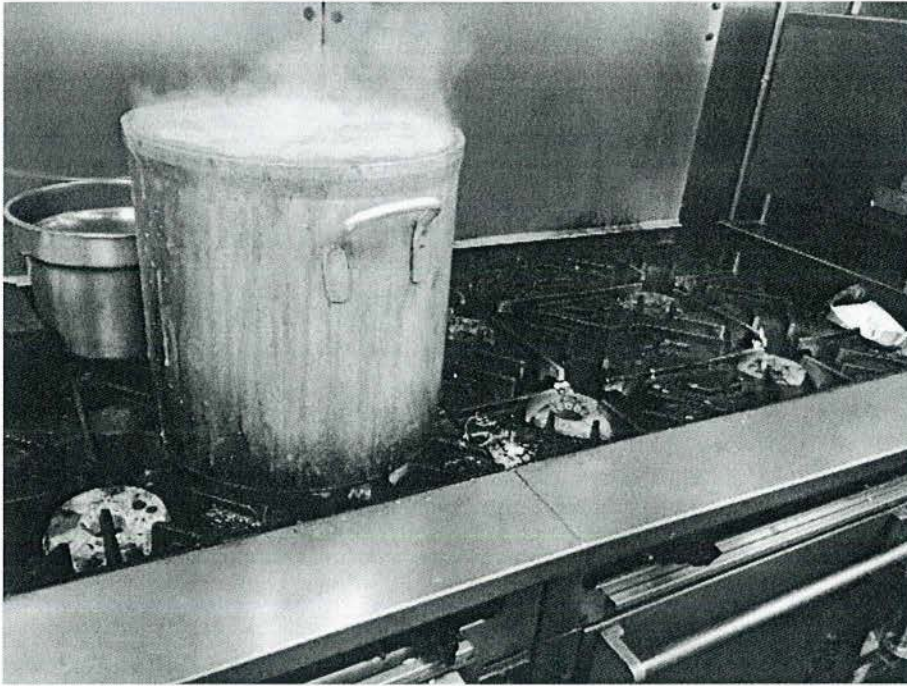
Larger domestic
water boiler.



Photograph #104

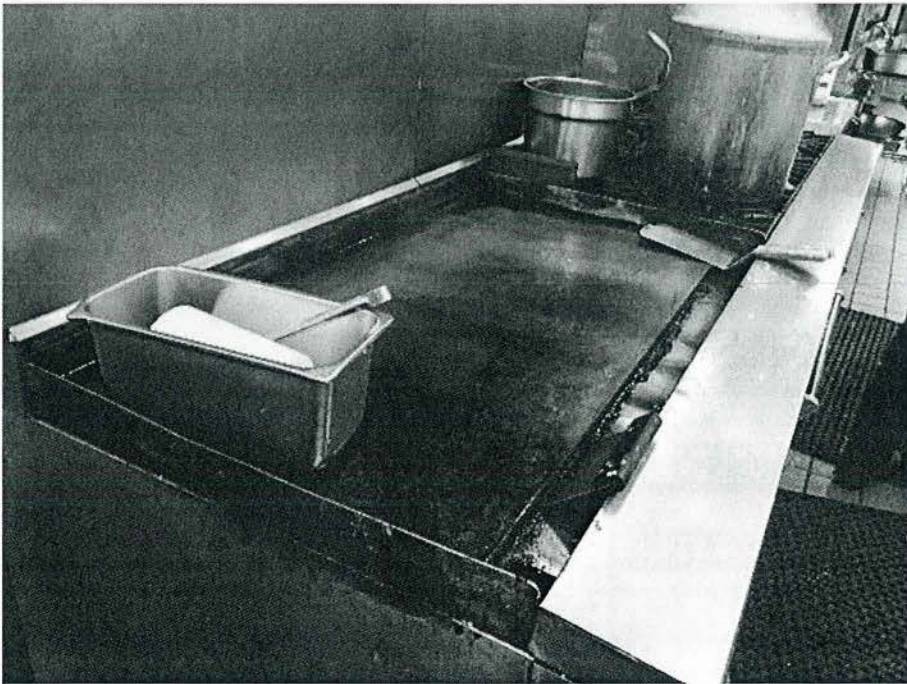
Insulated domestic
water storage tank.

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Photograph #105

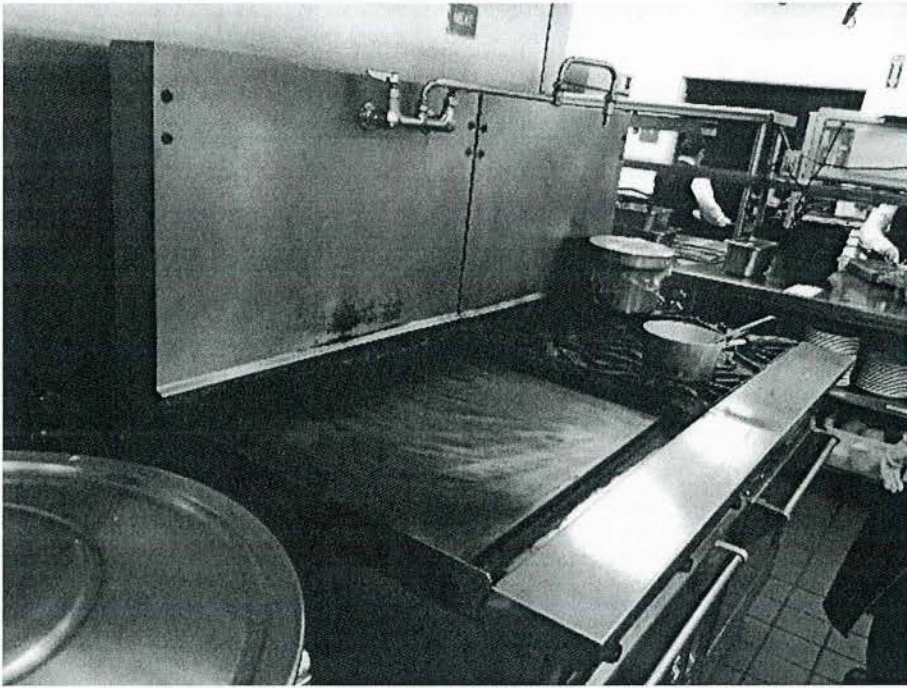
Commercial natural
gas fired range and
oven in kitchen.



Photograph #106

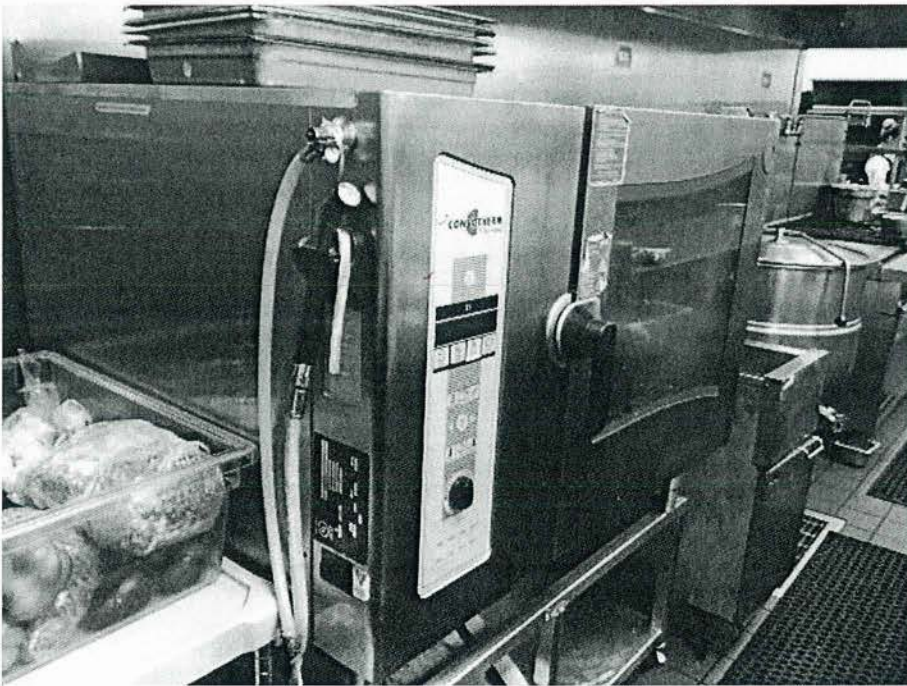
Commercial natural
gas fired griddle.

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Photograph #107

Commercial kosher
combination range
and griddle.



Photograph #108

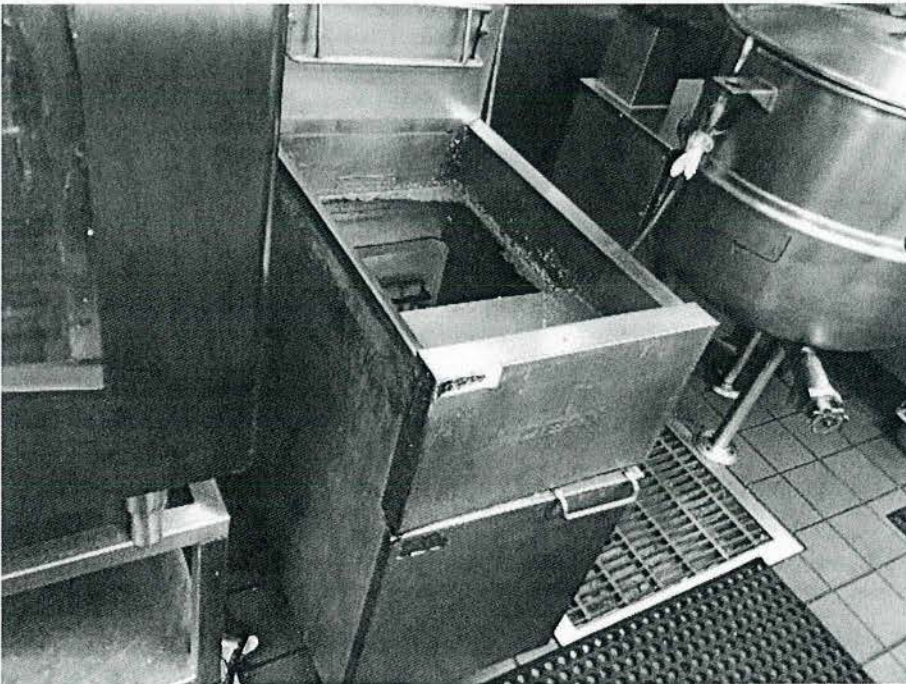
Commercial kosher
convection oven.

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Photograph #109

Commercial double
convection oven.



Photograph #110

Commercial natural
gas-fired fryer.

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Photograph #111

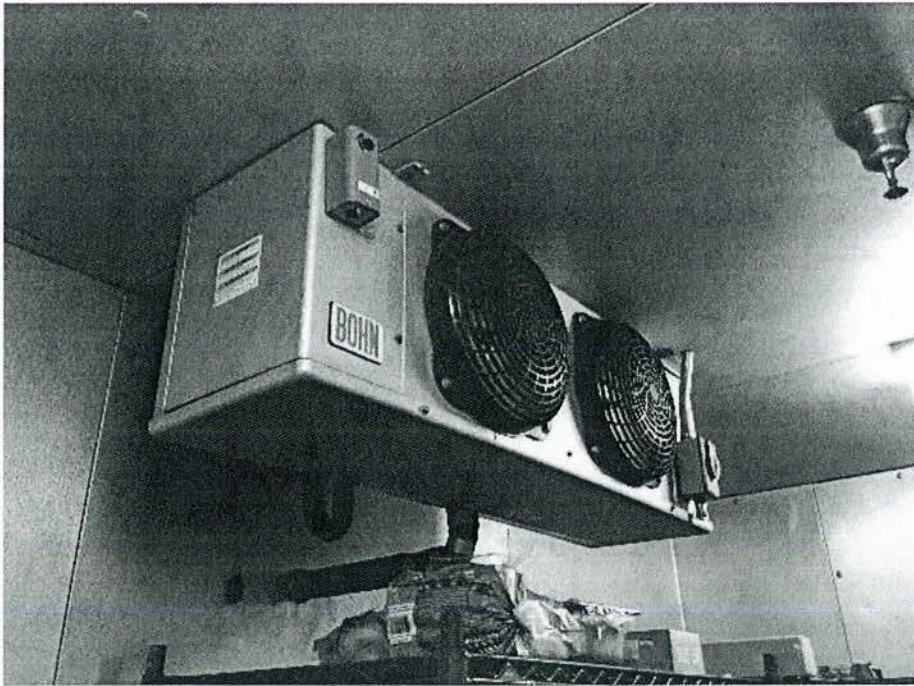
Commercial steam
kettle.



Photograph #112

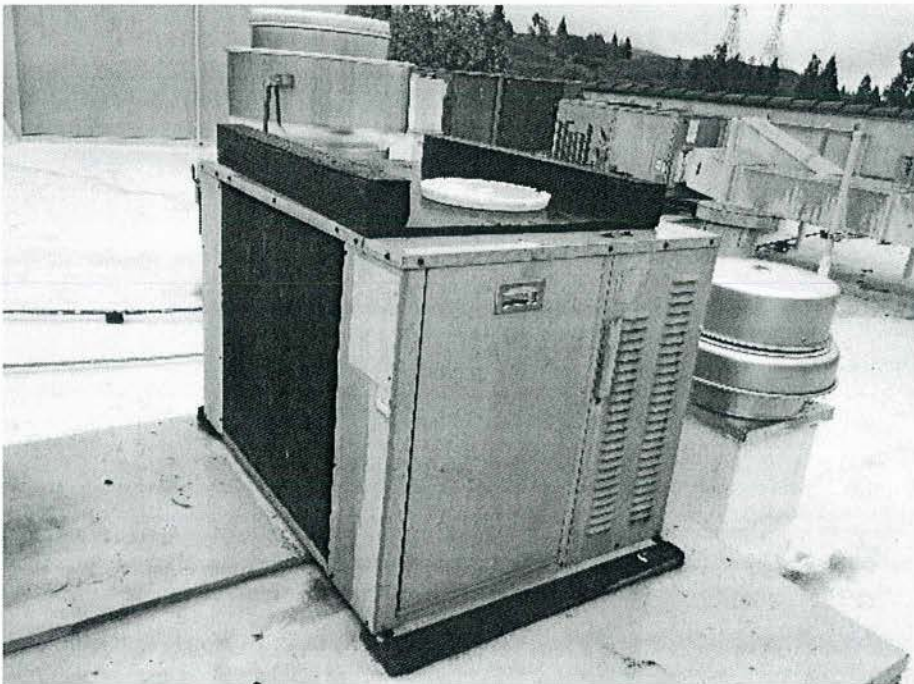
Commercial
dishwasher.

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Photograph #113

Walk-in cooler
evaporator.



Photograph #114

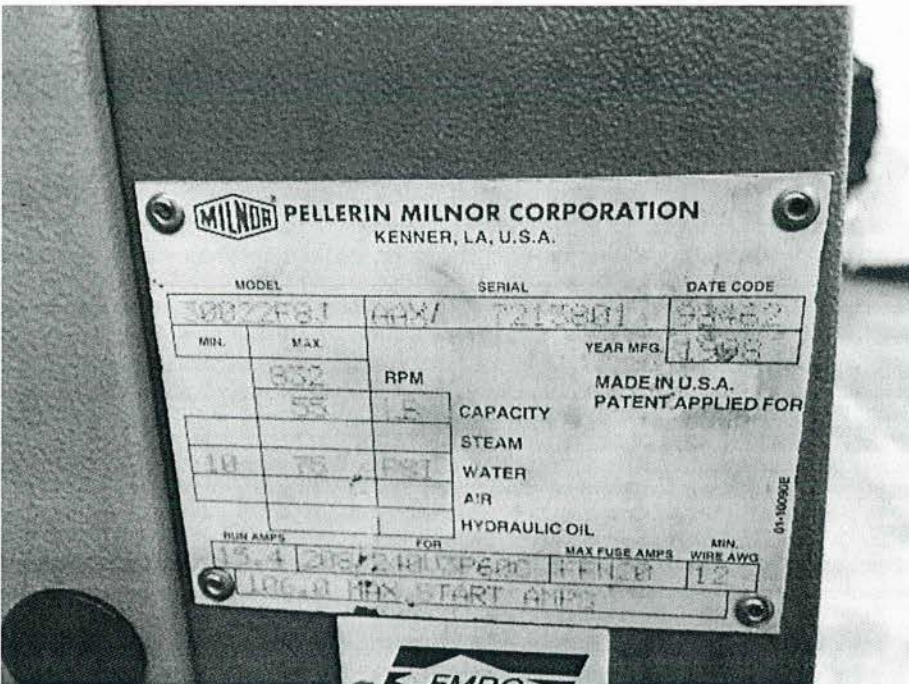
Rooftop refrigeration
condenser.

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Photograph #115

Commercial 35-
pound clothes
washer.



Photograph #116

Commercial 55-
pound clothes
washer.

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Photograph #117

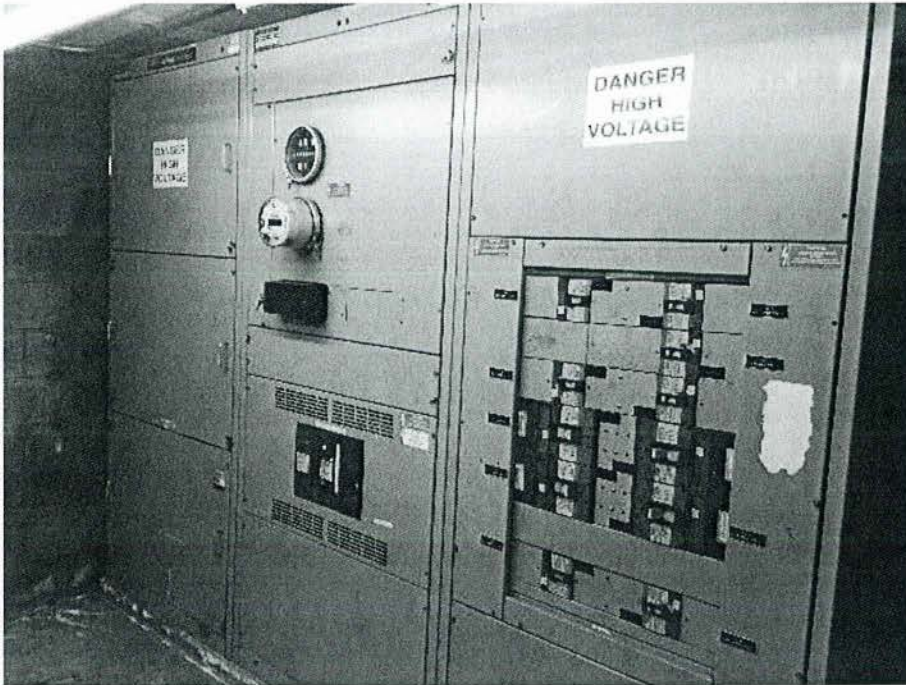
Commercial 75-
pound clothes dryer.



Photograph #118

Commercial 120-
pound clothes dryer.

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Photograph #119

Main electrical
switchgear.



Photograph #120

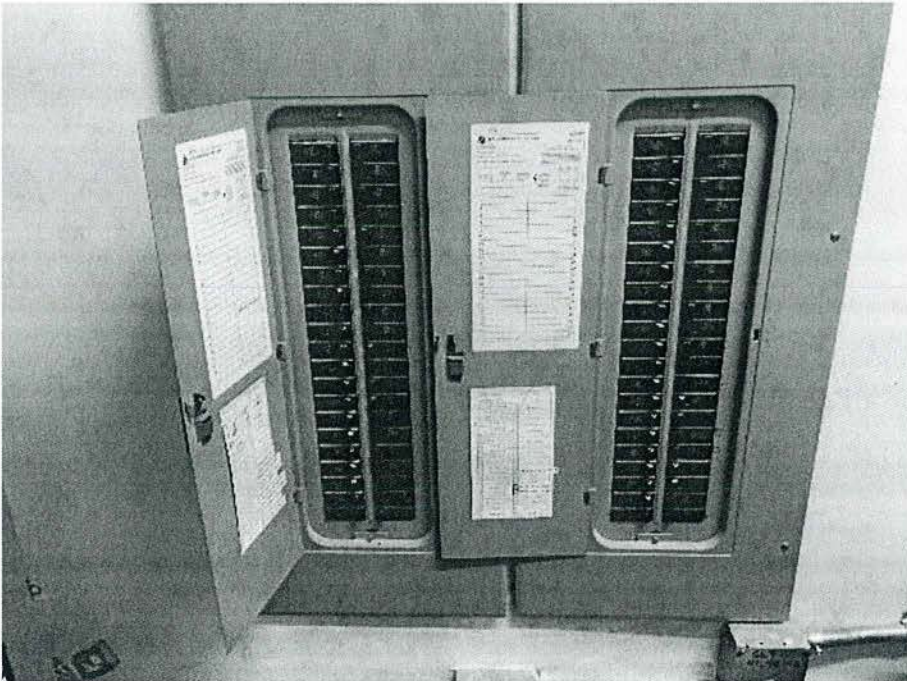
Emergency
generator.

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Photograph #121

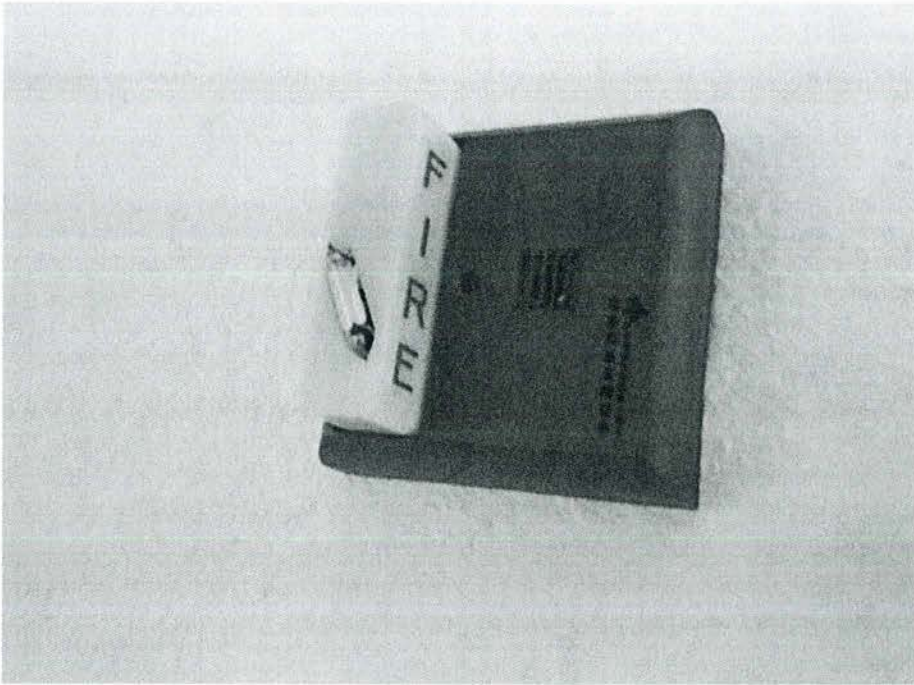
Generator base with corrosion.



Photograph #122

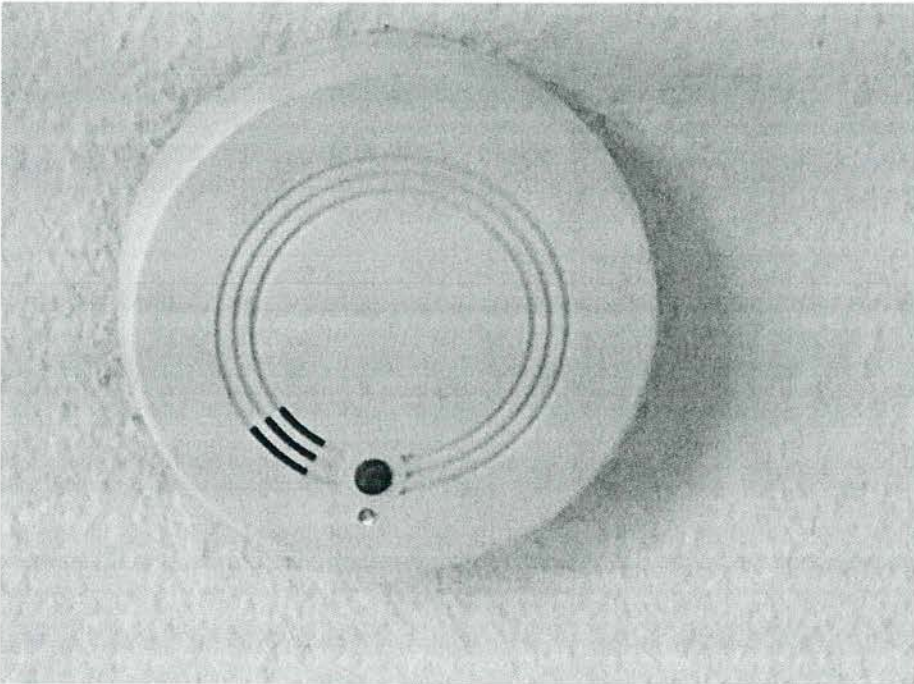
Electrical panels in Electrical Room 5 are full.

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Photograph #125

Older fire alarm
device.



Photograph #126

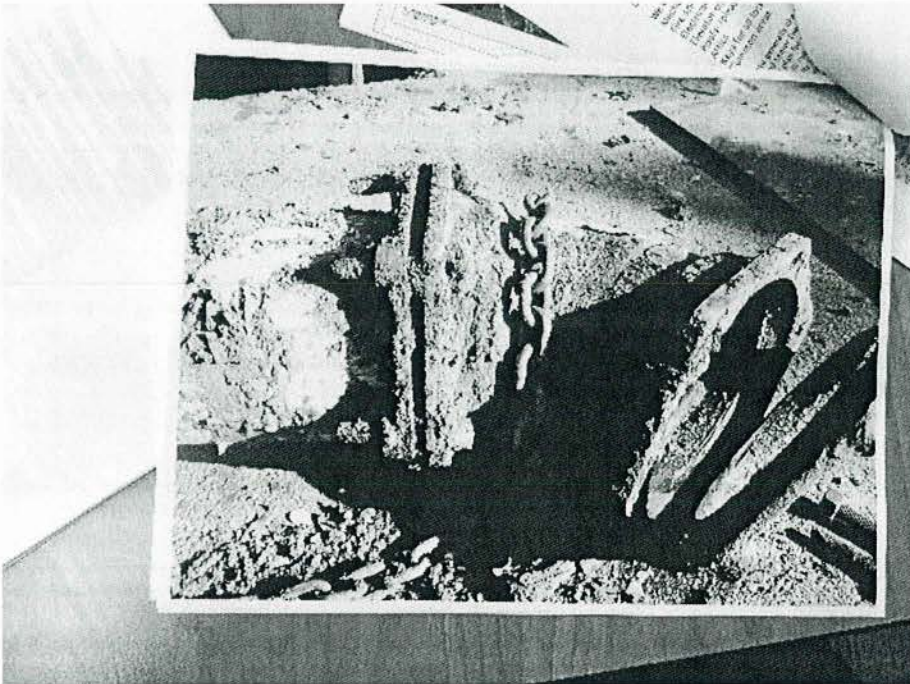
Residential smoke
detector in main
living space.

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Photograph #127

Emergency exit door without illuminated exit sign (should be addressed as a part of regular property maintenance).



Photograph #128

Photo of previously repaired underground fire sprinkler pipe joint failure.

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Photograph #129

Elevator lobby.



Photograph #130

Hydraulic elevator
drive machine and
controller.

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Photograph #131

Key pad door access
reader at main entry.



Photograph #132

Older residential
nurse call device.

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Photograph #133

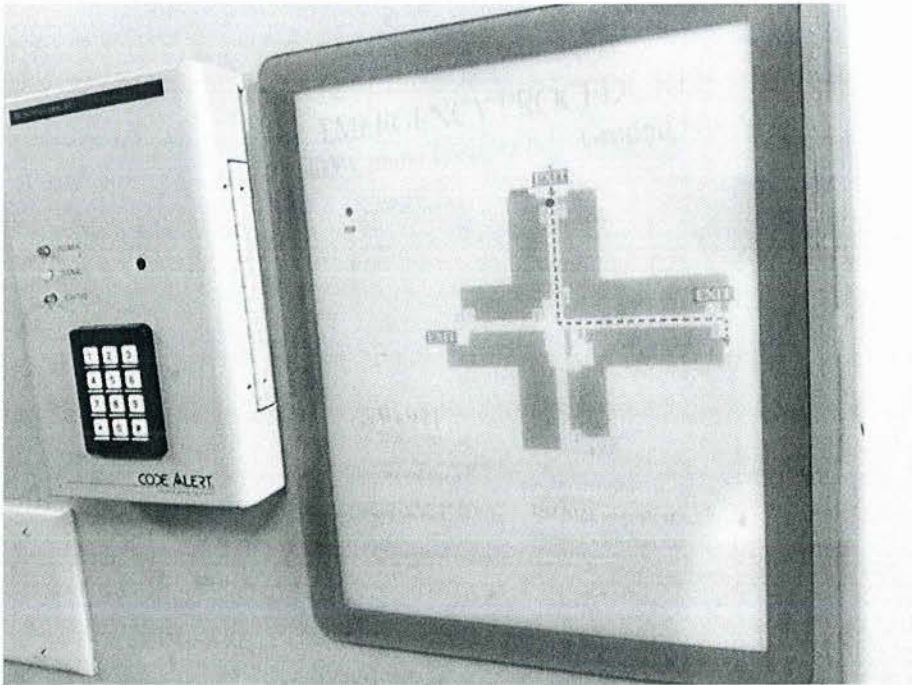
Exit route stairs are metal pan with concrete treads and metal risers, and painted metal handrails.



Photograph #134

Exit signage is provided at egress doors.

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Photograph #135

Emergency egress maps in the Skilled Nursing area are faded.



Photograph #136

Disabled-accessible parking spaces are provided near building entry.

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Photograph #137

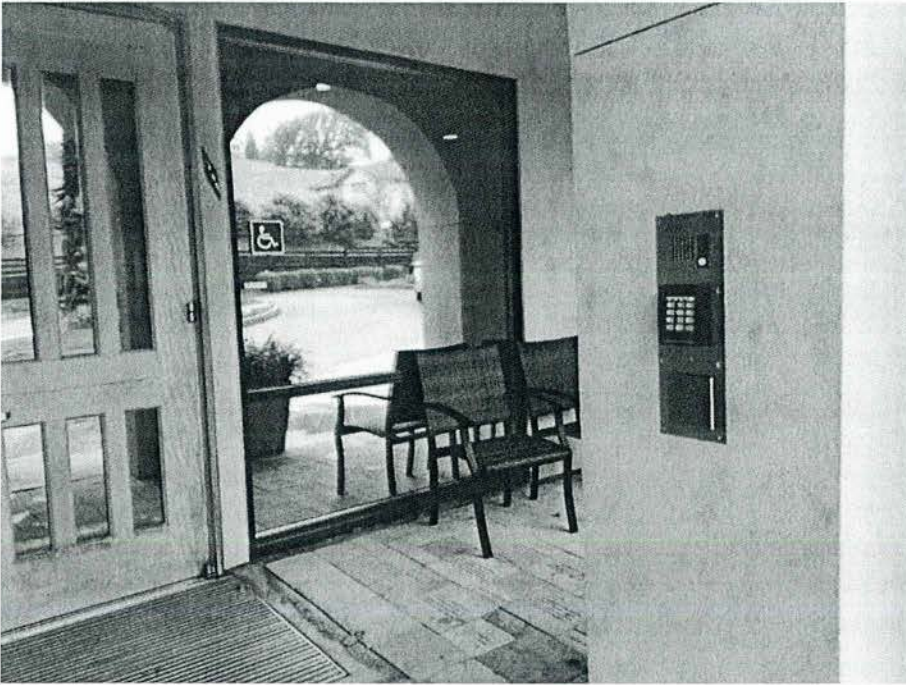
Disabled-accessible parking space aisle has cross slope greater than the maximum 2% allowed per ADA Standards (4.2% in photo).



Photograph #138

Designated accessible pedestrian path is provided from the public street to the building entrance.

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Photograph #139

Building entrance has an automatic door opener.



Photograph #140

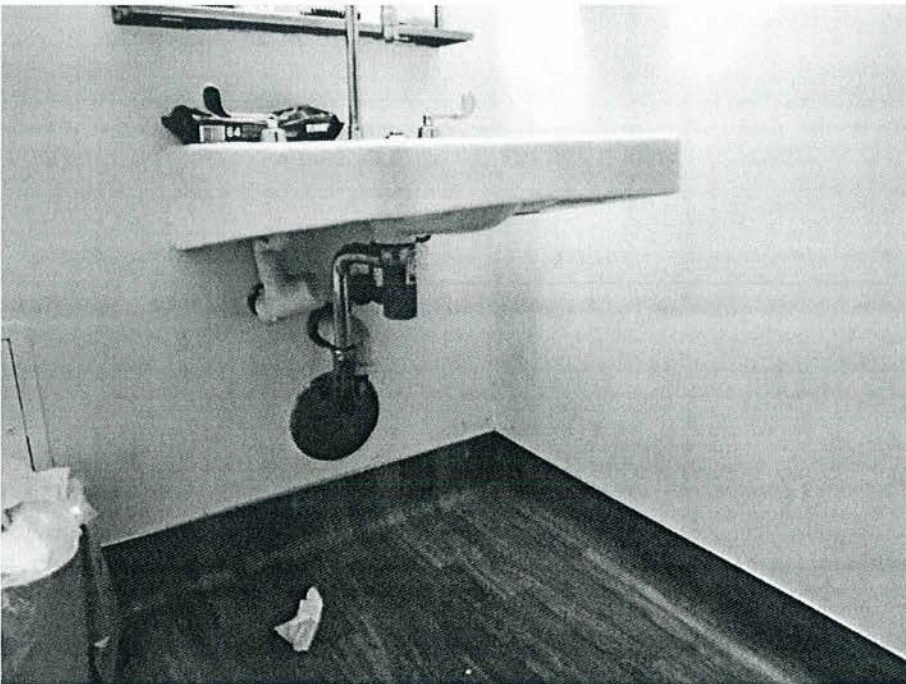
High-low drinking fountain is provided in common area corridor near building entry lobby.

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Photograph #141

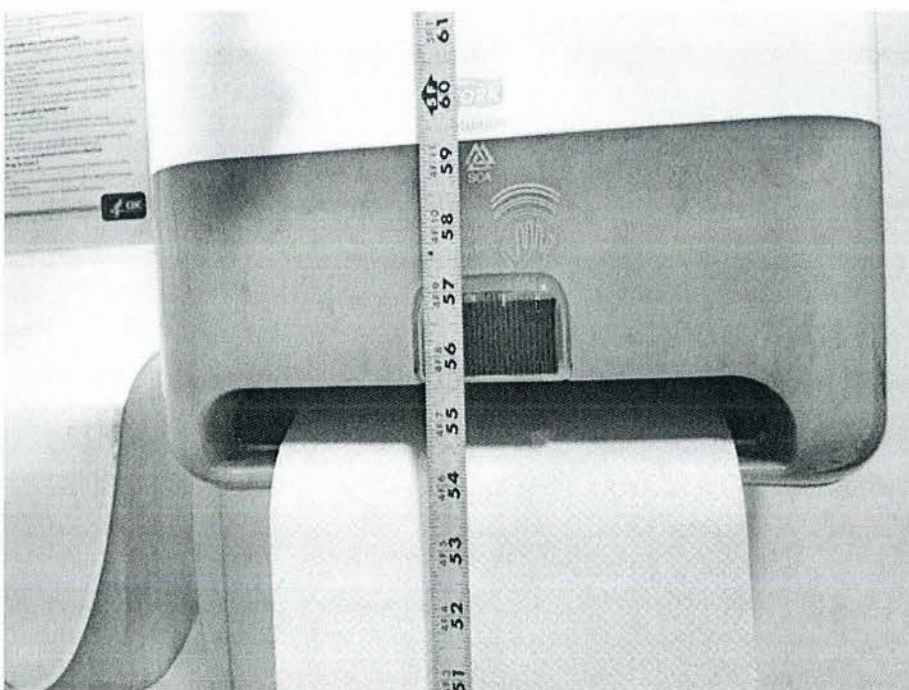
Mailboxes are located above the allowable 54" reach range required by FHA.



Photograph #142

Pipe insulation is missing from single-occupancy restroom in Skilled Nursing area.

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Photograph #143

Paper tower dispenser is mounted too high in single-occupancy restroom in Skilled Nursing area.



Photograph #144

Common area restroom disabled-accessible stall.

Exhibit 1.5

Form of Management Agreement

[see attached]

MANAGEMENT AGREEMENT

This MANAGEMENT AGREEMENT, made as of the ___ day of _____, 2019, between ESKATON PROPERTIES, INCORPORATED, a California nonprofit public benefit corporation ("Manager") and THE REUTLINGER COMMUNITY, a California nonprofit public benefit corporation ("OWNER").

RECITALS

A. OWNER desires to engage Manager to manage and supervise the operations of OWNER's continuing care retirement community and skilled nursing facility located in Danville, California ("Facility").

B. Manager is skilled and experienced in the management and supervision of the operations of continuing care retirement communities and skilled nursing facilities;

C. Manager is willing to accept such engagement to manage and supervise the operations of the Facility for and on behalf of OWNER, and as OWNER's agent, upon and subject to the terms and conditions hereof.

NOW, THEREFORE, the parties agree as follows:

AGREEMENTS

1. **Appointment of Manager.** OWNER hereby appoints Manager as the manager and supervisor of the operations of the Facility, and hereby grants to Manager authority and discretion to manage and supervise the operations of the Facility for and on behalf of OWNER, and in OWNER's name, all subject to the general control, and pursuant to the general directions, orders, policies, regulations and standards, of OWNER; and Manager hereby accepts such appointment and assumes such responsibility. It is expressly understood and agreed that OWNER shall (i) retain general control over the operation of the Facility and (ii) maintain and retain full responsibility under, all licenses, certificates, permits and approvals necessary for the operation of the Facility issued by the State of California or any other governmental authority having jurisdiction over the Facility. It is further expressly understood and agreed that Manager shall act as OWNER's agent in the performance hereof. OWNER shall honor, as its own, all contracts, agreements and commitments entered into by Manager in connection with the management and supervision of the operations of the Facility and the performance of its obligations hereunder, in accordance with the terms and conditions hereof.

2. **Term of Agreement.** The initial term hereof ("Initial Term") shall commence as of _____, 2019, and shall continue for a period of ___ months or until renewed or terminated in accordance with the terms of this Agreement (hereafter referred to as the "Term").

3. **Compensation.** As compensation for management and supervision of the operations of the Facility, OWNER shall pay Manager ("Management Fee") in an amount equal to six percent (6%) of net revenues of the Facility. The Management Fee calculation shall be

based on all revenues from or in connection with the Facility or the occupancy thereof booked, recognized or recorded thereby during the Term, specifically including, but not limited to, all interest income on reserves in respect to the Facility, as determined on the accrual basis of accounting and in accordance with generally accepted accounting principles (collectively, "GAAP"), less provisions for doubtful accounts and contractual adjustments in accordance with GAAP" The Management Fee for each calendar month (or portion thereof) during the Term shall be paid on or before the fifteenth (15th) day of the following calendar month. In addition, Manager shall be reimbursed for other direct costs, incurred for the benefit of OWNER that are not part of the normal "Management Fee" services, including but not limited to such examples as special training to help OWNER's employees maintain CEUs, and consultation and advice of Manager's staff of professional consultants, specifically including, but not limited to dietary consultants, nursing consultants and other management consultants, who are employees of Manager and its affiliates, as is the usual and customary practice with Manager's other facilities. The Management Fee shall be computed and paid according to HUD requirements. Notwithstanding the foregoing, the provisions of this Paragraph 3 shall in all respects be subject to, and the Management Fee shall be calculated and paid in accordance with, Section 1.5 of the Affiliation Agreement between the Parties. A copy of said Section 1.5 is attached hereto as Appendix A.

4. Duties of Manager. Subject to general control of OWNER and to compliance by OWNER with each of the terms hereof; and pursuant to the general directions, orders, policies, regulations and standards of OWNER, Manager shall, during the Term but not thereafter, and in addition to its duties and responsibilities set forth elsewhere herein:

a. Manage and supervise the operations of the Facility, in all respects, as more fully set forth herein;

b. Create and maintain a congenial and attractive environment for all residents of the Facility, and supervise the care of such residents;

c. Use its commercially reasonable efforts to manage and supervise the operations of the Facility: (i) in accordance with the first class standards of continuing care retirement communities and skilled nursing facilities; (ii) in a professional, competent, careful and proper manner; and (iii) in compliance with all applicable statutes, ordinances, rules and regulations of all governmental authorities having jurisdiction over the Facility;

d. Manage and supervise the operations of the Facility in an efficient and businesslike manner having due regard for the well-being of the residents thereof;

e. Develop and implement specific policies and procedures for the operations of the Facility; provided, however, that such policies and procedures shall be consistent with OWNER's general policies and subject to OWNER's prior approval, which approval shall not be unreasonably withheld or delayed;

f. Assist OWNER in obtaining and maintaining, at the expense of OWNER, all licenses, certificates, permits and approval necessary for the operation of the Facility;

g. Supply complete operational services for the Facility through Manager and its affiliates' employees and through independent contractors;

h. At the expense of OWNER, and in accordance with the Annual Budget (as hereinafter defined), make or cause to be made such capital improvements as may be provided in the Annual Budget (or such substitute capital improvements as Manager may deem advisable or necessary), and such ordinary repairs and alterations as Manager may deem advisable or necessary; provided, however, that expenditures for such items aggregating materially in excess of the amount budgeted therefor shall not be made without OWNER's prior approval, which approval shall not be unreasonably withheld or delayed, except emergency capital improvements, repairs and alterations necessary in the opinion of Manager to protect the Facility from damage, to maintain services to residents as provided in the Admission Agreement (each as hereinafter defined), or to maintain licensure;

i. At the expense of OWNER, contract for those utilities and other operational and maintenance services (specifically including, but not limited to, a medical director and ancillary services) as Manager may deem advisable or necessary, and review and analyze the performance thereof; provided, however, that no service contract shall be for a term exceeding two (2) years without OWNER's prior approval, which approval shall not be unreasonably withheld or delayed;

j. At the expense of OWNER, and in accordance with the Annual Budget, it shall purchase and keep the Facility furnished with all necessary furnishings, fixtures, equipment and supplies, utilizing Manager's purchasing programs and systems of inventory control to assure the lowest cost for such items consistent with maintaining the operation of the Facility in a first-class manner; provided, however, that no material nonbudgeted capital expenditure for furnishings, fixtures or equipment shall be made without OWNER's prior approval, which approval shall not be unreasonably withheld or delayed, except expenditures necessary in the opinion of Manager to maintain services to residents as provided in the Admission Agreement, or to maintain licensure;

k. At the expense of OWNER, provide a qualified full-time administrator at the Facility ("Administrator"), who shall assume general day-to-day administrative and operational responsibility for the Facility; provide (when deemed advisable or necessary by Manager) a qualified full-time assistant administrator of the Facility ("Assistant Administrator"), who shall assist the Administrator; recruit, hire, train, promote, direct and terminate the employment of all other personnel necessary to maintain and operate the Facility; establish performance standards, salary and compensation scales; promotion policies, fringe benefit arrangements, and other personnel policies and guidelines, all in accordance with the Annual Budget, provided, however, that no material nonbudgeted personnel expense shall be incurred without OWNER's prior approval which approval shall not be unreasonably withheld or delayed;

provide management support to the Administrator and the Assistant Administrator; and provide such other supervision, management and financial direction as may be required for the Administrator and the Assistant Administrator efficiently to perform their duties and responsibilities;

l. At no additional cost to OWNER, provide complete accounting, bookkeeping and record keeping services for the Facility, specifically including, but not limited to, resident billings, accounts payable, accounts receivable, payroll, general ledger and inventory records;

m. Prepare and file in a timely manner in accordance with applicable regulations all necessary statistical reports (specifically including, but not limited to, payroll, sales, use and occupancy tax reports and returns) and data to meet all local, state and federal regulatory requirements;

n. Supply necessary technical and management assistance, and professional consultation, to meet all local, state and federal regulatory requirements;

o. Collect the revenues from the Facility; deposit all such funds received by Manager for or on behalf of OWNER in a bank account established by OWNER for such purpose, as to which Manager shall have the right to deposit and withdraw funds; pay out such funds all operating expenses, all Management Fees, and other sums due it from OWNER, and all other sums properly payable pursuant to any of the provisions hereof (all expenditures authorized hereby being considered operating expenses to be paid from OWNER's funds received by Manager); and hold, remit or expend the balance of such funds, if any, as OWNER may direct; provided, however, that funds previously committed to investment in furnishings, fixtures, equipment, supplies or other tangible property may not be withdrawn by OWNER; and provided, further, that funds may not be withdrawn by OWNER if the minimum cash balance required by Paragraph 8 hereof would be impaired thereby;

p. At the expense of OWNER, and in accordance with the Annual Budget, engage counsel satisfactory thereto and cause such legal proceedings to be instituted as may be necessary to enforce payment of charges or compliance with other terms of the Continuing Care Residence and Services Agreement, or to dispossess residents, with full authority to compromise disputes with residents involving set-offs or damage claims; provided, however, that no material nonbudgeted legal expense shall be incurred without OWNER's prior approval, which approval shall not be unreasonably withheld or delayed;

q. Develop, implement, manage and supervise marketing and public relations programs for the Facility; provided, however, that such programs shall be subject to OWNER's prior approval, which approval shall not be unreasonably withheld or delayed; and

r. At the expense of OWNER, pay all taxes and assessments on the Facility, all premiums for insurance on the Facility, and such reserves as OWNER may direct.

5. **Expenses and Rebates.** All expenses shall be charged to OWNER at net cost, and OWNER shall be credited with all rebates, refunds, allowances and discounts allowed to Manager.

6. **Reports and Budget.** Manager shall, at no additional cost to OWNER, prepare monthly and fiscal year-to-date statements of OWNER's operations, and management status reports of the Facility, to be submitted to OWNER within twenty (20) days after the end of each month. In addition, Manager shall prepare and submit to OWNER for OWNER's approval, which approval shall not be unreasonably withheld or delayed, at least thirty (30) days prior to the commencement of each calendar year, an annual plan and budget to cover all anticipated revenues and expenses of OWNER for such year, specifically including, but not limited to, capital improvements ("Annual Budget"); provided, however, that the Annual Budget for the partial year in which the Facility opens for occupancy shall be prepared by Manager, and submitted to OWNER for OWNER's approval, which approval shall not be unreasonably withheld or delayed, at least ninety (90) days prior to the scheduled date the Facility will be open for occupancy. OWNER acknowledges the Annual Budget will only be an estimate of its respective anticipated revenues and expenses, representing Manager's best judgment as a skilled and experienced manager and supervisor of the operations of continuing care retirement communities and skilled nursing facilities. OWNER recognizes that, however, their respective actual revenues and expenses may be affected by factors beyond Manager's control. OWNER further acknowledges that, accordingly: (i) Manager cannot and does not represent or warrant that OWNER's respective actual revenues and expenses will not vary from the Annual Budget; and (ii) although Manager will use its best efforts to do so, Manager cannot be, and is not, obligated to limit expenditures to those set forth in the Annual Budget, provided, however, that, except as expressly provided otherwise herein, Manager shall not make expenditures for any item aggregating materially in excess of the amount budgeted therefor without OWNER's prior approval, which approval shall not be unreasonably withheld or delayed. The Annual Budget shall also include Manager's recommendations and suggestions for the fees and other charges to residents of the Facility; the salaries and fringe benefits of all groups of employees; and major purchase contracts for consumable supplies. OWNER shall use its best efforts to maintain levels of fees and charges sufficient to assure the operation of the Facility in a first-class manner, and to provide for the payment of all costs of operation of the Facility, specifically including, but not limited to, the Management Fee. Manager shall, at all times, maintain full and complete documentation regarding all of its actions taken to fulfill its duties as manager and supervisor of the operations of the Facility. All books, records and reports maintained or prepared by Manager for or in connection with the operation of the Facility shall be OWNER's property; provided, however, that Manager may make such copies thereof or extracts therefrom for its own proper business use as Manager may desire. During the Term, OWNER shall, at all times, have the right to inspect and audit such books, records and reports, and to inspect all parts of the Facility.

7. **Employees.**

a. All persons employed in the operation of the Facility, specifically including, but not limited to, all persons employed as the Administrator or the Assistant Administrator, shall be employees of OWNER, and shall not be deemed or construed to be employees of Manager. All compensation and other amounts payable with respect to persons who are so employed by OWNER and its affiliates in the operation of the Facility, specifically including, but not limited to, health insurance, unemployment insurance, social security, workers' compensation, and other charges imposed by a governmental authority or provided for in a union agreement, as well as all reasonable relocation expenses of all persons who are so employed by OWNER and its affiliates as the Administrator or the Assistant Administrator, are operating expenses of OWNER. Manager shall maintain complete payroll records. All home office employees' payroll costs and overhead expenses are corporate administrative costs to be borne by Manager without reimbursement; provided, however, that all reasonable transportation and living expenses of such employees when traveling in connection with performance of duties hereunder are operating expenses to be reimbursed to Manager from OWNER's funds received by Manager.

b. All persons employed as the Administrator or the Assistant Administrator, and all other employees of Manager who handle or are responsible for OWNER's funds, shall be bonded by fidelity bonds in adequate amounts.

8. **Responsibilities of Owner.** In addition to its duties and responsibilities set forth elsewhere herein, OWNER shall, at all times during the Term, maintain a minimum cash balance in the bank account thereof described in subparagraph 4(o) thereof equal to all liabilities and obligations of OWNER in respect of the Facility (specifically including, but not limited to, obligations for debt service or rent payments, as the case may be, and Management Fees) to become due and payable within thirty (30) days. Should the cash balance in such bank account fall below such minimum, at any time and for any reason, Manager shall so notify OWNER and OWNER shall immediately deposit in such account funds sufficient to bring such balance up to such minimum. Nothing contained herein shall be deemed or construed to obligate Manager to advance any funds to pay such liabilities and obligations; provided, however, that in the event Manager elects to advance any funds to pay any such liability for obligation, then OWNER shall promptly reimburse Manager therefor.

9. **Mutual Indemnification.**

Each party (the "Indemnifying Party") shall at all times indemnify and hold harmless the other party and said other party's successors, assigns, shareholders, partners, directors, officers, agents, affiliates, subsidiaries, parent company, and employees (collectively, the "Indemnified Parties") from and against any and all liabilities, damages, penalties, settlements, judgments, orders, losses, costs, charges, attorneys' fees, and all other expenses and shall, further, defend the Indemnified Parties from any and all claims, actions, suits, prosecutions, and all other legal and/or equitable proceedings resulting from or relating to (whether directly or

indirectly) any allegation (whether founded or unfounded and regardless of the nature or character thereof) regarding: (i) any negligent, willful, reckless, or wrongful act or omission of the Indemnifying Party, its employees, representatives, contractors or agents; (ii) any breach of, or inaccuracy in, any representation and/or warranty made by the Indemnifying Party herein including, without limitation, claims for personal injury, death or damage to property or other demands; (iii) any failure to perform by the Indemnifying Party, or any defect in said party's performance of, its obligations and duties pursuant to this Agreement; or (iv) any alleged violation by the Indemnifying Party of any law, statute, regulation or ordinance.

10. Insurance.

a. In accordance with the approved Budgets, MANAGER shall procure and maintain Property Insurance (including building, personal property, boiler and machinery, business interruption, but excluding flood and earthquake), General and Professional Public Liability, Automobile Liability, Worker's Compensation Liability, Employment Practices Liability, Excess Liability, Directors and Officers, and such other insurance as the parties agree upon for OWNER. The carrier and the amount of coverage of each policy of insurance shall be reasonably satisfactory to OWNER and MANAGER. The Property, General Liability, Professional Liability, Automobile Liability, Employment Practices Liability, and Excess Liability policies will name OWNER as Loss Payee, and the General Liability, Professional Liability, Automobile Liability, Employment Practices Liability and Excess Liability policies will name the MANAGER as an additional insured. General Liability, Professional Liability, Automobile Liability, and Employment Practices Liability shall have a minimum limit of \$1,000,000 per claim and aggregate limits of \$3,000,000.¹ The Excess Liability shall have a minimum limit of \$_____ per claim and aggregate limits of \$_____.² All policies shall be purchased from insurers with an AM Best Rating of AVIII or better.³ All policies shall provide for thirty (30) days' written notice to OWNER, MANAGER and any mortgagee designated by OWNER prior to cancellation or material modification.

b. If available and approved in the Budgets, MANAGER shall procure an appropriate clause in, or endorsement on, each of the policies of property insurance coverage, whereby the insurer waives subrogation or consents to a mutual waiver of subrogation for both parties the right of recovery against OWNER and/or Manager's negligence and intentional omissions/misconduct; to the extent that loss or damage is covered by each party's respective insurance coverage. Property insurance shall be written on an agreed amount basis and valued at replacement cost.

¹ NTD: The GuideOne Auto Policy's aggregate limit is the same as its minimum limit of \$1,000,000.

² NTD: Only excess liability policy is with General Star Management Company (limit of liability and aggregate limit is \$5,000,000).

³ NTD: All of the insurers have at least an A rating except GuideOne, which has an A- rating.

11. Termination.

a. This Agreement may be terminated, by OWNER or Manager, upon ninety (90) days' written notice, should the other fail substantially to perform in accordance with the terms hereof through no fault of the terminating party (provided, however, that Manager shall not be deemed or construed to be in default hereunder if it is prevented from performing in accordance with the terms hereof for any reason beyond its control, specifically including, but not limited to, shortages, war, acts of God and lack of OWNER's financial resources), and should such failure not be cured within such thirty (30) day period or such longer period as may reasonably be required diligently to cure such failure.

b. This Agreement may be terminated, by OWNER or Manager, immediately upon written notice, should a petition in bankruptcy be filed by or against the other and, in the case of an involuntary petition, not be dismissed within ninety (90) days, or should the other take a general assignment for the benefit of creditors or take advantage of any insolvency act.

c. This agreement may be terminated by Manager, upon thirty (30) days written notice, should OWNER fail to pay Manager the Management Fee when due.

d. In the event of termination hereof, OWNER shall pay Manager, within ten (10) business days thereafter: (i) any unpaid Management Fee payable thereby for periods prior to the date of termination; and (ii) all reimbursements then due therefrom.

e. Upon expiration or termination hereof: (i) Manager shall cooperate fully with OWNER in effecting an orderly transition to avoid any interruption in the rendition of services and, in that connection, shall surrender to OWNER all keys, and all books, records and reports maintained by Manager in connection with the management and supervision of OWNER's operations; and (ii) OWNER shall assume the obligations of all contracts, agreements and commitments entered into by Manager in connection with the management and supervision of OWNER's operations and the performance of its obligations hereunder related hereto, and in accordance with the terms and conditions hereof.

12. Assignment. Manager shall not have the right to assign any of its rights or delegate any of its duties hereunder, except to an affiliate, without OWNER's express prior written consent, which consent shall not be unreasonably withheld or delayed.

13. No Waiver. No failure on the part of any party at any time to require the performance by any other party of any term hereof shall be taken or held to be a waiver of such term or in any way affect such party's right to enforce such term, and no waiver on the part of any party of any term hereof shall be taken or held to be a waiver of any other term hereof or the breach thereof.

14. **Severability**. The invalidity or unenforceability of any particular provision hereof shall not affect the other provisions, and this Agreement shall be construed in all respects as of such invalid or unenforceable provision had not been contained herein.

15. **Benefit**. This Agreement shall inure to the benefit of, and be binding upon, the parties and their respective legal representatives, successors and permitted assigns. The provisions hereof are solely for the benefit of the parties and their respective legal representatives, successors and permitted assigns, and shall not be deemed or construed to create any rights for the benefit of any other person.

16. **Construction**. Whenever a singular word is used herein, it shall also include the plural wherever required by the context, and vice versa. The terms and conditions hereof shall be interpreted and construed in accordance with their usual and customary meanings, and the parties hereby expressly waive and disclaim, in connection with the interpretation and construction hereof, any rule of law or procedure requiring otherwise, specifically including, but not limited to, any rule of law to the effect that ambiguous or conflicting terms or conditions contained herein shall be interpreted or construed against any party.

17. **Entire Agreement; Written Modifications**. This Agreement contains the entire understanding among the parties with respect to the subject matter hereof; all representations, promises, and prior or contemporaneous understandings, among the parties with respect to the subject matter hereof are merged hereinto and expressed herein; and any other understandings among the parties with respect to the subject matter hereof are hereby canceled. This Agreement shall not be amended, modified or supplemented without the written agreement of the affected parties at the time of such amendment, modification or supplement.

18. **Governing Law**. This Agreement shall be governed by and subject to the laws of the State of California.

19. **Captions**. The captions herein are for convenience and identification purposes only, are not an integral part hereof, and are not to be considered in the interpretation of any part hereof.

20. **Notices**. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if sent by certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

Manager:

ESKATON PROPERTIES, INCORPORATED
5105 Manzanita Avenue
Carmichael, CA 95608

OWNER:

THE REUTLINGER COMMUNITY
4000 Camino Tassajara
Danville, CA 94506

or to such other address as shall be furnished in writing by any party to the other parties. All notices and other communications hereunder given in the manner provided above shall be deemed effective upon deposit with the United States Postal Service.

21. Communication. Each party shall, upon written request of any other party, make its officers, employees and agents available to such other party for the purpose of discussing the manner in which the parties are fulfilling their respective responsibilities hereunder.

22. Counterparts. This Agreement may be executed in separate counterparts, each of which when so executed shall be an original, but all of such counterparts shall together constitute but one and the same instrument.

23. Expiration of Time Periods. In the event that any date specified herein is, or that any period specified herein expires on, a Saturday, a Sunday or a holiday, then such date or the expiration date of such period, as the case may be, shall be extended to the next succeeding business day.

24. Attorneys' Fees. In the event that any action is instituted in connection with any controversy arising out of this Agreement, then the prevailing party or parties shall be entitled to recover, in addition to costs, such sum as the court may adjudge reasonable as attorneys' fees in such action and on any appeal from any judgment or decree entered therein.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

MANAGER

OWNER

ESKATON PROPERTIES, INCORPORATED,
a California nonprofit public benefit corporation

THE REUTLINGER COMMUNITY,
a California nonprofit public benefit corporation

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

APPENDIX A

1.5 Operational Management. After the Closing Date, all operations of Reutlinger shall be performed by and at the direction of the Board of Directors of Reutlinger, provided that certain operational tasks may be delegated to Eskaton or its affiliate pursuant to a written management agreement (the "Management Agreement") to be entered into between the Parties substantially in the form attached hereto as **Exhibit 1.5**, which agreement shall, among other things, (i) contain the same terms as all other management agreements between Eskaton and its subsidiaries; (ii) provide that donations to Reutlinger shall not be included in gross revenues for purposes of the calculation of management fees; (iii) provide that the Eskaton management fee shall be reduced to no less than four percent (4%) of gross revenue as necessary to cover any net operating margin deficit and any such fee reductions shall be considered advanced funds that may be recouped by Eskaton from any cumulative net operating margin surpluses of Reutlinger; (iv) provided that the aggregate amount of management fees received by Eskaton from Reutlinger shall be contributed as capital by Eskaton to Reutlinger, if and to the extent necessary, to satisfy or otherwise guarantee any Reutlinger liability or loss that impairs Reutlinger's ability to carry out the Fundamental Commitments and/or eliminate any cumulative net operating margin deficit; and (v) provided that the terms described in subclauses (i) through (iv) hereof shall not be amended without the consent of the Reutlinger Designee or the Commitment Committee, as applicable, and themselves shall be deemed Fundamental Commitments subject in all respects to the provisions of Section 1.4 hereof.

Exhibit 2.3(d)

Opinion of Meyers Nave

[See Attached]



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www.meyersnave.com

Stephen L Taber
Attorney at Law
staber@meyersnave.com

September 11, 2019

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

Eskaton Properties, Incorporated
Sacramento, California

The Reutlinger Community
Danville, California

**Re: Affiliation Agreement dated as of September 11, 2019 by and between
Eskaton and The Reutlinger Community**

Ladies and Gentlemen:

We have acted as bond counsel to Eskaton Properties, Incorporated, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation"), in connection with a Master Indenture between the Corporation and The Bank of New York Mellon Trust Company, N.A. (successor in interest to BNY Western Trust Company), dated as of July 1, 1999 (as supplemented and amended, the "Master Indenture") and certain obligations issued thereunder.

The Corporation is a wholly controlled subsidiary of Eskaton, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California ("Eskaton"). Eskaton proposes to enter into a certain Affiliation Agreement, dated as of September 11, 2019 (the "Affiliation Agreement") by and between Eskaton and The Reutlinger Community ("Reutlinger"), a California nonprofit public benefit corporation, whereby Reutlinger will affiliate with Eskaton under the terms set forth therein.

Pursuant to Section 2.3(d) of the Affiliation Agreement, we have been asked to render an opinion in the form and substance as set forth herein. In such connection, we have reviewed the Master Indenture, each supplemental indenture entered into thereunder and currently in effect and the Affiliation Agreement, together with certain certificates of the Corporation as to certain factual matters, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinion expressed herein is based on an analysis of existing laws, regulations, rulings, and court decisions and cover certain matters not directly addressed to such authorities. Such opinion may be affected by actions taken, or omitted to be taken, or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions, omissions or events are taken or do occur. With delivery of this opinion, our engagement with respect to the matters addressed herein has concluded, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures (other than those of officers of the Corporation the genuineness of which we have no reason to question) presented to us (whether as originals or copies) and the due and legal execution and delivery thereof. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that nothing contemplated in the Agreement will cause any of the Obligations of the Corporation under the Master Indenture to become taxable, constitute an event of default under the Master Indenture, or otherwise require such Obligations to be redeemed.

All capitalized terms not otherwise defined herein shall have the meaning given to such terms in the Master Indenture. The foregoing opinions are for the exclusive reliance of the addressees, including their respective counsel and are not to be relied upon or made available to any other persons, firms or entities without the express written consent of the undersigned.

Very truly yours,

Meyers, Nave, Riback, Silver & Wilson
MEYERS, NAVE, RIBACK, SILVER & WILSON

SLT:KG

3379809.1

Title 11, Cal. Admin. Code, § 999.5(d)(1)(C)

Statement of Reasons the Board of Directors of Applicant Believes the Proposed
Transaction is Necessary and Desirable

Reutlinger has remained attentive to the rapidly changing trends, market conditions and challenges in the senior housing and health care industry and how such developments have impacted its mission, vision and strategy. In light of challenging financial conditions faced by single-site facilities such as Reutlinger and declining financial performance over recent years, as well as the anticipated necessity of upcoming capital projects due to the age of its facility, Reutlinger determined (including with the advice of a professional consulting firm) that it would benefit from affiliating with a capable and experienced nonprofit provider so that it is able to continue to preserve its mission and core business, maintain the current level of services and quality of care offered to its residents; and ensure its future as a provider of mission-based quality services.

Reutlinger identified three key criteria for potential affiliates, including that they would: (i) preserve Reutlinger's charitable mission, vision and values, including its Jewish values and identity (mission Alignment/Non-Profit – Jewish Identity); (ii) maintain its core services and quality of its care for its residents (Quality of Care); and (iii) be willing and able to access their own capital to further the interests of Reutlinger and its mission (Access to Capital). Reutlinger then identified the four potential affiliation partners that it believed would most likely meet the foregoing criteria. Two of those potential affiliation partners, after discussions with Reutlinger, declined to pursue an affiliation. Reutlinger engaged in more extensive discussions with the two remaining potential affiliation partners, which included (without limitation): (i) in-person meetings and telephone conferences; (ii) the preparation of confidentiality agreements, or drafts of such agreements; (iii) preliminary due diligence; and (iv) the preparation of draft letters of intent.

Of the potential affiliation partners considered, Reutlinger ultimately determined that Eskaton was the only potential affiliation partner that: (i) would be the strongest financial affiliate; (ii) is willing to access its own capital for the benefit of Reutlinger; (iii) is, and would remain, committed to Reutlinger's charitable mission, as well as its religious values and identity, as demonstrated through Eskaton's prior experience with other faith-based organizations; and (iv) is strongly positioned to maintain the current level of services and quality of care provided by Reutlinger to its residents.

Reutlinger's top priority was finding an affiliate that would maintain its Jewish heritage and values. Although Eskaton is nondenominational, it has agreed to preserve Reutlinger's Jewish tradition because it is committed to enhancing the lives of seniors and meeting the needs of its communities. To that end, Reutlinger will retain its full-time staff rabbi and Shabbat and Jewish holidays will be observed and kosher food will be available to residents who request it. The Jewish Heritage Museum at Reutlinger will also remain open. Further, Reutlinger is aware that Eskaton successfully affiliated with a Catholic faith-based organization, which gives Reutlinger even further assurance that Eskaton will be committed to preserving Reutlinger's Jewish identity.

Eskaton is well positioned to maintain Reutlinger's core services and quality of care for its residents. Eskaton's core business is the operation of independent living and continuing care retirement communities, residential care facilities for the elderly and skilled nursing facilities. Eskaton currently operates three (3) continuing care retirement communities and six (6) skilled nursing facilities. Eskaton proudly services approximately 15,000 people annually in the greater Sacramento area and employs more than 2,000 people. Through its affiliation with Eskaton, Reutlinger will have greater access to skilled nursing resources and a collaborative peer group, which will allow it to retain its values but also attract a broader community, while reducing risk and overhead expenses.

Reutlinger has observed that large hospitals and HMOs are less willing to partner with single-site facilities such as Reutlinger. Instead, these large hospitals and HMOs are seeking sizable partners with certain capabilities, such as organizations with electronic health records and a more significant IT proficiency than most single sites such as Reutlinger are able to achieve. By affiliating with Eskaton, Reutlinger will have access to large hospitals and HMO networks, such as Kaiser Permanente.

Eskaton has a strong commitment to patient satisfaction and high quality care – not just in philosophy, but in practice as well. As such, the affiliation of Reutlinger with Eskaton is expected to maintain and likely improve quality of care, ensure a continuation and expansion of services to Reutlinger's current and future residents, and result in efficiencies of scale that should help control costs to make healthcare more affordable.

Lastly, Eskaton is willing to access its own capital for the benefit of Reutlinger. Eskaton has agreed to expend its own capital (to the extent Reutlinger's capital is insufficient and in an amount not to exceed \$5,000,000) to honor all of Reutlinger's obligations and to carry out the capital expenditures contemplated in Reutlinger's CAPEX Plan and Capital Reserve Study as in effect on the Closing Date.

It is for the foregoing reasons that Reutlinger believes this transaction will provide clear benefits to its residents and the East Bay Community.

A true and correct copy of the minutes from meetings of Reutlinger's Board of Directors and executive sessions discussing the proposed affiliation is attached to Section (11)(A) of this Application, including Reutlinger's April 9, 2019 Resolution to Approve Affiliation with Eskaton, which further sets forth the reasons for the proposed affiliation.

Title 11, California Admin. Code, § 999.5(d)(2)

FAIR MARKET VALUE

Title 11, Cal. Admin. Code, § 999.5(d)(2)(A)

Estimated Market Value of All Cash, Property, Stock, Notes,
Assumption or Forgiveness of Debt, and Any Other Thing of Value
Applicant is to Receive in the Proposed Transaction

As described in Section (1)(A) above, the proposed transaction will not involve any sale, transfer, merger or other disposition of any of the assets of the Applicant. Rather, it is a mission-driven transaction designed to preserve the Applicant's mission and core business, and provide the Applicant with the resources, strength and scale to expand services for its residents. No cash, property, stock, notes, forgiveness of debt, or other monetary consideration is to be received by the Applicant in connection with the transaction. As a result, this section is not applicable.

Title 11, Cal. Admin. Code, § 999.5(d)(2)(B)

**Estimated Market Value of Each Health Care Facility or
Other Assets Sold by Applicant Pursuant to the Proposed Transaction**

The proposed transaction will not involve any sale, transfer, merger or other disposition of any of the assets of the Applicant. As a result, this section is not applicable.⁴

⁴ Information concerning the value of Reutlinger's assets are set forth in its Audited Financial Statements, which are included in Section (11)(F) of this Application.

Title 11, Cal. Admin. Code, § 999.5(d)(2)(C)

**Description of Methods Used by Applicant to Determine Market Value
of Assets Involved in the Proposed Transaction**

The proposed transaction will not involve any sale, transfer, merger or other disposition of any of the assets of the Applicant. Rather, it is a mission-driven transaction designed to preserve the Applicant's mission and core business, and provide the Applicant with the resources, strength and scale to expand services for its residents. No cash, property, stock, notes, forgiveness of debt, or other monetary consideration is to be received by the Applicant in connection with the transaction. As a result, this section is not applicable.

Title 11, Cal. Admin. Code, § 999.5(d)(2)(D)

Reports, Analysis, Requests for Proposal and Other
Documents Related to the Valuation of the Assets
Involved in the Proposed Transaction

The proposed transaction will not involve any sale, transfer, merger or other disposition of any of the assets of the Applicant. Rather, it is a mission-driven transaction designed to preserve the Applicant's mission and core business, and provide the Applicant with the resources, strength and scale to expand services for its residents. No cash, property, stock, notes, forgiveness of debt, or other monetary consideration is to be received by the Applicant in connection with the transaction. As a result, this section is not applicable.⁵

⁵ Although not applicable because the proposed transaction is a mission-driven affiliation that will not involve the exchange of monetary consideration or a determination of market value with respect to the Applicants' assets, copies of valuation documents relating to Reutlinger's assets are attached hereto.

A RESTRICTED APPRAISAL REPORT OF

A Vacant Site Located at
SWC Camino Tassajara and Parkhaven Drive
Danville, California



PREPARED FOR:

Mr. Jay Zimmer (JZimmer@rcjl.org)
President & CEO
The Reutlinger Community

PREPARED BY:

Helen S. Reese
AG009769

VENTURE RESEARCH

1782 Whitecliff Way
Walnut Creek, California 94596
Phone (925) 935-4294

Venture Research

REAL ESTATE APPRAISERS AND CONSULTANTS

November 8, 2018

Mr. Jay Zimmer (JZimmer@rcjl.org)

RE: A Restricted Appraisal Report of a vacant commercial site located at the southwest corner of Camino Tassajara and Parkhaven Drive, Danville, California (unincorporated area)

Dear Mr. Zimmer:

The following Restricted Appraisal Report is intended for use by you (The Reutlinger Community) only. As the client, you agreed in the appraisal assignment contract document emailed to you, dated Oct. 11, 2018, that this report is for use in establishing the current fee simple market value of the subject property for internal planning purposes. The intended user of this appraisal is the client, The Reutlinger Community/the property owner, for establishing a market value for the real estate. The appraiser is not responsible for any unauthorized use of the report.

As requested, Venture Research has appraised the approximately 13,504-square foot vacant site located at the southwest corner of Camino Tassajara and Parkhaven Drive, Danville, California. The legal interest appraised is the fee simple estate. The subject is further identified by Assessor's Parcel Number 220-060-020-9.

The valuation of the subject parcel in this report is subject to both a Hypothetical Condition and an Extraordinary Assumption. As currently existing per Contra Costa County Planning, the subject was designated on the final plan for the Home for Jewish Parents development plan for use as additional parking area and landscaping. To become a developable site with an alternative use would require the submission of a new development plan and its approval for a change in use. **Under the hypothetical condition herein, it is assumed to be in a developable state as of the date of value.**

The Extraordinary Assumption is that even though it is small in size, irregular in shape and impacted by easements, the subject parcel could be developed with an allowed use. This assumption also considers the possibility that the subject could be assembled with the adjacent parcel to the south to create a larger developable site if required for development. (See definitions of Hypothetical Condition and Extraordinary Assumptions toward the end of this report.)

The subject site is across from the existing senior care development on the eastern side of Parkhaven Drive. It is also north of the Bettencourt Ranch (residential) subdivision 7188, built in the 1990s. The subject site is approximately triangular shaped and is impacted with a number of easements.

As a result of the following investigations and analyses, my opinion of the current market value of the fee simple estate in the parcel, subject to the extraordinary assumptions, as of October 18, 2018 is as follows:

\$400,000

FOUR HUNDRED THOUSAND DOLLARS

The above opinion of value is subject to the Assumptions and Limiting Conditions included in this report. The following report is based on information from sources believed to be reliable; however, you are requested to read the entire report and inform the appraiser of any errors or omissions before utilizing the report. The appraiser reserves the right to reflect any necessary changes in the following value conclusions.

The attached report contains the factual data and reasoning upon which the value estimate has been predicated. This report has been written in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP), the Controller of the Currency's (OCC) minimum standards.

Respectfully submitted,
VENTURE RESEARCH



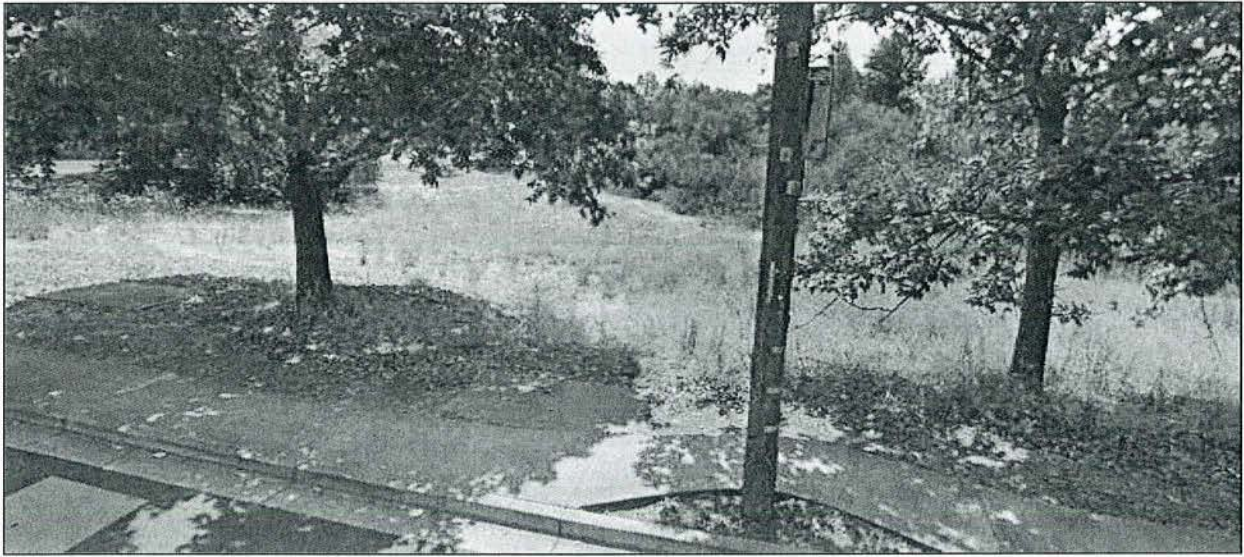
Helen S. Reese
Principal
California AG009769

HSR:ss
Job No: 5659

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Ownership:	Home for Jewish Parents (The Reutlinger Community) a California nonprofit public benefit corporation
Assessor's Parcel Nos.:	220-060-020-9
Purpose of Appraisal:	Form an opinion of the market value of the fee simple estate value of the property
Function of Appraisal:	The function of this appraisal is for use in internal planning
Property Rights Appraised:	Fee Simple Estate
Property Size/Description:	The subject site contains approximately 13,504-square feet, in an approximately triangular shaped parcel, located at the southwestern corner of Camino Tassajara and Parkhaven Drive. Frontage on Camino Tassajara is ± 220 -feet and along Parkhaven Drive ± 125 -feet. Currently, the site has public sidewalks along both roadways and is in a natural state with some landscaping along Parkhaven Drive.
Topography:	Level to downsloping to the south toward W. Alamo Creek
Existing Improvements:	None
Zoning:	P-1 (commercial PUD zoning). The General Plan for the area is P-S (Public and Semi-Public uses). For further zoning detail, see the zoning regulation in the Addenda.
Surrounding Land Uses:	North: PG&E substation facility South: Residential uses East: Home for Jewish Parents senior facility West: Vacant land
Highest and Best Use: (As Vacant):	Small commercial development (i.e. preschool) under the hypothetical condition stated herein.
Date of Value:	October 18, 2018, date of property inspection
Estimated Market Value:	\$400,000

Subject Photographs



Subject Site from Sidewalk along Camino Tassajara looking Southeasterly



Subject from Parkhaven Drive Looking Northwesterly to Camino Tassajara



Subject from across Camino Tassajara Looking Southwesterly; East of Intersection with Parkhaven Dr., Left



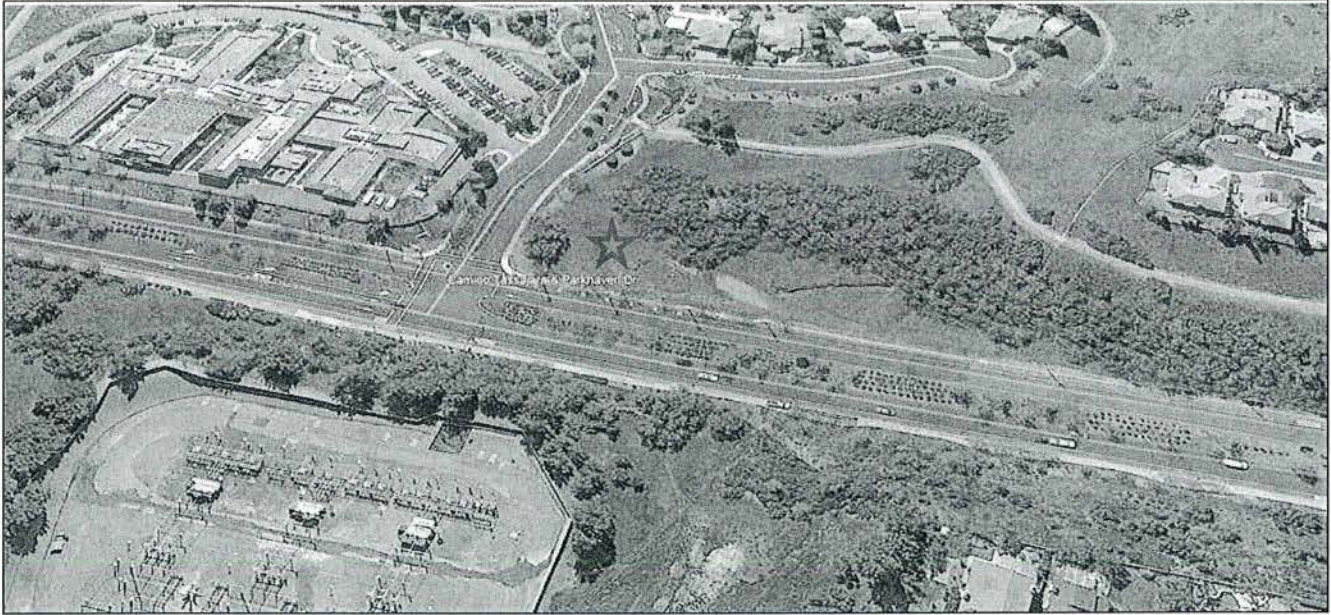
Intersection of Camino Tassajara and Parkhaven Drive Looking North



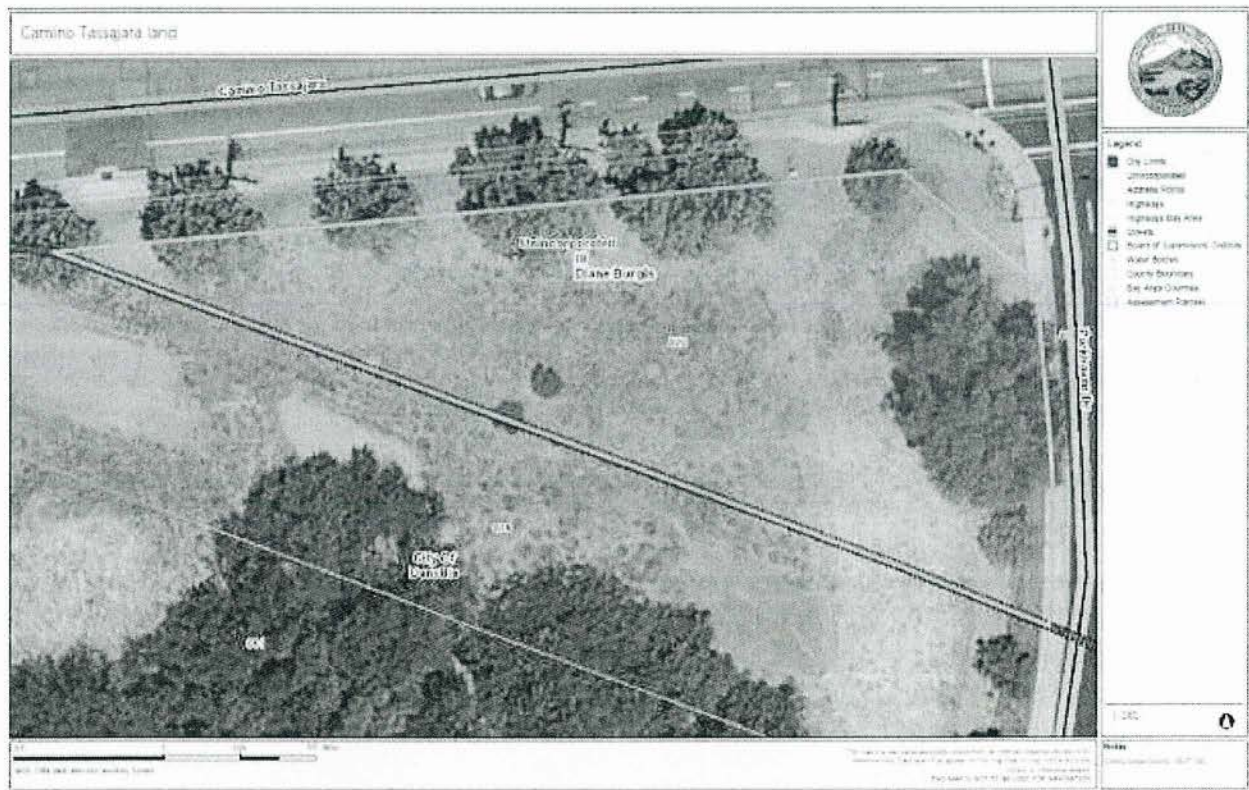
Portion of Subject Site Looking Southeasterly



Camino Tassajara Looking Easterly



Aerial Subject; PG&E Substation foreground; Home for Jewish Parents (senior housing) background left; Bettencourt Ranch Subdivision (background south)



Subject (blue outline) from Contra Costa County GIS – ccmmap.us.gov

APPRAISER'S COMMENTS

The subject property is vacant land. The site is located at southwest corner of the intersection of Camino Tassajara and Parkhaven Drive in the town of Danville, California. The property is located in a mixed-use residential and commercial area in the south central county area, immediately north of the Town of Danville incorporated line, with the Blackhawk development to the northwest and a residential subdivision to the south.

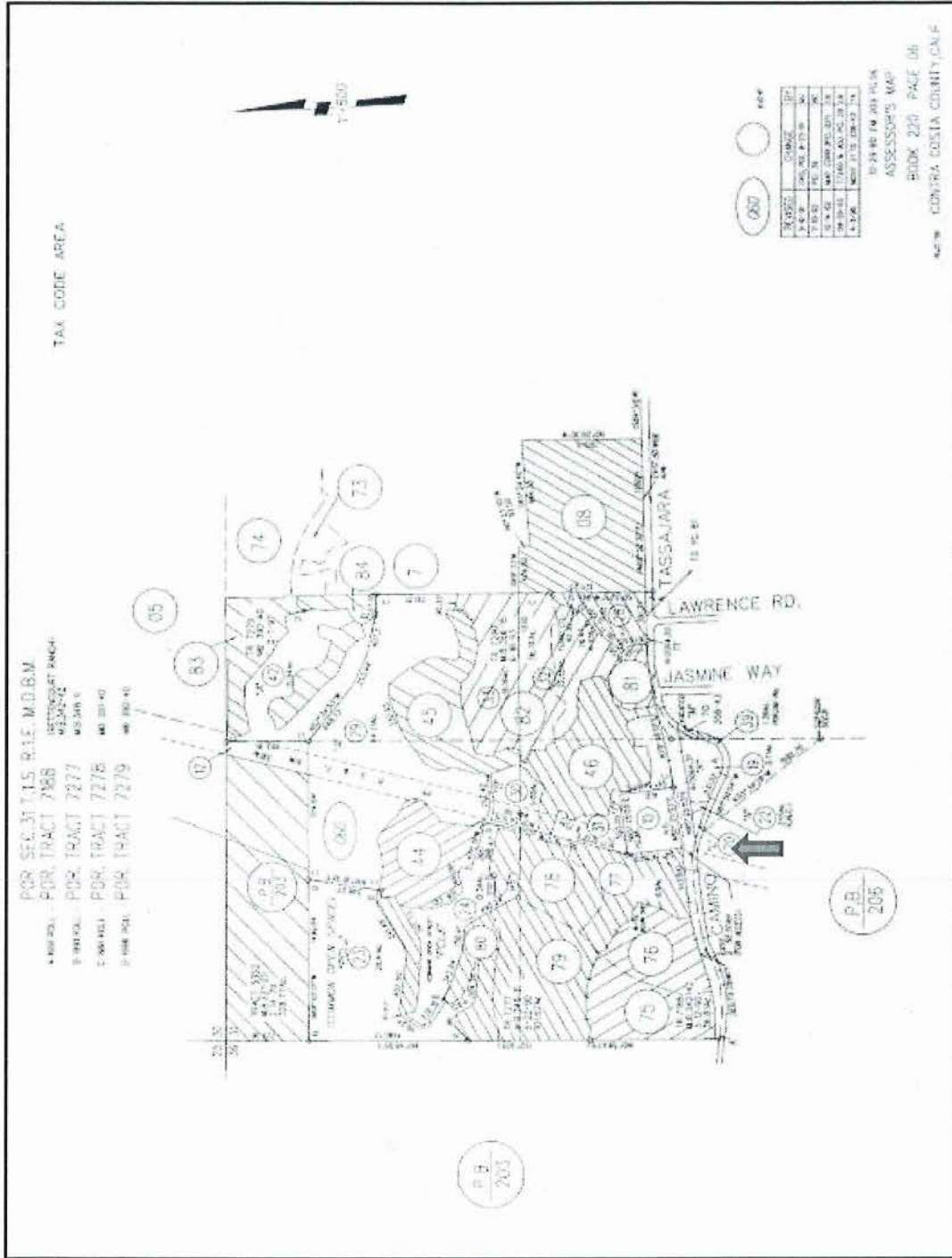
Camino Tassajara is a major roadway extending in an east/west direction from the Blackhawk commercial development to the west, extending easterly then southerly to the City of Dublin. Interstate 680 is to the west several miles off Sycamore Valley Road that becomes Camino Tassajara farther to the east. The base of its approximately triangular shape is along Parkhaven Drive. The height of the triangular shape is along Camino Tassajara and the connecting slope of the triangle runs along the southern boundary of the site – see aerial above from Contra Costa County GIS.

From public records, it appears that the current owner is Home for Jewish Parents, a California nonprofit benefit corporation (Reutlinger Community). From the deed of trust assignment provided by the client, it appears that the current owner obtained the subject property in December 2010. This cannot be confirmed from public record that does not show transfer date data, only loan data also in December 2010.

The following exhibit from the subject property records shows the subject plat map.

Subject Plat Map

(Does not show Parkhaven Drive)



In this Restricted Appraisal Report, the fee simple value is considered. For this type of report, a large percentage of the research and analysis is retained in the appraiser's work file. This type of report is for a specific use and for a specific user and should not be utilized for any other purpose. *Please be advised that the rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without additional information from the appraiser's work file.*

DEFINITIONS

Fee Simple Estate

"Absolute ownership unencumbered by any other interest of estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."¹

Market Value

Market Value is defined as:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: Office of the Comptroller of the Currency, under 12-CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [F].

CLIENT / INTENDED USER

The client and intended user of this Restricted Appraisal Report is Home for Jewish Parents (The Reutlinger Community) a California nonprofit public benefit corporation.

INTENDED USE

The intended use is for the client's internal use. It is not intended for any other use. The appraiser is not responsible for any other unauthorized use of this report.

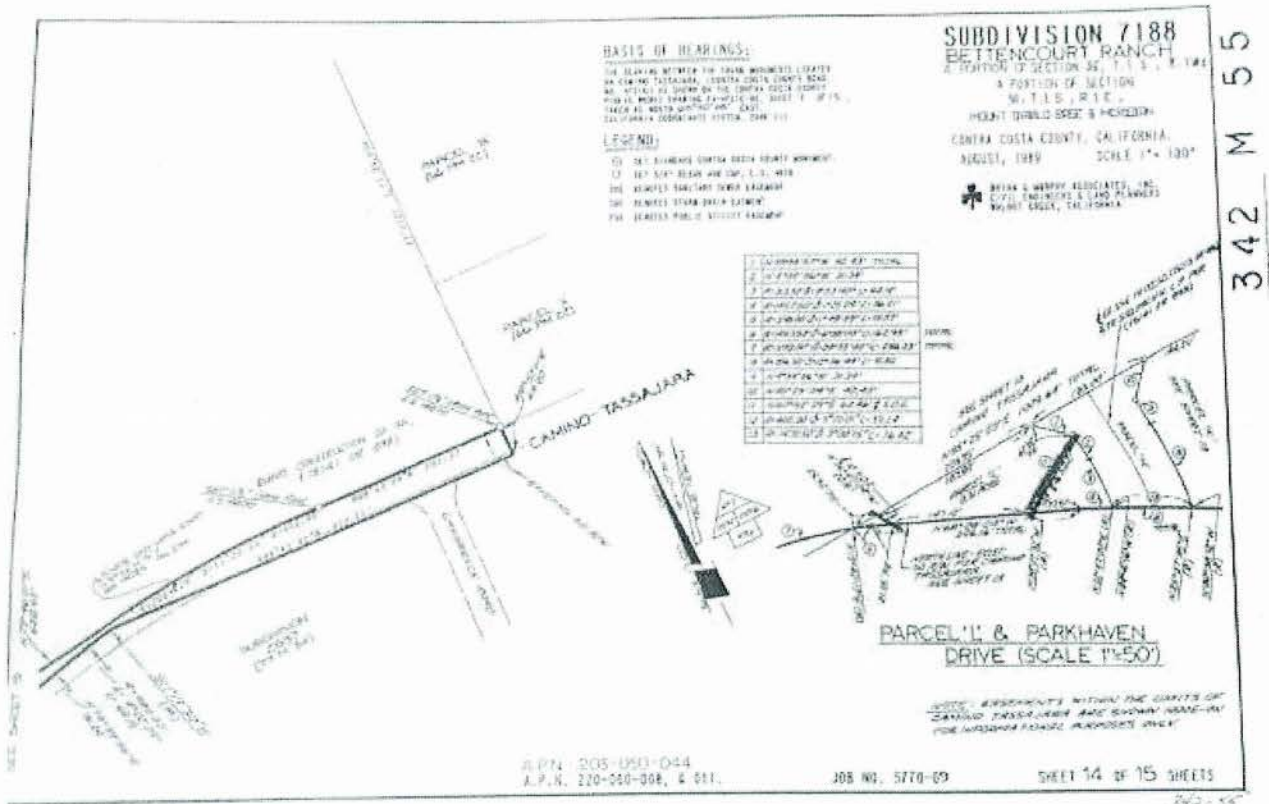
IDENTIFICATION OF THE REAL ESTATE

The subject of this report is a vacant commercial site located at the southwest corner of Camino Tassajara and Parkhaven Drive in an unincorporated area of Danville, California.

A preliminary title report on the subject was provided. The preliminary title report was compiled by Republic Title Company dated November 5, 2010. This report covers all the properties

¹The Appraisal of Real Estate, Tenth Edition, 1992, The Appraisal Institute, 1992, Page 122.

owned by the client including the subject parcel. The subject parcel is noted in the report as a portion of Parcel 3, which also includes two other parcels. Easements noted that impact Parcel 3 are not broken out so as to be related to the subject alone without detailed analysis. This appraiser reached out to Old Republic Title Company personnel for some direction on which easements impacted the subject parcel. The following map showing storm drain easements impacting the subject was provided.



The highlighted areas are those that are restricted due to storm drain easements. It is highly likely that there are other easements impacting the property, but their impact is not considered as critical with regard to any future development. See a copy of the preliminary title report in the Addenda.

The following is the legal description for Parcel 3 of which the subject is a part. The subject is identified as Parcel L.

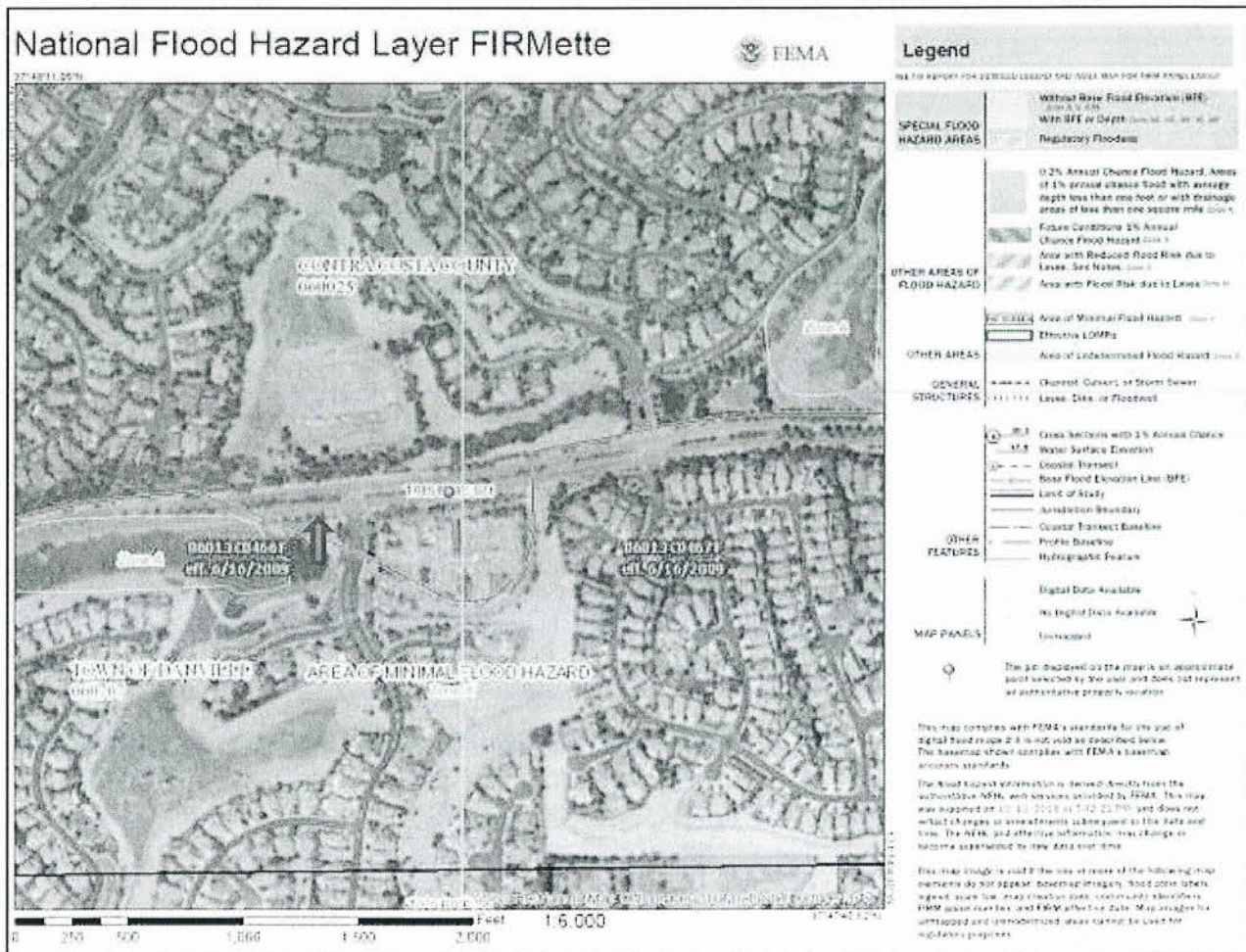
Parcels "K", "L" and "N", as shown on the Map of Subdivision 7188, filed March 12, 1990 in Book 342 of Maps, Page 42, Contra Costa County Records, as amended by the Certificate of Correction, recorded May 18, 1990 in Book 15867, Page 312, Official Records, under Recorder's Serial Number 90-103050.

Assessor's Parcel Numbers:

- 206-311-020 - Being Parcel One,
- 220-060-039 - Being Parcel Two,
- 220-060-019 - Being Parcel K of Parcel Three,
- 220-060-020 - Being Parcel L of Parcel Three,
- 220-060-022 - Being Parcel N of Parcel Three.

Flood Zone

The FEMA flood Zone map for the subject area follows. The subject does not appear to be in a major flood zone, but the adjacent parcel is - Zone A.

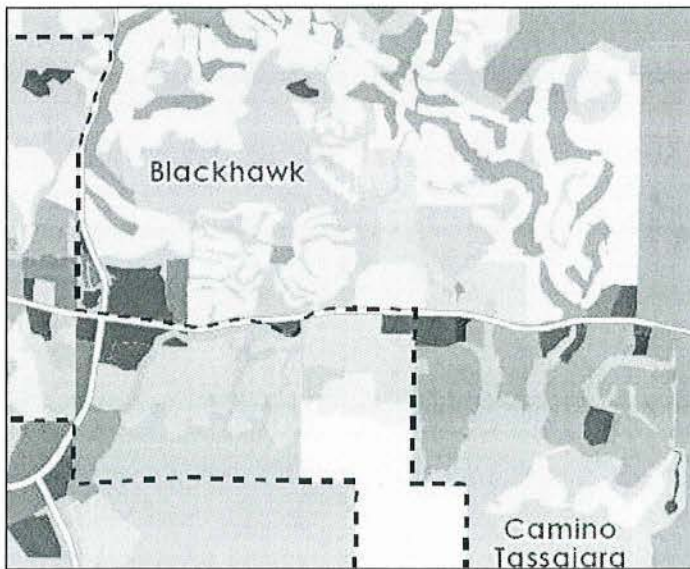


CURRENT USE

The subject is a vacant land site of about 13,504-square feet, or 0.31-acres.

HIGHEST and BEST USE

Based on location, surrounding uses, demand, and zoning (P-1 and general plan use designation PS) under the hypothetical condition herein, the highest and best use of the subject may be for a couple of uses. Under its current general plan and zoning (PUD), it may be developed to include open space, agricultural, and recreational uses, as well as public/semipublic uses such as schools; public offices; highways and major flood control rights-of-way; and railroads. Within these uses and considering the subject size, a school, likely a preschool is the most credible use for site development.



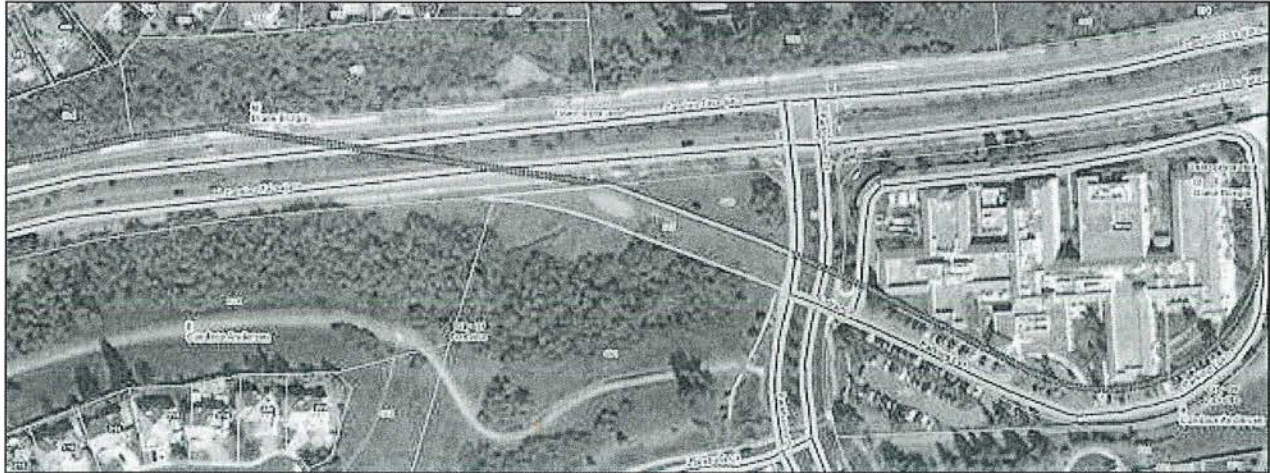
The exhibit, left, is from a portion of the County's General Plan Map. The dark blue areas (PS land use) along Camino Tassajara indicate the Home for Jewish Parents (larger area) and the subject area to the west. These PS areas are east of the larger Blackhawk development on the north side of Camino Tassajara.

General Plan Land Use Element

General Plan Designations for Land Within Contra Costa County

M-1 Park Area Mixed Use	D-1 Single Family Residential - Very Low	U-1 Light Industry
M-2 Downtown/Woodford Road Mixed Use	D-2 Single Family Residential - Low	U-2 Heavy Industry
M-3 Pleasant Hill SART Mixed Use	DM Single Family Residential - Medium	AL-ODA Agriculture Land & Open Space Area
M-4 Willow Park Road Mixed Use	DH Single Family Residential - High	CC Commercial Recreation
M-5 Willow Park Road Commercial Mixed Use	ML Multiple Family Residential - Low	ACC Airport Commercial
M-6 Bay Point Residential Mixed Use	MM Multiple Family Residential - Medium	U-3 Office
M-7 (Piedmont) Bay Point SART Option Mixed Use	MH Multiple Family Residential - High	PS Public Use Public
M-8 Dougherty Valley Village Center Mixed Use	MV Multiple Family Residential - Very High	PR Parks and Recreation
M-9 (Marston) Marston Mixed Use	MS Multiple Family Residential - Very High Special	OS Open Space
M-10 Willow Park Business Park Mixed Use	CC-1 Congregate Care/Tenure Housing	AG Agriculture Land
M-11 Appleton Way Mixed Use	MS-1 Mobile Home	AG-1 Agriculture Core
M-12 (Trangle) Area Option Mixed Use	CC-2 Commercial	CR Data Recreation
M-13 San Pablo Dam Residential Use	CR-1 Office	W-1 Water
M-14 Heritage Park Mixed Use	CR-2 Office Park	W-2 Wastewater
M-15 (Gardner) Village Mixed Use	M-1 Mixed Use	

It may also be possible to assemble the subject with the adjacent parcel for a larger developable site if required. The subject is under the jurisdiction of Contra Costa County and the adjacent parcel to the south is under that of the Town of Danville. Both planning department officials were interviewed on the phone about this possibility. It was learned that if done, it would have to be through the county. The Town of Danville has the adjacent parcel under the General Plan designated as a roadway. See map from Contra Costa County's ccmaps.us.gov site below. Adjacent parcel outlined in blue. The subject is the corner parcel above.



REAL PROPERTY INTEREST VALUED

The real property interest valued herein is the fee simple estate interest.

PURPOSE OF THE ASSIGNMENT

The purpose of this assignment is to develop an opinion of the fee interest market value of the subject as defined by the agencies that regulate financial institutions in the United States and published by the Appraisal Institute in the Dictionary of Real Estate Appraisal, 4th edition, 2002.

EFFECTIVE DATE OF VALUE OPINION

The effective date of value opinion in this report is October 18, 2018; the date of the property inspection.

DATE OF REPORT

The date of this report is November 8, 2018.

SCOPE OF THE ASSIGNMENT

The scope of the appraisal included:

- research subject – property profile, transfers, former uses;
- a walk-on inspection of the subject property and photographs;
- contact officials for Contra Costa County (subject's jurisdiction) and Town of Danville

which has the subject in their area of influence for particulars on the subject – zoning, general plan, potential development uses, potential of merging with adjacent parcel and easements that would restrict development;

- gather information on comparable land sales and listings in surrounding cities in Contra Costa and Alameda Counties that are similar to the subject site in as many aspects as possible to find.; use of title company data search, MLS and Internet searches. Data on the sales was confirmed with the municipalities in which they were located.
- confirm of all comparable sales and listings with at least one of the parties to the transaction, as possible; and
- analysis of data and application of the Sales Comparison to value for a credible value conclusion.

REPORT OPTION

This report is a Restricted Appraisal Report in accordance with Standards Rule 2-2 (c) of the Uniform Standards of Professional Appraisal Practice (USPAP). As such, it presents very little discussion of the data reasoning and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in the appraiser's file. This type of report is for a specific use and for a specific user and should not be utilized for any other purpose. *Please be advised that the rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without additional information from the appraiser's work file.*

SUMMARY OF VALUATION ANALYSIS

The following approach to value was considered in this section of the report. The Sales Comparison approach to value is considered to be the most credible approach to valuing vacant land properties such as the subject.

SALES COMPARISON APPROACH

The first step in this approach is to survey the local market and similar market areas for sales of similar vacant land or redevelopment land sites, which have transferred as close to the date of value as possible. As a result of this search, a number of sales considered relevant to the subject were discovered. After further analysis, those sales reflecting the highest degree of comparability to the subject are displayed on the following chart. Additional details and comments with respect to each sale have been provided within the sales chart, as well as adjustment comparisons to the subject. Please note that due to the smaller size of the subject, not many comparable sales were found.

A review of the market information and conversation with brokers (where possible) indicated that the price per square foot is the market's unit of comparison. The table on the following page summarizes the sales used to compare to the subject. The sales utilized in this approach were the best found. All of the sales transferred at market terms and rates. The sales were purchased by investors for development. The sales are also the smallest size found to compare to the subject's 0.31-acre size.

Sales were compared to the subject for location/desirability, visibility (street frontage and traffic) size, access (corner versus mid-block), and known legal restrictions or benefits on use such as development approvals. Note: All other factors of comparability being equal, smaller properties typically sell for a higher price per square foot than their larger counterparts. Two of the comparables were significantly larger and were adjusted for size.

The sales closed between January and May 2017 with a current listing included for comparison. A time adjustment was not considered based on the limited data and the state of many of the sales as approved in various stages for development. No paired analysis to indicate a time adjustment was possible.

Entitlements on Sales 1-3 were considered for adjustment based on cost and time to achieve entitled status. After speaking with several planners and developers, an adjustment of \$50,000 per unit was used for adjustment. There was no true empirical data for this adjustment so it is somewhat subjective.

The storm drain easements on the subject site will restrict future development in that no structures will likely be able to be built on the portions of the site impacted. Driveways and perhaps a playground in the case of a preschool may be allowed. Details on other easements could not be determined based on the preliminary title report provided as there were three parcels included in what was referred to as Parcel 3. However, some impact is likely for the subject's development. It was estimated that up to half of the subject site would be negatively impacted by easements. This loss in developable area (square footage) for structures was reflected in an adjustment to the comparable sales in the *Utilities* category.

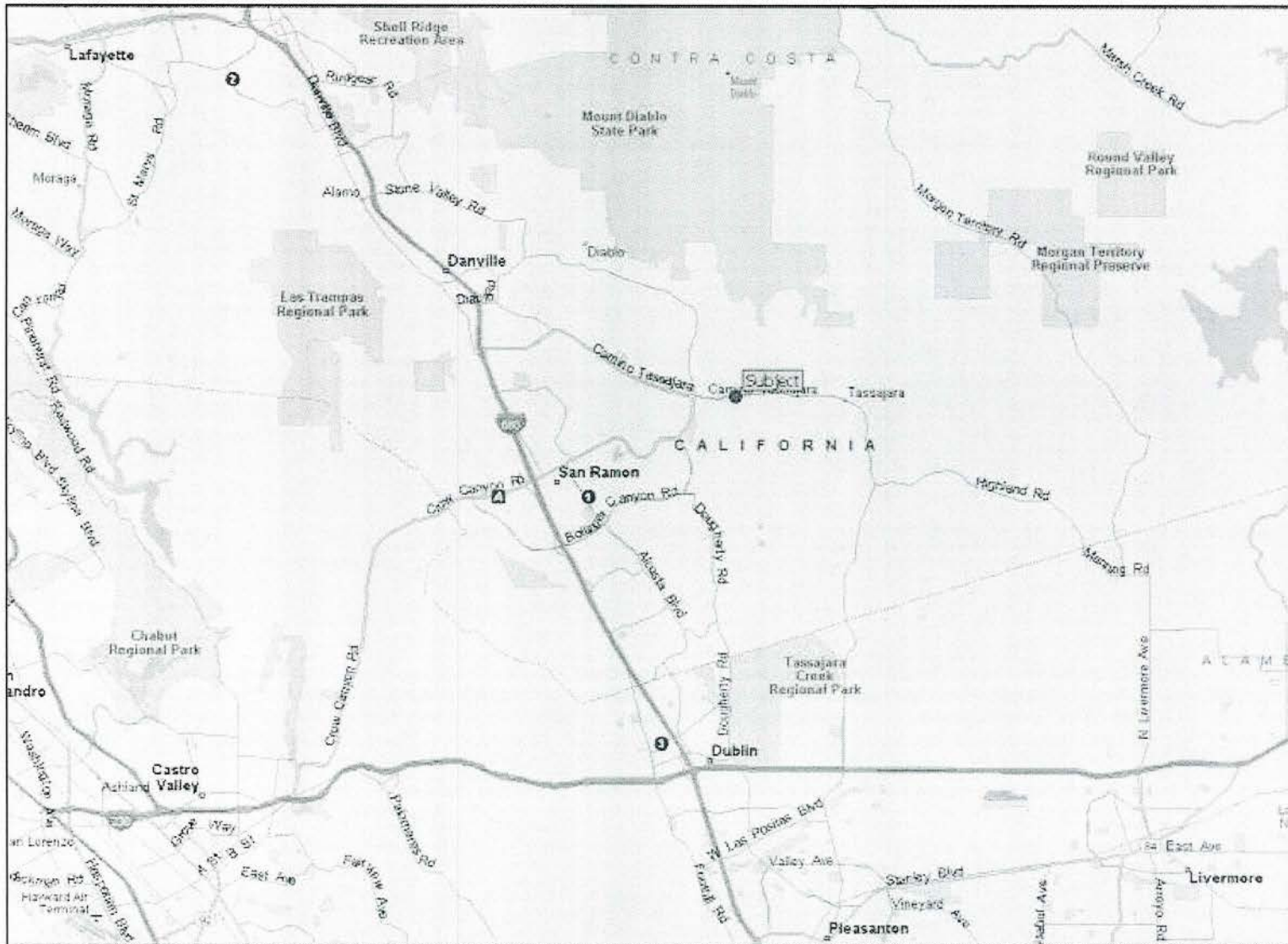
Sale 1 and Listing A have difficult slope and creek set back respectively to deal with and therefore were adjusted for *Terrain* factors. These two comparable were also adjusted for their inferior access. Only Sale 3 had similar visibility - on a corner of a major roadway like the subject site.

Sites that have a higher allowable F.A.R. – tend to be worth more than those with a lower available density for future development. The F.A.R. rates for the comparables are based on the planned development sizes for Sales 1-3. The probable F.A.R. for Listing A was provided by San Ramon Planning. Based on its zoning it could be as high as 0.45, but due to the required creek setback and the immovable heritage oaks on the site; and based on the previously approved development plan of about 3,000-SF in two stories, the apparent F.A.R. for this site could only be about 0.18. The subject's F.A. R. for development was reported not to be available due to its inclusion as a non-developable portion of the senior facility subdivision designated for additional parking and landscaping. However, it would likely be most similar to that of Listing A that is also impacted by issues that would restrict the size of development. Adjustments were made accordingly on this basis.

	Subject	Sale 1	Sale 2	Sale 3	Listing A
Address	SC Camino Tassajara & Parkhaven Dr. Danville, CA (unincorporated area)	12700 Alcosta Blvd. San Ramon, CA	1700 Tice Valley Blvd. Walnut Creek, CA	7601 Amador Valley Blvd. Dublin, CA	6 Boardwalk Place San Ramon, CA
APN	220-060-020-9	213-750-015-9	189-040-016-9 & 184-462-021-9	941-172-1-9	209-770-016
Size - Acres/Sq. Ft. Land	0.31 13,504	2.60 113,256	2.67 116,305	0.98 42,789	0.39 16,988
Zoning	P-1 (PUD) General Plan PS (public and semi-public)	PS (Public Semi-Public uses)	PUD - Planned Development (institutional)	DDZD, Retail district with downtown Dublin Specific Plan	LO (Office)
Approvals/Entitlements/ Comments	Subject is approx. triangular shaped with a number of easements for public utilities impacting the site. It has frontage on Camino Tassajara and limited frontage on Parkhaven Drive. It is designated on the final map for senior facility for parking and landscaping. Would require submission and approval of new development plan to allow development. It is further identified as Parcel L. One of 3- parcels in the Title report - Parcel 3 includes parcels L, K and N - contiguous parcels E to W. APN 220-060-039 under same owner is west in the Town of Danville. May be potential for merging for larger parcel for development.	Property behind Church of Nazarene purchased for construction of new 2-story, 52,000-SF, 82-bed senior assisted-living and memory care facility (31-units/ac). It is located south of San Ramon Regional Hospital and adjacent to church addition under construction 9/2018. Development approved before sale. Site has a significant slope to the east that impacted development costs.	Site purchased for expansion of existing Byron Park senior housing development. Plans are for a 33,649-SF, 40-bed addition to the existing senior housing facility with underground parking-40 cars/stalls, 15-units/ac. City of Walnut Creek shows only 1.22-acres being developed with this project. Other parcel provides access.	Site was purchased for development of Avesta Senior Care facility - 69,217-SF bldg. 4-stories and 40-parking spaces in downtown Dublin. Will have apartments, assisted living, memory care units with communal eating & living areas. Building permit currently under review. Sold with preliminary permits in place. Development of about 92-units/acre.	Zoning is for limited office. Site was foreclosed on by a private lender in 2012 after 2006 purchase for \$527,000. Previous plans for office development were approved but have since expired. Site has a 100-ft creek setback and a number of heritage oaks that cannot be removed which both restrict site development. Based on former dev. plans FAR is 0.18 Zoning allows FAR of 0.45.
FAR (based on approvals &/or zoning)	Not Available as currently designated would need development plan first.	0.46	0.28	1.56	0.18
Buyer		San Ramon Owner LLC (Summit Senior Living)	SHP V Byron Park II LLC	Dublin CA Real Estate LLC	Unknown
Seller(s)		Unknown	KSL BP Holdings LLC	Whitney Investments-7601	John A Greenman
Document No.		2017-095827	2017-094178	2017-024546	N/A
Sale Date		31/May/17	26/May/17	31/Jan/17	Active Listing
Sales Price or List Price		\$4,750,500	\$3,457,000	\$3,100,000	\$360,000
Sales Price/Sq. Ft.		\$42	\$30	\$72	\$21
Property Rights		0%	0%	0%	0%
Adjusted \$/Sq. Ft.		\$42	\$30	\$72	\$21
Financing		0%	0%	0%	0%
Adjusted \$/Sq. Ft.		\$42	\$30	\$72	\$21
Conditions of Sale		0%	0%	0%	0%
Adjusted \$/Sq. Ft.		\$42	\$30	\$72	\$21
Expenditures After Sale		0%	0%	0%	0%
Adjusted \$/Sq. Ft.		\$42	\$30	\$72	\$21
Sale Date (Mkt. Conditions)		0%	0%	20%	0%
Adjusted \$/Sq. Ft.		\$42	\$30	\$87	\$21
Location		0%	15%	0%	10%
Visibility		5%	5%	0%	20%
Land Area		10%	10%	0%	0%
Shape		0%	-5%	0%	0%
Terrain		5%	0%	0%	10%
Access		0%	0%	0%	5%
Utilities - subject impacting developable/usable site area		-6%	-7%	-9%	0%
Status - approvals in place		-20%	-12%	-16%	0%
Miscellaneous - dev. Density allowed		-20%	-10%	-40%	0%
Total Adjustment		-26%	-4%	-65%	45%
Indic. Subject Value / Sq. Ft.		\$31	\$29	\$30	\$30

No. of Comps Used \$/SF	Min. Value/Sq. Ft.	Mean	Max. Value/Sq. Ft.	Median
4	\$29	\$30	\$31	\$30

Comparable Sales Location Map



Conclusion of Value - Sales Comparison Approach

Adjustment to the subject for the comparable sales indicated a market range from \$29 to \$31 per square foot. The most similar sized sales are Sales 3 and Listing A. The most similar in location are Sale1 and Listing A. Before adjustments the sales in various states of development approval were the higher priced of the sales. Listing A due to its many development restrictions and inferior location with regard to access and visibility is at the lower end of the range.

The subject has a good, visible location, but is small in size and impacted by utility easements. The sales were purchased as investments for development, similar to the future potential use of the subject site. Therefore, after further consideration, based on this analysis and the general and extraordinary assumptions following, the estimated value for the subject is about \$30 per square foot, or **\$400,000**, rounded.

EXPOSURE TIME

Exposure Time is defined in USPAP (2016-2017) as the estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

Based on a review of the subject's issues and limited number of development options under the P-1 zoning and PS general plan designation, it appears that a reasonable exposure time for the subject property would be one year or more.

HYPOTHETICAL CONDITION

Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

According to Contra Costa Planning, the jurisdiction for the subject parcel, in the development plan for the Home for Jewish Parents the parcel "L" was designated for additional parking and landscaping. To allow for an alternative use such as preschool development, a new development plan would have to be submitted and approved.

As valued herein, it is assumed that the subject is developable land as if a plan had been submitted and approved.

EXTRAORDINARY ASSUMPTIONS

Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

1. As agreed upon with the client prior to the preparation of this appraisal, this is a Restricted Appraisal Report.
2. The subject site is small and irregularly shaped, almost triangular. At least one utility easement - storm drain easement impacts the subject with regard to structures on the impacted area. In order to enlarge the subject site size, it may be possible to do an assemblage with the parcel to the south (220-060-039) that is under the jurisdiction of the Town of Danville. This could not be 100% confirmed with either Contra Costa County or Town of Danville Planning Department officials. However, it was stated that if done it would have to be through the County.

An assemblage may make the site more attractive in the market; therefore reducing the marketing time for a potential sale.

CONTINGENT AND LIMITING CONDITIONS

The certification of the Appraiser appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the Appraiser in the report. *Note: The comments/conditions in the body of the report take precedence over those contained in items 1-25 below.*

1. By this notice, all persons and firms using or relying on this report in any manner bind themselves to accept these contingent and limiting conditions, and all other contingent and limiting conditions contained elsewhere in this report. **Do not use any portion of this report unless you fully accept all contingent and limiting conditions contained throughout this document.**
2. No portion of this report may be published or reproduced without the prior written consent of the appraiser. These conditions are an integral part of this appraisal report, and are a preface to any certification, definition, description, fact, or analysis. Moreover, these conditions are intended to establish as a matter of record that the purpose of this report is to provide a value estimate for the subject property.
4. The liability of the Appraisers is limited solely to the client. There is no accountability, obligation, or liability to any other third party. The Appraisers' maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) is limited to monies paid to Venture Research for that portion of their services, or work product giving rise to liability. In no event shall the Appraisers be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.) even if advised of their possible existence. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all contingent and limiting conditions,

assumptions, discloses, and related discussions. Use of this report by third parties shall be solely at the risk of the third party.

5. Any value estimate herein is based on observations of the subject by the appraiser(s), a gathering of market information, and an analysis of the gathered information as of the effective value date. Information about the subject property, neighborhood, comparables, or other topics discussed in this report was obtained from sensible sources. In accordance with the extent of research disclosed in the Scope of Work section, all information cited herein was examined for accuracy, is believed to be reliable, and is assumed reasonably accurate. However, no guaranties or warranties are made for this information. No liability or responsibility is assumed for any inaccuracy which is outside the control of the Appraiser, beyond the scope of work, or outside reasonable due diligence of the Appraiser.
6. Real estate values are affected by many factors. Therefore, any value opinion herein is considered most credible on the effective value date. Every day that passes thereafter, the degree of credibility wanes as the subject changes physically, the economy changes, or market conditions change. The Appraisers reserve the right to amend these analyses and/or the value conclusion(s) contained within this appraisal report if erroneous, or more factual information is subsequently discovered. No guarantee is made for the accuracy of estimates or opinions furnished by others and contained in this report.
7. This appraisal is not an engineering, construction, legal, or architectural study. It is not an examination or survey of any kind. Expertise in these areas is not implied. The Appraisers are in no way responsible for any costs incurred to discover, or correct any deficiency in the property. In the case of limited partnerships, syndication offerings, or stock offerings in the real estate, the client agrees that in case of lawsuit (brought by the lender, partner, or part owner in any form of ownership, tenant, or any other party), the client will hold Landmark Valuation, its officers, contractors, employees and associate appraisers completely harmless. Acceptance of, and/or use of this report by the client, or any third party is prima facie evidence that the user understands, and agrees to all these conditions.
8. Unless specifically stated herein, the appraisers are unaware of any engineering study made to determine the bearing capacity of the subject land, or nearby lands. Improvements in the vicinity, if any, appear to be structurally sound. It is assumed soil and subsoil conditions are stable and free from features, which would cause supernormal costs to arise. It is also assumed existing soil conditions of the subject land have proper load bearing qualities to support the existing improvements, or proposed improvements appropriate for the site. No investigations for potential seismic hazards were made. This appraisal assumes there are no conditions of the site, subsoil, or structures, whether latent, patent, or concealed that would render the subject property less valuable. Unless specifically stated otherwise in this document, no earthquake compliance report, engineering report, flood zone analysis, hazardous waste, or asbestos analysis was made, or ordered in conjunction with this appraisal report. The client is strongly urged to retain experts in these fields, if so desired.
9. For appraisals of multifamily property, only a portion of all dwellings was observed. A typical ratio of observed dwellings roughly approximates 20% of the total number of units, and this ratio declines as the number of dwellings grows. It is assumed, in reaching a value conclusion, that the functionality, condition, and finish of the remaining units are similar to the functionality, condition, and finish of the observed units. If unobserved

dwellings significantly differ from those that were viewed in functionality, condition, or finish, the Appraisers reserve the right to amend the analysis and/or value conclusion(s).

10. The physical condition of the improvements described herein was based only on visual observation. Electric, heating, cooling, plumbing, water supply, sewer or septic, mechanical equipment, and other systems were not tested. No determinations were made regarding the operability, capacity, or remaining physical life of any component in, on, or under the real estate appraised. All building components are assumed adequate and in good working order unless stated otherwise. Private water wells and private septic systems are assumed sufficient to comply with federal, state, or local health safety standards. No liability is assumed for the soundness of structural members since structural elements were not tested or studied to determine their structural integrity. The roof(s) of the structure is (structures are) assumed water tight unless otherwise noted. Comments regarding physical condition are included to familiarize the reader with the property. This document is not an engineering or architectural report. If the client has any concern regarding structural, mechanical or protective components of the improvements, or the adequacy or quality of sewer, water or other utilities, it is suggested experts in these disciplines are retained before relying upon this report. No representations are made herein as to these matters unless specifically stated otherwise in this report.
11. No liability is assumed for matters of legal nature that affect the value of the subject property. Unless a clear statement to the contrary is made in this report, value estimate(s) herein are predicated upon the following assumptions. (A) The real property is appraised as though, and assumed free from all value impairments including yet not limited to title defects, liens, encumbrances, title claims, boundary discrepancies, encroachments, adverse easements, environmental hazards, pest infestation, adverse leases, and atypical physical deficiencies. (B) All real estate taxes and assessments, of any type, are assumed fully paid. (C) The property being appraised is assumed held under responsible and lawful ownership. (D) It is assumed the subject property is operated under competent and informed management. (E) The subject property was appraised as though, and assumed free of indebtedness. (F) The subject real estate is assumed fully compliant with all applicable federal, state, and local environmental regulations and laws. (G) The subject is assumed fully compliant with all applicable zoning ordinances, building codes, use regulations, and restrictions of all types. (H) All licenses, consents, permits, or other documentation required by any relevant legislative or governmental authority, private entity, or organization have been obtained, or can be easily renewed for a nominal fee.
12. If this appraisal values an interest that is less than the whole leased fee estate, then the following limitations apply. The final value estimate pertains only to the fractional interest that constitutes the real property appraised. Moreover, the value of the fractional interest appraised plus the value of all other complementary fractional interests may or may not equal the value of the entire leased fee estate.
13. An appraised property that is a physical portion of a larger parcel or tract is subject to the following limitations. The value estimate for the property appraised pertains only to that portion defined as the subject. This value estimate should not be construed as applying with equal validity to other complementary portions of a larger parcel or tract. The value estimate for the physical portion appraised plus the value of all other complementary physical portions may or may not equal the value of the whole parcel or tract.
14. The allocation of value between the subject's land and improvements, if any, represents our judgment only under the existing use of the property. A re-evaluation should be made

if the improvements are removed, substantially altered, or the land is utilized for another purpose.

15. The Appraisers assume a prospective purchaser of the subject is aware of the following. (A) This appraisal of the subject property does not serve as a warranty on the condition of the property. (B) It is the responsibility of the purchaser to examine the property carefully, and to take all necessary precautions before signing a purchase contract. (C) Any estimate for repairs is a non-warranted opinion of the appraiser.
16. If this appraisal values the subject as though construction, repairs, alterations, remodeling, renovation, or rehabilitation will be completed, it is assumed such work will be completed in a timely fashion, using non-defective materials, and proper workmanship. All completed work is assumed to substantially conform to plans, specifications, descriptions, or attachments made or referred to herein. It is also assumed all planned, in-progress, or recently completed construction complies with the zoning ordinance, and all applicable building codes. In a prospective valuation, it is understood and agreed the Appraiser is not responsible for the impact on value, caused by unforeseeable events, before completion of the project.
17. Any exhibits in the report are intended to assist the reader in visualizing the subject property and its surroundings. The drawings are not surveys unless specifically identified as such. No responsibility is assumed for cartographic accuracy. Drawings are not intended to be exact in size, scale, or detail.
18. Value estimates involve only real estate, and inconsequential personal property. Value conclusions do not include personal property, unaffixed equipment, trade fixtures, business good will, chattel, or franchise items of material worth unless specifically stated otherwise.
19. Conversion of the subject's income into a market value estimate is based upon typical financing terms that were readily available from a disinterested, third party lender on this report's effective date. Atypical financing terms and conditions do not influence market value, but may affect investment value.
20. All information and comments concerning the location, neighborhood, trends, construction quality, construction costs, value loss, physical condition, rents or other data for the subject represent estimates and opinions of the Appraisers formed after an observation of the property. Expenses shown in the Income Approach, if used, are estimates only. They are based on past operating history, if available, and are stabilized as generally typical over a reasonable period.
21. Venture Research and the appraisers have no expertise in the field of insect, termite, or pest infestation. We are **not** qualified to detect the presence of these or any other unfavorable infestation. The appraisers have no knowledge of the existence of any infestation on, under, above, or within the subject real estate. No overt evidence of infestation is apparent to the untrained eye. However, we have not specifically inspected or tested the subject property to determine the presence of any infestation. No effort was made to dismantle or probe the structure. No effort was exerted to observe enclosed, encased, or otherwise concealed evidence of infestation. The presence of any infestation would likely diminish the property's value. The value estimate in this communication assumes there is no infestation of any type affecting the subject real estate. No responsibility is assumed by the appraisers or Venture Research for any infestation or for

any expertise required to discover any infestation. Our client is urged to retain an expert in this field, if desired.

22. Effective January 26, 1992, the Americans with Disabilities Act (ADA) - a national law, affects all non-residential real estate or the portion of any property, which is non-residential. The appraisers have not observed the subject property to determine whether the subject conforms to the requirements of the ADA. It is possible a compliance survey, together with a detailed analysis of ADA requirements, could reveal the subject is not fully compliant. If such a determination was made, the subject's value may or may not be adversely affected. Since the appraisers have no direct evidence, or knowledge pertaining to the subject's compliance or lack of compliance, this appraisal does **not** consider possible noncompliance or its effect on the subject's value.
23. The appraiser is not required to give testimony or appear in court because of having prepared this report unless arrangements have been previously made. If the appraiser is subpoenaed pursuant to court order, the client agrees to compensate the Appraisers for their court appearance time, court preparation time, and travel time at their regular hourly rate, then in effect, plus expenses. In the event the real property appraised is, or becomes the subject of litigation, a condemnation, or other legal proceeding, it is assumed the Appraisers will be given reasonable advanced notice, and reasonable additional time for court preparation.
24. All opinions are those of the signatory appraiser(s) based on the information in this report. We assume no responsibility for changes in market conditions, or for the inability of the client, or any other party to achieve their desired results based upon the appraised value. Some of the assumptions or projections made herein can vary depending upon evolving events. We realize some assumptions may never occur and unexpected events or circumstances may occur. Therefore, actual results achieved during the projection period may vary from those set forth in this report. Compensation for appraisal services is dependent solely on the delivery of this report, and no other event or occurrence.
25. A signatory of this report may be a member, associate or candidate of the Appraisal Institute. If so, the Bylaws and Regulations of the Institute require each member, associate, and candidate to control the use and distribution of each report signed by such member, associate, or candidate. Therefore, our client may distribute copies of this report, unless it is a Restricted Use report, **in its entirety**, to anyone. However, neither all nor any part of this report shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media, electronic devices, or other media without the prior written consent of Venture Research Valuation. This restriction applies particularly as to the valuation conclusions, the identity of the Appraisers, any reference to the Appraisal Institute, or to the MAI, SRPA, or SRA designations.

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have not appraised the subject property at any time in the past.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I have made a personal inspection of the property that is the subject of this report and a drive-by inspection of the comparable sales.
- No one provided significant real property appraisal assistance to the person signing this certification.
- As of the date of this report, I am licensed in the State of California as a Certified General Real Estate Appraiser, No. AG009769 expires Oct. 4, 2019. I am a practicing Affiliate of the Appraisal Institute.



Helen S. Reese #AG009769

November 8, 2018

Dated

QUALIFICATIONS

HELEN S. REESE

APPRAISAL & CONSULTING EXPERIENCE

Venture Research
(Principal)
Walnut Creek, California
September 1997 to date

Garfield & Associates
(Principal)
Walnut Creek, California
August 1990 to September 1997

Laventhol & Horwath - CPA & Real Estate Consulting Firm
(Manager - Appraisal Department)
San Francisco, California
1987 to August 1990

Benchmark Appraisals, Inc.
(Appraiser Training Supervisor & Senior Staff Appraiser)
Santa Ana, California
1986 to 1987

Coastline Group, Inc.
(Associated Fee Appraiser)
Santa Ana, California
1985 to 1986

Venture Research & Adobe Saving & Loan Association
(Senior Appraiser/ Commercial Loan Appraisal Reviewer)
Concord, California
1980 to 1985

PROFESSIONAL

The Appraisal Institute & other Continuing Education - Courses & Seminars (not all inclusive):

EDUCATION

Capitalization Theory & Techniques-Parts I - II - III
Uniform Standards of Professional Appraisal Practice (USPAP)
Case Studies in Real Estate Valuation
Valuation Analysis & Report Writing
Residential Subdivision Analysis - Seminar
Right of Way Acquisitions: Case Studies -
Partial Interests - Seminar
Appraising Depressed Properties - Seminar
The Basics of Expert Witness for Commercial Appraisers
Laws and Regulations for California Appraisers
Appraisal of Assisted Living Facilities
Basic Hotel Appraising - Limited Service Hotels
Estate, Trust & Tax Planning: Life Decisions & Business Opportunities
Appraisal of Single Tenant Distribution Centers
Divorce & Estate Appraisals: Elements on Non-lender Work
Appraisal of Land Subject to Ground Leases

GENERAL EDUCATION

B.S. - State University of New York at Plattsburgh
M.S. - State University of New York at Plattsburgh

Venture Research
Vacant Commercial Land
SWC Camino Tassajara & Parkhaven Drive
Danville, CA

APPRAISAL ACTIVITIES &
LITIGATION SUPPORT

Types of Appraisals/Studies:

Market Value, Eminent Domain, Partial Takings and Easements, Leasehold, Financing and Mortgage Considerations, Litigation Support Valuations, Estate Valuations, and Partial Interest Valuations.

Types of Properties Appraised:

Unimproved and Improved Land, Industrial Properties, Apartment Buildings, Office Buildings, Mixed Use Facilities, Retail Centers, Residential Subdivisions, Athletic Club Facilities, Hotels, Restaurants, Gas Stations and Mini-Marts, Marinas, Mini-Storage Facilities, Churches and Other Special-purpose Income Producing Properties.

Partial Client List:

Individuals, Corporations, Businesses, Developers, Partnerships, Attorneys, Insurance Companies, Public Agencies, Banks and other lenders, and CPAs. Projects involving government agencies including appraisals for condemner and/or property owners City and County Governments, and Airports.

REVIEW APPRAISER

Compliance and Quality Review of all types of appraisals for Banks and other Financial Institutions relative to requirements of FIRREA and OREA.

EXPERT WITNESS

Real Estate, Qualified - *Expert Witness* by Federal Court and/or Superior Court of California - Contra Costa County, Marin County and Alameda County.

PROFESSIONAL
AFFILIATIONS

State Certified General Appraiser - State of California
(Office of Real Estate Appraisers License No. AG009769)
Practicing Affiliate Appraisal Institute
680 CIX Commercial Idea Exchange – commercial real estate networking group

OTHER
AFFILIATIONS

Danville/Sycamore Valley Rotary Club (on medical leave of absence) – former Secretary & Interact Advisor, Dougherty Valley High School
Voted **Rotarian of the Year 2011**
Blackhawk Chorus

Venture Research is a Woman-Owned Business, originating in 1990, then under the name Garfield & Associates, which was changed to Venture Research in September 1997 with the purchase of the same at that time (formerly established in 1965).

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Blog: <http://ventureresearch.wordpress.com>

ADDENDA

Zoning P-1

General

84-66.202 P-1 planned unit district.

All land within a P-1 planned unit district may be used as allowed and regulated in this chapter. (Ord. 79-74: § 84-66.002: prior code § 8166: Ord. 1743).

Article 84-66.2. General

84-66.202 P-1 planned unit district.

All land within a P-1 planned unit district may be used as allowed and regulated in this chapter.

(Ord. 79-74: § 84-66.002: prior code § 8166: Ord. 1743).

84-66.204 Intent and purpose.

A large-scale integrated development or a general plan special area of concern provides an opportunity for, and requires cohesive design when flexible regulations are applied; whereas the application of conventional regulation, designed primarily for individual lot development, to a large-scale development or special area may create a monotonous and inappropriate neighborhood. The planned unit district is intended to allow diversification in the relationship of various uses, buildings, structures, lot sizes and open space while insuring substantial compliance with the general plan and the intent of the county code in requiring adequate standards necessary to satisfy the requirements of the public health, safety and general welfare. These standards shall be observed without unduly inhibiting the advantages of large-scale site or special area planning.

(Ord. 79-4: § 84-66.004: prior code § 8166(a): Ord. 1743).

Article 84-66.4. Uses

84-66.402 Uses.

The following uses are allowed in the P-1 planned unit district:

- (1) Any land uses permitted by an approval final development plan which are in harmony with each other, serve to fulfill the function of the planned unit development, and are consistent with the general plan;
- (2) A detached single-family dwelling on each legally established lot and the accessory structures and uses normally auxiliary to it;
- (3) In a P-1 district for which residential uses are approved, residential second units complying with the provisions of Chapter 82-24.

(Ords. 87-67 § 6, 79-74: § 84-66.006: prior code § 8166(j): Ord. 1743).

84-66.404 Restriction.

No person shall grade or clear land, erect, move, or alter any building or structure on any land, after the effective date of its rezoning to a P-1 district, except when in compliance with an approved final development plan and/or this chapter.

(Ords. 79-74, 76-26 § 2, 76-25 § 2: § 84-66.010: prior code § 8166(c): Ord. 1743).

84-66.406 Interim exceptions.

If any land has been zoned P-1 district but no preliminary development plan approved thereon, the following may be approved:

- (1) Single-family Dwelling. Where it is established to the satisfaction of the director of planning that a vacant parcel of land is a legal lot and the one detached single-family dwelling proposed to be located thereon is consistent with the general plan, the dwelling may be placed on the lot without being subject to the application submittal, development plan review and approval provisions of this chapter.

(2) Nonconforming Use. Until a final development plan is approved, any nonconforming use lawfully existing at the time of the establishment of P-1 zoning on that property may be repaired, rebuilt, extended, or enlarged in accordance with Chapter 82-8.

(Ord. 79-74).

Article 84-66.6. Site Minimums

84-66.602 Areas.

The minimum areas for a P-1 district are:

- (1) Residential. Five acres for residential uses except that a mobile home subdivision shall have a minimum of ten acres;
- (2) Nonresidential. Ten acres for nonresidential uses;
- (3) Mixed. Fifteen acres for mixed residential and nonresidential uses; and
- (4) Office. No minimum for office uses which do not require heavy vehicular delivery or have easy automobile site access including some ancillary retail, service and residential uses when consistent with the general plan.

(Ords. 80-74 § 1, 79-74, 70-50: § 84-66.024: prior code § 8166(i): Ord. 1743).

Article 84-66.6. Site Minimums

84-66.602 Areas.

The minimum areas for a P-1 district are:

- (1) Residential. Five acres for residential uses except that a mobile home subdivision shall have a minimum of ten acres;
- (2) Nonresidential. Ten acres for nonresidential uses;
- (3) Mixed. Fifteen acres for mixed residential and nonresidential uses; and
- (4) Office. No minimum for office uses which do not require heavy vehicular delivery or have easy automobile site access including some ancillary retail, service and residential uses when consistent with the general plan.

(Ords. 80-74 § 1, 79-74, 70-50: § 84-66.024: prior code § 8166(i): Ord. 1743).

Article 84-66.10. Rezoning

84-66.1002 Procedure.

After initiation by the planning agency or final application approval, an area may be zoned "P-1 planned unit district" in accordance with Title 7 of the California Government Code and this code, and the zoning map of the area shall then be identified with the map symbol "P-1".

(Ords. 79-74, 76-26 § 2: 76-25 § 2: prior code § 8166(c): Ord. 1743).

Article 84-66.10. Rezoning

84-66.1002 Procedure.

After initiation by the planning agency or final application approval, an area may be zoned "P-1 planned unit district" in accordance with Title 7 of the California Government Code and this code, and the zoning map of the area shall then be identified with the map symbol "P-1".

(Ords. 79-74, 76-26 § 2: 76-25 § 2: prior code § 8166(c): Ord. 1743).

Article 84-66.10. Rezoning

84-66.1002 Procedure.

After initiation by the planning agency or final application approval, an area may be zoned "P-1 planned unit district" in accordance with Title 7 of the California Government Code and this code, and the zoning map of the area shall then be identified with the map symbol "P-1".

(Ords. 79-74, 76-26 § 2: 76-25 § 2: prior code § 8166(c): Ord. 1743).

84-66.1004 Ordinance plan.

If an application for P-1 zoning and a preliminary or final development plan is finally approved, the preliminary or final development plan and any conditions attached thereto, as approved or later amended, shall be filed with the planning department, and they are thereby incorporated into this Title 8 and become a part of the ordinance referred to in § 84-66.1002. (Ords. 79-74, 76-26 § 2: 76-25 § 2: prior code § 8166(c): Ord. 1743).

84-66.1006 Rezoning and development plan application.

Except as waived in writing by the planning director, the application for rezoning to P-1 district and concurrent approval of a preliminary development consists of five copies of each of the following:

- (1) A preliminary development plan, drawn to scale, indicating:
 - (A) Proposed use(s) of all land in the subject area,
 - (B) Existing natural land features, and topography of the subject area,
 - (C) Circulation plan for all vehicular and pedestrian ways,
 - (D) Metes and bounds of the subject property,
 - (E) Location and dimensions of all existing structures,
 - (F) Landscaping, parking areas, and typical proposed structures,
 - (G) Anticipated grading for the development;
- (2) A written legal description of the subject area;
- (3) A preliminary report on provision for storm drainage, sewage disposal and public utilities;
- (4) An economic feasibility report and analysis of all commercial and industrial uses, if any, proposed to be located within the development;
- (5) A feasibility analysis of all public and semipublic recreational and educational areas and facilities proposed to be located within the development, stating anticipated financing, development and maintenance;
- (6) A residential density analysis of the subject area, and the estimated population resulting therefrom;
- (7) A statement of how the proposed development is consistent with, and will further the goals and objectives of the general plan including, but not limited to, its community facilities elements;
- (8) A request for zoning change signed by the owner, and by the owner of any option to purchase the property or any portion thereof, if any;
- (9) Schematic drawings indicating the architectural design of all nonresidential buildings and structures and all residential buildings having attached units. Residential buildings utilizing zero lot line, cluster or patio techniques, typical designs shall be submitted. Single-family detached units on difficult topography may require design and placement review when requested by the planning director;
- (10) A statement of the stages of development proposed for the entire development, indicating the sequence of units and explaining why each unit standing by itself would constitute reasonable and orderly development in relation to the entire contemplated development where it is proposed to file final development plans by units for portions of the area to be covered by the preliminary development plan; and
- (11) Any additional information as may be required by the planning commission or board of supervisors at the time of any public hearing.

(Ords. 85-56 § 7, 79-74, 76-25 § 1, 76-25 § 2: prior code § 8166(b): Ord. 1743).

Article 84-66.12. Final Development Plan

84.66.1202 Requirements.

- (a) The final development plan drawn to scale, shall:

- (1) Indicate the metes and bounds of the boundary of the subject property together with dimensions of lands to be divided;
 - (2) Indicate the location, grades, widths and types of improvements proposed for all streets, driveways, pedestrian ways and utilities;
 - (3) Indicate the location, height, number of stories, use and number of dwelling units for each proposed building or structure;
 - (4) Indicate the location and design of vehicle parking areas;
 - (5) Indicate the location and design of proposed landscaping, expert for proposed single family residential development;
 - (6) Indicate the location and design of all storm drainage and sewage disposal facilities;
 - (7) Provide an engineer's statement of the proposed grading;
 - (8) Indicate the location and extent of all proposed land uses;
 - (9) Indicate the location of any residential dwellings proposed to be used as new sales models.
- (b) In addition, the final development plan shall be accompanied by:
- (1) Elevations of all buildings and structures other than single-family residences;
 - (2) A statement indicating procedures and programming for the development and maintenance of public or semipublic areas, buildings and structures;
 - (3) A statement indicating the stages of development proposed for the entire development;
 - (4) A statement indicating if any new residential dwellings are proposed to be used as sales models and asking approval of that use;
 - (5) Any additional drawings or information as may be required by the planning commission at the time of any public hearing in the matter.
- (Ords. 87-43 § 3, 79-74: § 84-66.102: prior code § 8166(d): Ord. 1743).

84-66.1204 Approval procedure.

- (a) The final development plan shall be submitted to the planning commission for approval, as with use permit applications, except it is the commission which hears and reviews it. The commission's decision may be appealed to the board of supervisors in accordance with Article 26-2.24, otherwise it becomes final.
 - (b) A final development plan may be approved by the planning commission for a portion or unit of the approved preliminary development plan, in accordance with the sequence of units authorized by its conditions of approval, or upon a showing of both good cause and that the proposed portion or unit would, standing by itself, constitute reasonable and orderly development in relation to the entire development.
- (Ords. 79-74, 76-26 § 3, 76-25 § 3: § 84-66.014: prior code § 8166(e): Ord. 1743).

84-66.1206 Combined application and final plan.

- (a) Combination. An applicant for rezoning to the P-1 district may submit simultaneously and in combination with the zoning application or thereafter but before the board's final zoning decision, an application for approval of a final development plan for the entire property. The application and proposed final development plan shall comply with the requirements of Sections 84-66.006 and 84-66.1202.
 - (b) Procedure. Such a combined final development plan application shall be processed, noticed, and heard by the planning commission. The commission's decision shall be a recommendation to the board of supervisors which shall make the final decision on the final development plan along with the rezoning pursuant to Article 84-66.10.
- (Ord. 79-74).

84-66.1206 Combined application and final plan.

- (a) Combination. An applicant for rezoning to the P-1 district may submit simultaneously and in combination with the zoning application or thereafter but before the board's final zoning decision, an application for approval of a final development plan for the entire property. The

application and proposed final development plan shall comply with the requirements of Sections 84-66.006 and 84-66.1202.

(b) Procedure. Such a combined final development plan application shall be processed, noticed, and heard by the planning commission. The commission's decision shall be a recommendation to the board of supervisors which shall make the final decision on the final development plan along with the rezoning pursuant to Article 84-66.10.

(Ord. 79-74).

84-66.1404 Latitude of regulations.

The planning commission may recommend and the board of supervisors may adopt as part of the preliminary development plan, and may require in the final development plan, standards, regulations, limitations and restrictions which are either more or less restrictive than those specified elsewhere in this ordinance code, and which are designed to protect and maintain property values and community amenities in the subject community, and which would foster and maintain the health, safety and general welfare of the community, including and relating to but not limited to the following:

- (1) Height limitations on buildings and structures;
 - (2) Percent coverage of land by buildings and structures;
 - (3) Parking ratios and areas expressed in relation to use of various portions of the property and/or building floor area;
 - (4) The location, width and improvement of vehicular and pedestrian access to various portions of the property including portions within abutting streets;
 - (5) Planting and maintenance of trees, shrubs, plants and lawns in accordance with a landscaping plan;
 - (6) Construction of fences, walls and floodlighting of an approved design;
 - (7) Limitations upon the size, design, number, lighting and location of signs and advertising structures;
 - (8) Arrangement and spacing of buildings and structures to provide appropriate open spaces around same;
 - (9) Location and size of off-street loading areas and docks;
 - (10) Uses of buildings and structures by general classification, and by specific designation when there are unusual requirements for parking, or when use involves noise, dust, odor, fumes, smoke, vibration, glare or radiation incompatible with present or potential development of surrounding property;
 - (11) Architectural design of buildings and structures;
 - (12) Schedule of time for construction and establishment of the proposed buildings, structures, or land uses or any stage of development thereof;
 - (13) Requiring of performance bonds to insure development as approved; and
 - (14) Requiring that where any residential dwelling unit (one-family dwelling or duplex) or units are approved to be used as a sales model or models at least one such unit have a sprinkler system installed therein meeting the standard specified in Chapter 718-6.
- (Ords. 87-43 § 4, 79-74: § 84-66.1404: prior code § 8166(f): Ord. 1743).

84-66.1406 Evaluations.

When approving and adopting the rezoning application, the preliminary development plan or the final development plan, the planning commission and/or board of supervisors as the case may be, shall be satisfied that:

- (1) The applicant intends to start construction within two and one-half years from effective date of zoning change and plan approval;
- (2) The proposed planned unit development is consistent with the county general plan;
- (3) In the case of residential development, it will constitute a residential environment of sustained desirability and stability, and will be in harmony with the character of the surrounding neighborhood and community;

(4) In the case of the commercial development, it is needed at the proposed location to provide adequate commercial facilities of the type proposed, and that traffic congestion will not likely be created by the proposed center, or will be obviated by presently projected improvements and by demonstrable provisions in the plan for proper entrances and exits, and by internal provisions for traffic and parking, and that the development will be an attractive and efficient center which will fit harmoniously into and will have no adverse effects upon the adjacent or surrounding development;

(5) In the case of proposed industrial development, it is fully in conformity with the applicable performance standards, and will constitute an efficient and well organized development, with adequate provisions for railroad and/or truck access service and necessary storage, and that such development will have no adverse effect upon adjacent or surrounding development; and

(6) The development of a harmonious, integrated plan justifies exceptions from the normal application of this code.

Article 84-66.16. Termination

84-66.1602 Procedure.

(a) Reversion. P-1 district shall become null and void, and the land use district classification shall revert to the immediately preceding zoning, designation if either:

(1) Within eighteen months after the effective date of the establishment of the P-1 district and/or the approval of the preliminary development plan (whichever is sooner), a final development plan is not submitted to the planning commission, or

(2) Within twelve months after the planning commission's approval of the final development plan, the construction specified in the final development plan has not been commenced.

(b) Time Limit Exception. The time limitation in subsection (a)(1) of this section applies only to the first final development plan of a unit of a phased preliminary development plan; it does not apply after approval and implementation of such first final development plan.

(c) Extensions. Upon showings of good cause, the board of supervisors may grant not more than five extensions of the time limitations set forth in subsection (a), each for no more than one year and all extensions totaling five years or less.

(Ords. 79-74, 76-26 § 4, 76-25 § 4: § 84-66.022: prior code § 8166(1): Ords. 71-17, 1743).

(Ord. 79-74: § 84-66.020: prior code § 8166(g): Ord. 1743).

Article 84-66.18. Plan Changes

84-66.1802 Preliminary development plan.

(a) Changes. Changes, in the approved preliminary development plan and its conditions of approval, may be approved by the planning commission, as with land use permit applications except that it is the commission which hears and reviews them. The commission's decision may be appealed to the board of supervisors in accordance with Article 26-2.24, otherwise it becomes final.

(b) Rezoning. When substantial changes in the preliminary development plan involve a reduction of or addition to its land area, then a rezoning application shall be submitted for consideration.

(Ord. 79-74, 76-26 § 2, 76-25 § 2: § 84-66.010: prior code § 8166(c): Ord. 1743).

84-66.1804 Final development plan.

(a) Review, Hearing. The zoning administrator shall review approved final development plan applications for modification pursuant to and otherwise regulated by the land use permit provisions of Chapter 26-2, for which he may schedule a public hearing and shall do so if he determines that a substantial modification is being requested in an approved final development plan.

(b) Findings. In approving the modification application, he shall find that it is consistent with the intent and purpose of the P-1 district and compatible with other uses in the vicinity, both inside and outside the district.

(c) Conditions. The zoning administrator may impose reasonable conditions and limitations to carry out the purpose of the P-1 district when approving any modification.

(Ord. 79-74: § 84-66.016; prior code § 8166(1); Ord. 1743).

Article 84-66.20. Variance Permits

84-66.2002 Granting.

(a) Procedure. Variance permits to modify the provisions contained in Article 84-66.6 may be granted in accordance with Chapters 26-2 and 82-6.

(b) General Plan Consistency. Such variance permit shall not be granted by the planning agency hearing the matter unless it finds that the variance is consistent with the general plan.

(Ord. 79-74).

EXHIBIT A

The land referred to is situated in the County of Contra Costa, City of Danville, State of California, and is described as follows:

PARCEL ONE:

Parcel A, as shown on the Map of Subdivision 6736, filed February 21, 1989, in Book 330 of Maps, Page 42, Contra Costa County Records.

PARCEL TWO:

A portion of the South 1/2 of Section 31, Township 1 South, Range 1 East, Mount Diablo Base and Meridian, described as follows;

Beginning at the point of intersection of the western line of the southeast 1/4 of said Section 31 with the southern right of way line of Camino Tassajara (50' wide), said point being on the arc of a curve concave to the north having a radius of 263.76 feet, a radial through said point bears South 61° 13' 13" East; thence along said southern line southwesterly and westerly 411.48 feet along said curve through an angle of 89° 23' 09"; thence continuing along said line the following courses and distances North 61° 50' 04" West 231.54 feet to the beginning of a curve concave to the southwest having a radius of 1407.50 feet; thence northwesterly 162.95 feet along said curve through an angle of 6° 38' 00"; thence North 68° 28' 04" West 206.16 feet to the beginning of a curve concave to the southwest having a radius of 548.00 feet; thence northwesterly 193.16 feet along said curve through an angle of 20° 11' 44" to the southern right of way line of Camino Tassajara (proposed 128' wide); thence along said line North 85° 25' 03" East 189.45 feet to a point on the northern right of way line of Camino Tassajara (50' wide), said point being the beginning of a non-tangent curve concave to the southwest having a radius of 598.00 feet; thence along said northern line southeasterly 19.07 feet along said curve through an angle of 1° 49' 39"; thence continuing along said northern line the following courses and distances South 68° 28' 04" East 206.16 feet to the beginning of a curve concave to the southwest having a radius of 1457.50 feet; thence southeasterly 168.74 feet along said curve through an angle of 6° 38' 00"; thence South 61° 50' 04" East 231.54 feet to the beginning of a curve concave to the northwest having a radius of 213.76 feet; thence southeasterly, easterly and northeasterly 389.98 feet along said curve through an angle of 104° 32' 00"; thence North 13° 37' 56" East 89.53 feet to the beginning of a curve concave to the southeast having a radius of 407.00 feet; thence northeasterly 3.48 feet along said curve through an angle of 0° 29' 24" to said western line to the southeast 1/4 of Section 31; thence along said line South 0° 31' 06" East 167.00 feet to the point of beginning.

PARCEL THREE:

Parcels "K", "L" and "N", as shown on the Map of Subdivision 7188, filed March 12, 1990 in Book 342 of Maps, Page 42, Contra Costa County Records, as amended by the Certificate of Correction, recorded May 18, 1990 in Book 15867, Page 312, Official Records, under Recorder's Serial Number 90-103050.

Assessor's Parcel Numbers:

- 206-311-020 - Being Parcel One,
- 220-060-039 - Being Parcel Two,
- 220-060-019 - Being Parcel K of Parcel Three,
- 220-060-020 - Being Parcel L of Parcel Three,
- 220-060-022 - Being Parcel N of Parcel Three.



OLD REPUBLIC
TITLE COMPANY

475 Sansome Street, Suite 1700
San Francisco, CA 94111
(415) 397-0500 Fax: (415) 397-0199

PRELIMINARY REPORT

Our Order Number 0227009912-MN

FIRST REPUBLIC BANK
111 PINE STREET, 8TH FLOOR
SAN FRANCISCO, CA 94111

Attention: JEFF WINKEL

When Replying Please Contact:

Martha Nakagawa
MNakagawa@ortc.com
(415) 397-0500

Property Address:

4000 Camino Tassajara, Danville, CA 94506

In response to the above referenced application for a policy of title insurance, OLD REPUBLIC TITLE COMPANY hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, conditions and Stipulations of said policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said Policy or Policies are set forth in Exhibit A attached. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the Homeowner's Policy of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the Policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of November 5, 2010, at 7:30 AM

Title Officer: Sherry Miller

OLD REPUBLIC TITLE COMPANY
For Exceptions Shown or Referred to, See Attached

Page 1 of 13 Pages

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227009912-MN

The form of policy of title insurance contemplated by this report is:

ALTA Loan Policy - 2006. A specific request should be made if another form or additional coverage is desired.

The estate or interest in the land hereinafter described or referred or covered by this Report is:

Fee

Title to said estate or interest at the date hereof is vested in:

Home for Jewish Parents, a California nonprofit public benefit corporation

The land referred to in this Report is situated in the County of Contra Costa, City of Danville, State of California, and is described as follows:

PARCEL ONE:

Parcel A, as shown on the Map of Subdivision 6736, filed February 21, 1989, in Book 330 of Maps, Page 42, Contra Costa County Records.

PARCEL TWO:

portion of the South 1/2 of Section 31, Township 1 South, Range 1 East, Mount Diablo Base and Meridian, described as follows;

Beginning at the point of intersection of the western line of the southeast 1/4 of said Section 31 with the southern right of way line of Camino Tassajara (50' wide), said point being on the arc of a curve concave to the north having a radius of 263.76 feet, a radial through said point bears South 61° 13' 13" East; thence along said southern line southwesterly and westerly 411.48 feet along said curve through an angle of 89° 23' 09"; thence continuing along said line the following courses and distances North 61° 50' 04" West 231.54 feet to the beginning of a curve concave to the southwest having a radius of 1407.50 feet; thence northwesterly 162.95 feet along said curve through an angle of 6° 38' 00"; thence North 68° 28' 04" West 206.16 feet to the beginning of a curve concave to the southwest having a radius of 548.00 feet; thence northwesterly 193.16 feet along said curve through an angle of 20° 11' 44" to the southern right of way line of Camino Tassajara (proposed 128' wide); thence along said line North 85° 25' 03" East 189.45 feet to a point on the northern right of way line of Camino Tassajara (50' wide), said point being the beginning of a non-tangent curve concave to the southwest having a radius of 598.00 feet; thence along said northern line southeasterly 19.07 feet along said curve through an angle of 1° 49' 39"; thence continuing along said northern line the following courses and distances South 68° 28' 04" East 206.16 feet to the beginning of a curve concave to the southwest having a radius of 1457.50 feet; thence southeasterly 168.74 feet along said curve through an angle of 6° 38' 00"; thence South 61° 50' 04" East 231.54 feet to the beginning of a curve concave to the northwest having a radius of 213.76 feet; thence southeasterly, easterly and northeasterly 389.98 feet along said curve through an angle of 104° 32' 00"; thence North 13° 37' 56" East 89.53 feet to the beginning of a curve concave to the southeast having a radius of 407.00 feet; thence northeasterly 3.48 feet along said curve through an angle of 0° 29' 24" to said western line to the southeast 1/4 of Section 31; thence along said line South 0° 31' 06" East 167.00 feet to the point of beginning.

PARCEL THREE:

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227009912-MN

Parcels "K", "L" and "N", as shown on the Map of Subdivision 7188, filed March 12, 1990 in Book 342 of Maps, Page 42, Contra Costa County Records, as amended by the Certificate of Correction, recorded May 18, 1990 in Book 15867, Page 312, Official Records, under Recorder's Serial Number 90-103050.

Assessor's Parcel Numbers:

206-311-020 - Being Parcel One,
220-060-039 - Being Parcel Two,
220-060-019 - Being Parcel K of Parcel Three,
220-060-020 - Being Parcel L of Parcel Three,
220-060-022 - Being Parcel N of Parcel Three.

At the date hereof exceptions to coverage in addition to the Exceptions and Exclusions in said policy form would be as follows:

1. Taxes and assessments, general and special, for the fiscal year 2010 - 2011, as follows:

Assessor's Parcel No	:	206-311-020	
Bill No.	:	206372	
Code No.	:	16-005	
1st Installment	:	\$588.44	NOT Marked Paid
2nd Installment	:	\$588.44	NOT Marked Paid
Land Value	:	\$237,501.00	

2. Taxes and assessments, general and special, for the fiscal year 2010 - 2011, as follows:

Assessor's Parcel No	:	220-060-039	
Bill No.	:	234004	
Code No.	:	16-005	
1st Installment	:	\$517.93	NOT Marked Paid
2nd Installment	:	\$517.93	NOT Marked Paid
Land Value	:	\$296,879.00	
Exemption	:	\$296,879.00	

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227009912-MN

3. Taxes and assessments, general and special, for the fiscal year 2010 - 2011, as follows:

Assessor's Parcel No	:	220-060-019	
Bill No.	:	234002	
Code No.	:	66-122	
1st Installment	:	\$31,365.03	NOT Marked Paid
2nd Installment	:	\$31,365.03	NOT Marked Paid
Land Value	:	\$2,427,753.00	
Imp. Value	:	\$18,997,641.00	
Exemption	:	\$21,425,394.00	

4. Taxes and assessments, general and special for the fiscal year 2010-2011 as follows:

Assessors Parcel No	:	220-060-020
1 st Installment	:	None Due or Payable
2 nd Installment	:	None Due or Payable
Land Value	:	\$120.00

5. Taxes and assessments, general and special, for the fiscal year 2010 - 2011, as follows:

Assessor's Parcel No	:	220-060-020	
Bill No.	:	234003	
Code No.	:	66-122	
1st Installment	:	\$58.69	NOT Marked Paid
2nd Installment	:	\$58.69	NOT Marked Paid
Land Value	:	\$120.00	
Exemption	:	\$120.00	

6. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Section 75, et seq., of the Revenue and Taxation Code of the State of California.

7. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument	:	Grant of Easement
Granted To	:	Pacific Gas and Electric Company
For	:	Right to erect, construct, maintain and use two independent lines of towers with such wires and cables for the transmission of electrical energy
Recorded	:	May 13, 1959 in Book 3372 of Official Records, Page 431 under Recorder's Serial Number 30848
Affects	:	Westerly portion of Parcel Two described herein

And as modified by that certain instrument entitled "Grant of New Right of Way and of Additions to Existing Right of Way", executed by and between Jerry Bettencourt et ux and Pacific Gas and Electric company, recorded on May 27, 1977, in Book 8350 of Official Records, Page 95, under Recorder's Serial Number 70322.

Upon the terms and conditions contained therein.

8. 30 foot setback line as shown on Parcel Map M.S. 67-68, filed October 22, 1968, in Book 6 of Parcel Maps, Page 9, affecting the Northerly 30 feet of Parcel One described herein.

9. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument : Grant Deed
Granted To : Pacific Gas and Electric Company
For : Access purposes
Recorded : May 27, 1977 in Book 8350 of Official Records, Page 91 under Recorder's Serial Number 70321
Affects : A 50' Strip of land affecting a portion of Parcel Three described herein.

Upon the terms and conditions contained therein.

10. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument : Grant of New Right of Way and of Additions to Existing Right of Way
Granted To : Pacific Gas and Electric Company
For : Electrical and gas conveyance facilities
Recorded : May 27, 1977 in Book 8350 of Official Records, Page 95 under Recorder's Serial Number 70322
Affects : A portion of Parcels Two and Three described herein.

Upon the terms and conditions contained therein.

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227009912-MN

11. Covenants, Conditions and Restrictions which do not contain express provision for forfeiture or reversion of title in the event of violation, but omitting any covenants or restriction if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Title 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons, as provided in an instrument.

Entitled : Declaration of Covenants Regarding Water System
Executed by : Realty Factors, Inc., Land Factors, Inc., C.M. Block, Inc. and Bill Hayes (Developers)
Recorded : June 26, 1980 in Book 9892 of Official Records, Page 693 under Recorder's Serial Number 80-76986

12. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument : Grant of Easement
Granted To : Central Contra Costa Sanitary District
For : Sewer purposes
Recorded : March 20, 1984 in Book 11704 of Official Records, Page 94 under Recorder's Serial Number 84-37827
Affects : A portion of Parcel Three described herein.

Upon the terms and conditions contained therein.

13. Agreement for : Development
Executed By : Live Oak Associates II, a California limited partnership
and Between : The Town of Danville

On the terms, covenants and conditions contained therein,

Recorded : May 5, 1987 in Book 13663 of Official Records, Page 635 under Recorder's Serial Number 87-111417

Said matters affect Parcel One described herein.

14. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument : Easement
Granted To : Pacific Gas and Electric Company
For : Electrical facilities
Recorded : November 18, 1987 in Book 14025 of Official Records, Page 294 under Recorder's Serial Number 87-244464
Affects : A portion of Parcel Three described herein

Upon the terms and conditions contained therein.

15. Recitals shown or noted upon a map as follows:

Map Entitled : Final Map Subdivision 6736 "Vista Tassajara"
Filed On : February 21, 1989 in Book 330 of Maps, at Page 42
Which Says : "The area designated as Parcel "A" shall be an interim open space
subject to future dedication or disposition"

Said matters affect Parcel One as described herein.

16. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as shown on the filed map.

For : Landscape Maintenance Easement
Affects : As shown on Subdivision Map 6736 (described in Parcel One herein)

For : Public Utility Easement
Affects : As shown on Subdivision Map 6736 (described in Parcel One herein)

17. Release and relinquishment of abutter's or access rights to Camino Tassajara, over the Northern boundary line of premises, as set forth on the filed Map of said land.

As shown on Subdivision Map 6736 (described in Parcel One herein)

18. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument : Grant of Easement
Granted To : Pacific Bell
For : Communication facilities
Recorded : June 13, 1989 in Book 15128 of Official Records, Page 274 under
Recorder's Serial Number 89-109233
Affects : Western 5.00 feet of Parcel One described herein

Upon the terms and conditions contained therein.

19. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument : Grant Deed
Reserved By : Standard Pacific L.P., a Delaware limited partnership
For : An easement for installation, maintenance, repair, replacement and reconstruction of the landscaping and landscaping irrigation with in the Landscape Maintenance Area
Recorded : June 20, 1989 in Book 15141 of Official Records, Page 889 under Recorder's Serial Number 89-114056
Affects : The exact location is not defined of record.

Upon the terms and conditions contained therein.

Said matters affect Parcel One, described herein.

20. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument : Easement Grant Deed
Granted To : Standard Pacific, L.P., a Delaware limited partnership
For : An exclusive subsurface easement and non-exclusive surface easement and the right to construct, alter, operate, maintain and repair such sewer line or lines and appurtenances thereto
Recorded : June 20, 1989 in Book 15141 of Official Records, Page 893 under Recorder's Serial Number 89-114057
Affects : A portion of Parcel One described herein.

Upon the terms and conditions contained therein.

21. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument : Grant of Easement
Granted To : Central Contra Costa Sanitary District
For : Sewer purposes
Recorded : July 24, 1989 in Book 15215 of Official Records, Page 486 under Recorder's Serial Number 89-137891
Affects : A portion of Parcel Three described herein.

22. Conditions contained and/or referred to in an instrument,

Entitled : Declaration of Establishment of Conditions, Covenants and
Restrictions
By : U.S. Army Corps of Engineers
Recorded : November 6, 1989 in Book 15461 of Official Records, Page 398
under Recorder's Serial Number 89-224258

Said matters affect Parcels Two and Three described herein.

23. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as shown on the filed map.

For : Storm Drainage Easement
Affects : Portion of Parcels Two and Three as shown on Subdivision Map 7188

24. The rights reserved in that certain "Vacation of Public Street Right of Way" executed by the Town of Danville, recorded on May 1, 1995, in Official Records, under Recorder's Serial Number 95-070093, as follows:

"Reserving therefrom: that portion of Camino Tassajara Street right of way (50 feet wide) lying within and coincident with Parcel "N" as said parcel is shown on said Map (342 PM 42);

Also reserving therefrom, the right of the public to utilize said Camino Tassajara (50 feet wide) for public utility purposes"

Said matters affect Parcel Two described herein.

25. Terms and conditions as contained in that certain "Regulatory Agreement" dated June 15, 1997, executed by and between Home for Jewish Parents, ABAG Finance Authority for Nonprofit Corporations, a California joint exercise of powers authority, which recorded on July 8, 1997, in Official Records under Recorder's Serial Number 97-116936.

26. Deed of Trust with Fixture Filing and Security Agreement, to secure and indebtedness in the amount stated below:

Amount : \$12,555,000.00
Trustor : Home for Jewish Parents, Inc., a California nonprofit public benefit corporation
Trustee : Commonwealth Title Company, as trustee for the benefit of the Office of the Statewide Health Planning and Development of the State of California
Beneficiary : ABAG Finance Authority for Nonprofit Corporations, a joint powers authority organized and operating under the laws of the State of California
Dated : June 15, 1997
Recorded : July 8, 1997, in Official Records, under Recorder's Serial Number 97-116937

27. A financing statement given as additional security for the payment of the indebtedness secured by the Deed of Trust

Shown As : 97-116937 (shown above)
Debtor : Home for Jewish Parents, a California public benefit corporation
Secured Party : Harris Trust Company of California and Office of Statewide Health Planning and Development
Recorded : July 8, 1997 in Official Records under Recorder's Serial Number 97-116938

28. Offer of Dedication in an instrument,

Entitled : Irrevocable Offer of Dedication
To : Central Contra Costa Sanitary District
For : Sewer Purposes
Dated : August 21, 1997
Recorded : August 28, 1997 in Official Records under Recorder's Serial Number 97-156366
Affects : A 15.00 foot strip affecting the Northerly portion of Parcel One described herein. See Map attached thereto.

In Connection therewith:

A Resolution Accepting An Offer of Dedication executed by the Central Contra Costa Sanitary District recorded on June 28, 2000, in Official Records, under Recorder's Serial Number 2000-136677.

29. A financing Statement recorded in the office of the County Recorder, showing
- Debtor : Home for Jewish Parents, a California nonprofit public benefit corporation
- Secured Party : The Bank of New York Trust Company, N.A.
- Recorded : August 24, 2006 in Official Records under Recorder's Serial Number 2006-268852
30. Any unrecorded and subsisting leases.
31. Rights and claims of parties in possession.
32. The requirement that this Company be provided with an opportunity to inspect the land. The Company reserves the right to make additional exceptions and/or requirements upon completion of its inspection.
33. The requirement that this company be provided with a suitable Owner's Affidavit from the Seller (form ORT 174). The Company reserves the right to make additional exceptions and/or requirements upon review of the Owner's Affidavit.
34. Satisfactory evidence furnished to this Company as to the due formation and continued existence of Home for Jewish Parents as a legal entity under the laws of California; and documents from its board of directors authorizing this transaction and specifying the officers who shall to execute on behalf of the corporation.

----- **Informational Notes** -----

- A. The applicable rate(s) for the policy(s) being offered by this report or commitment appears to be section(s) 3.1 Major Projects Rate.

B. The above numbered report (including any supplements or amendments thereto) is hereby modified and/or supplemented to reflect the following additional items relating to the issuance of an American Land Title Association loan form policy:

NONE

NOTE: Our investigation has been completed and there is located on said land a multi-family residence known as 4000 Camino Tassajara, Danville, CA 94506.

The ALTA loan policy, when issued, will contain the CLTA 100 Endorsement and 116 series Endorsement.

Unless shown elsewhere in the body of this report, there appear of record no transfers or agreements to transfer the land described herein within the last three years prior to the date hereof, except as follows:

NONE

C. NOTE: The last recorded transfer or agreement to transfer the land described herein is as follows:

Instrument	:	
Entitled	:	Grant Deed
By/From	:	ABAG Finance Authority for Nonprofit Corporations, a joint powers agency duly organized and existing under the laws of the State of California
To	:	Home for Jewish Parents, a California nonprofit public benefit corporation
Dated	:	July 3, 1997
Recorded	:	July 8, 1997 in Official Records under Recorder's Serial Number 97-116935

Disclosure to Consumer of Available Discounts

Section 2355.3 in Title 10 of the California Code of Regulation necessitates that Old Republic Title Company provide a disclosure of each discount available under the rates that it, or its underwriter Old Republic National Title Insurance Company, have filed with the California Department of Insurance that are applicable to transactions involving property improved with a one to four family residential dwelling.

You may be entitled to a discount under Old Republic Title Company's escrow charges if you are an employee or retired employee of Old Republic Title Company including its subsidiary or affiliated companies. You may also be entitled to a discount if you are a member in the California Public Employees Retirement System "CalPERS" or the California State Teachers Retirement System "CalSTRS" and if you are obtaining a loan to purchase or refinance your principal residence from a lender that is participating in your respective retirement system's Home Loan Program or if you are a member of either retirement system and you are selling your principal residence.

If you are an employee or retired employee of Old Republic National Title Insurance Company, or its subsidiary or affiliated companies, you may be entitled to a discounted title policy premium.

Please ask your escrow or title officer for the terms and conditions that apply to these discounts.

A complete copy of the Schedule of Escrow Fees and Service Fees for Old Republic Title Company and the Schedule of Fees and Charges for Old Republic National Title Insurance Company are available for your inspection at any Old Republic Title Company office.

**AMERICAN LAND TITLE ASSOCIATION
LOAN POLICY OF TITLE INSURANCE - 2006
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection; or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not known to the Company, not recorded in the Public Records at Date of Policy, but known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

EXCEPTIONS FROM COVERAGE – SCHEDULE B, PART 1, SECTION ONE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

OLD REPUBLIC TITLE COMPANY

Privacy Policy Notice

PURPOSE OF THIS NOTICE

Title V of the Gramm-Leach-Bliley Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of **OLD REPUBLIC TITLE COMPANY**.

We may collect nonpublic personal information about you from the following sources:

- Information we receive from you such as on applications or other forms.
- Information about your transactions we secure from our files, or from [our affiliates or] others.
- Information we receive from a consumer reporting agency.
- Information that we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to nonaffiliated third parties as permitted by law.

We also may disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements:

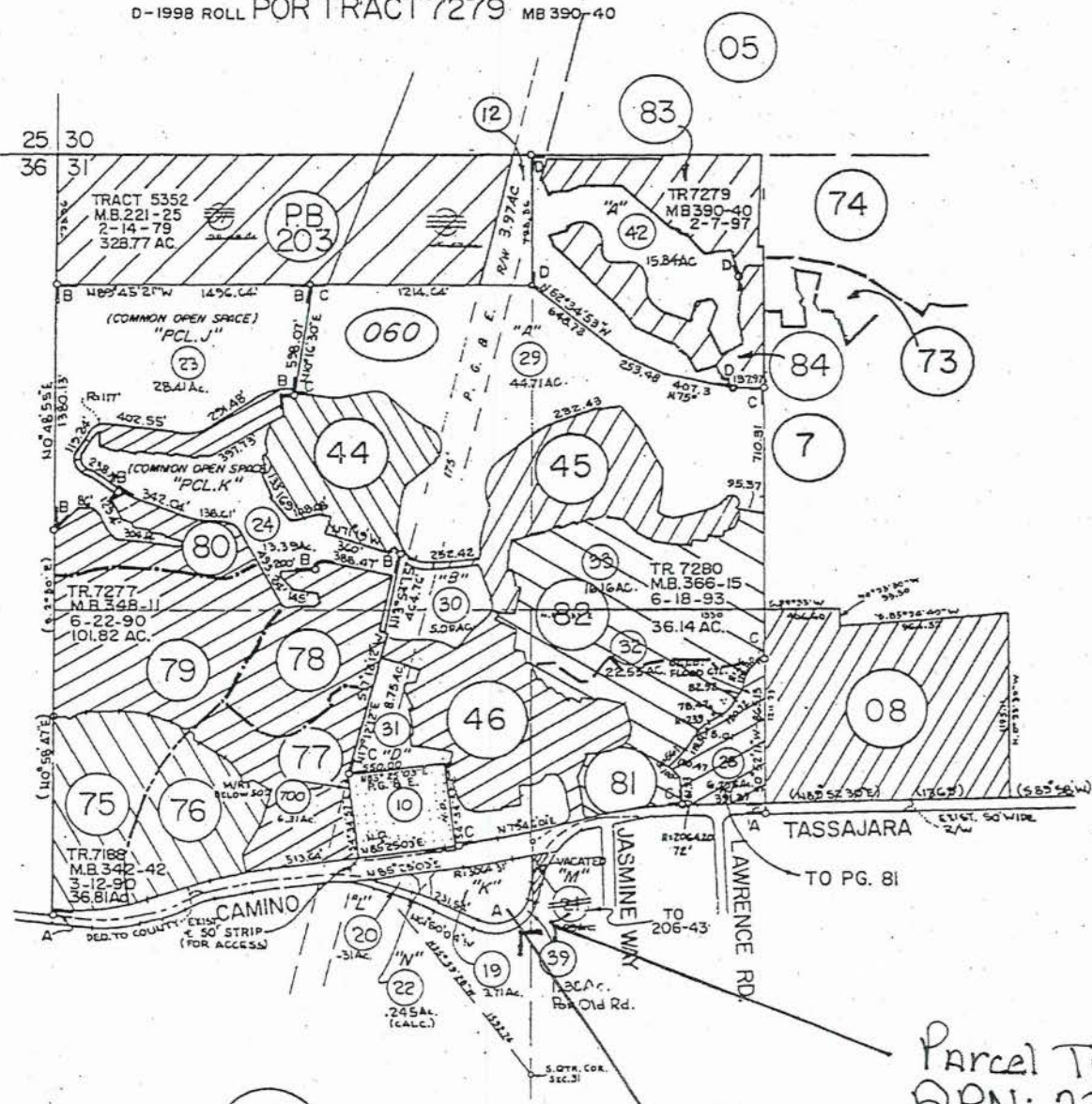
- Financial service providers such as companies engaged in banking, consumer finance, securities and insurance.
- Non-financial companies such as envelope stuffers and other fulfillment service providers.

WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

POR SEC. 31 T. 15 S. R. 1 E. M. D. B. M.
 A-1991 ROLL - POR. TRACT 7188 (BETTENCOURT RANCH) M.B. 342-42
 B-1991 ROLL - POR. TRACT 7277 M.E. 348-II
 C-1991 ROLL - POR. TRACT 7278 MB 351-40
 D-1998 ROLL - POR. TRACT 7279 MB 390-40

TAX CODE AREA



P.B.
203

P.B.
206

060 42 6-10-97

REVISED	CHANGE	BY
9-10-91	CHK. PCL. 3-23-91	MJ
7-10-92	REL. 39	BC
10-14-92	MAP CORR. (R. 021)	LB
09-29-93	TR 280 B ADJ. PCL. 28	LB
4-3-96	MOVE 21 TO 20643	TA
6-10-97	TRACT 7279	MJ

Parcel Two
 APN: 22D-06D-D39

Parcel Three

PCLs K, L & N, Tr 7188

APN- 22D-06D-019; 020 & 022

"NOTICE: This is neither a plat nor a survey. It is furnished merely as a convenience to aid you in locating the land indicated hereon with reference to streets and other land. No liability is assumed by reason of any reliance hereon."

342 M 54

SUBDIVISION 7188 BETTENCOURT RANCH

A PORTION OF SECTION 36, T.1S., R.1W., &
A PORTION OF SECTION
31, T.1S., R.1E.,
MOUNT Diablo Base & Meridian
CONTRA COSTA COUNTY, CALIFORNIA.
AUGUST, 1989 SCALE 1" = 100'

BRYAN & MURPHY ASSOCIATES, INC.
CIVIL ENGINEERS & LAND PLANNERS
WALNUT CREEK, CALIFORNIA

BASIS OF BEARINGS:

THE BEARING BETWEEN THE FOUND MONUMENTS LOCATED ON CAMINO TASSAJARA, (CONTRA COSTA COUNTY ROAD, NO. 4721C) AS SHOWN ON THE CONTRA COSTA COUNTY PUBLIC WORKS DRAWING PA-4721C-80, SHEET 7 OF 13, TAKEN AS NORTH 69°30'45" EAST. CALIFORNIA COORDINATE SYSTEM, ZONE 111.

LEGEND:

- ⊙ SET STANDARD CONTRA COSTA COUNTY MONUMENT.
- SET 5/8" REBAR AND CAP, L.S. 4870
- SSE DENOTES SANITARY SEWER EASEMENT
- SDE DENOTES STORM DRAIN EASEMENT
- PUE DENOTES PUBLIC UTILITY EASEMENT
- () DENOTES RECORD DATA PER (6 P.M.9)
- ① DENOTES EX. SSE TO CCCSO PER (15215 OR 486) AND TO STANDARD PACIFIC L.P. (15141 OR 893)

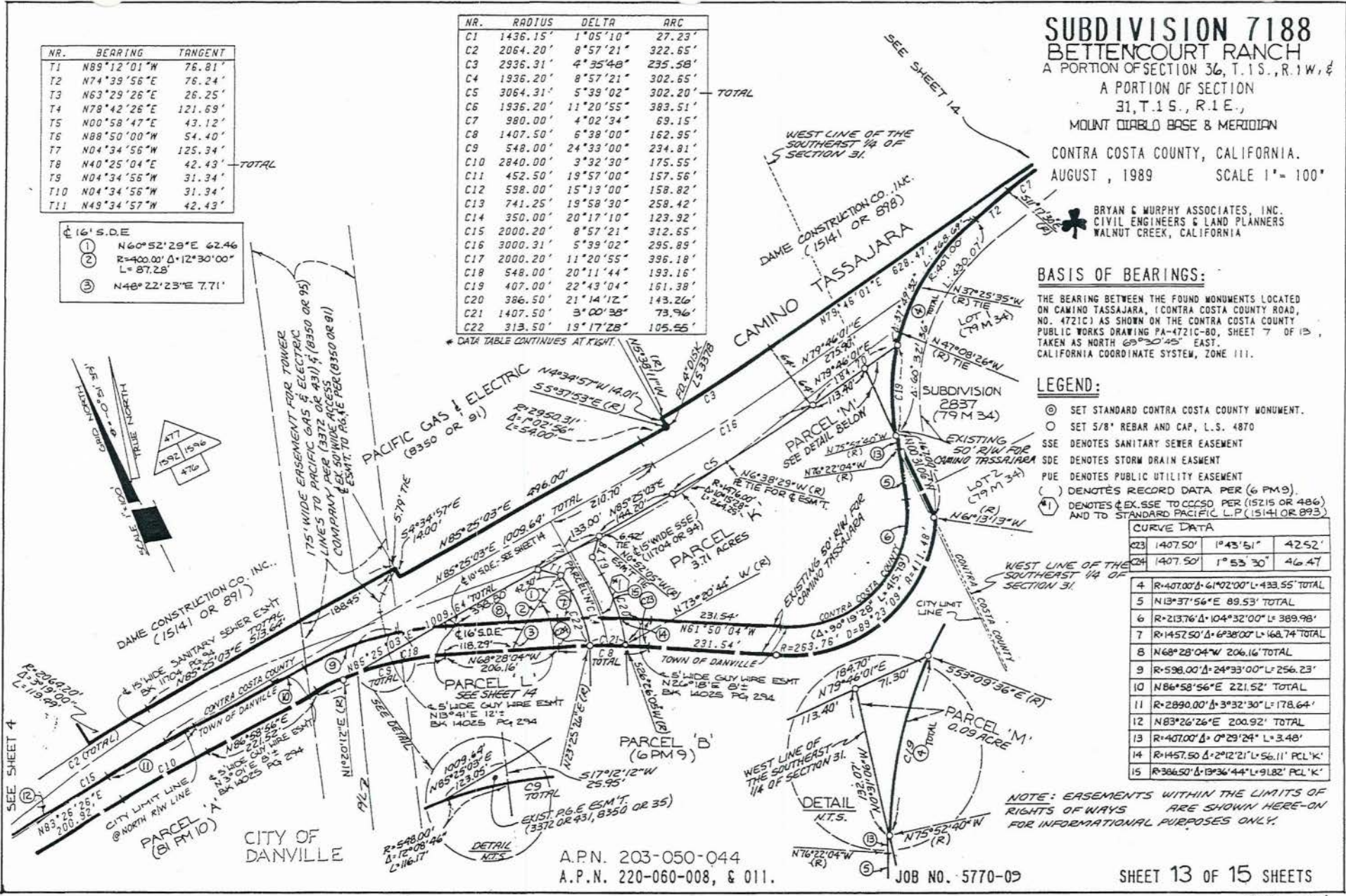
CURVE DATA		
23	1407.50'	1°43'51" 42.52'
24	1407.50'	1°53'30" 46.47'
4	R=407.00' Δ=61°02'00" L=433.55' TOTAL	
5	R=113.37' Δ=56°E 89.53' TOTAL	
6	R=213.76' Δ=104°32'00" L=389.98'	
7	R=1457.50' Δ=6°38'00" L=168.74' TOTAL	
8	R=68°28'04"W 206.16' TOTAL	
9	R=598.00' Δ=24°33'00" L=256.23'	
10	R=86°58'56"E 221.52' TOTAL	
11	R=2890.00' Δ=3°32'30" L=178.64'	
12	R=83°26'26"E 200.92' TOTAL	
13	R=407.00' Δ=0°29'24" L=3.48'	
14	R=1457.50' Δ=2°12'21" L=56.11' PCL'K'	
15	R=386.50' Δ=13°36'44" L=19.182' PCL'K'	

NOTE: EASEMENTS WITHIN THE LIMITS OF RIGHTS OF WAYS ARE SHOWN HERE-ON FOR INFORMATIONAL PURPOSES ONLY.

NR.	RADIUS	DELTA	ARC
C1	1436.15'	1°05'10"	27.23'
C2	2064.20'	8°57'21"	322.65'
C3	2936.31'	4°35'48"	235.58'
C4	1936.20'	8°57'21"	302.65'
C5	3064.31'	5°39'02"	302.20'
C6	1936.20'	11°20'55"	383.51'
C7	980.00'	4°02'34"	69.15'
C8	1407.50'	6°38'00"	162.95'
C9	548.00'	24°33'00"	234.81'
C10	2840.00'	3°32'30"	175.55'
C11	452.50'	19°57'00"	157.56'
C12	598.00'	15°13'00"	158.82'
C13	741.25'	19°58'30"	258.42'
C14	350.00'	20°17'10"	123.92'
C15	2000.20'	8°57'21"	312.65'
C16	3000.31'	5°39'02"	295.89'
C17	2000.20'	11°20'55"	396.18'
C18	548.00'	20°11'44"	193.16'
C19	407.00'	22°43'04"	161.38'
C20	386.50'	21°14'12"	143.26'
C21	1407.50'	3°00'38"	73.96'
C22	313.50'	19°17'28"	105.55'

NR.	BEARING	TANGENT
T1	N89°12'01"W	76.81'
T2	N74°39'56"E	76.24'
T3	N63°29'26"E	26.25'
T4	N78°42'26"E	121.69'
T5	N00°58'47"E	43.12'
T6	N88°50'00"W	54.40'
T7	N04°34'56"W	125.34'
T8	N40°25'04"E	42.43'
T9	N04°34'56"W	31.34'
T10	N04°34'56"W	31.34'
T11	N49°34'57"W	42.43'

- ① 16' S.D.E
 ② R=400.00' Δ=12°30'00" L=87.28'
 ③ N48°22'23"E 7.71'



A.P.N. 203-050-044
 A.P.N. 220-060-008, & 011.

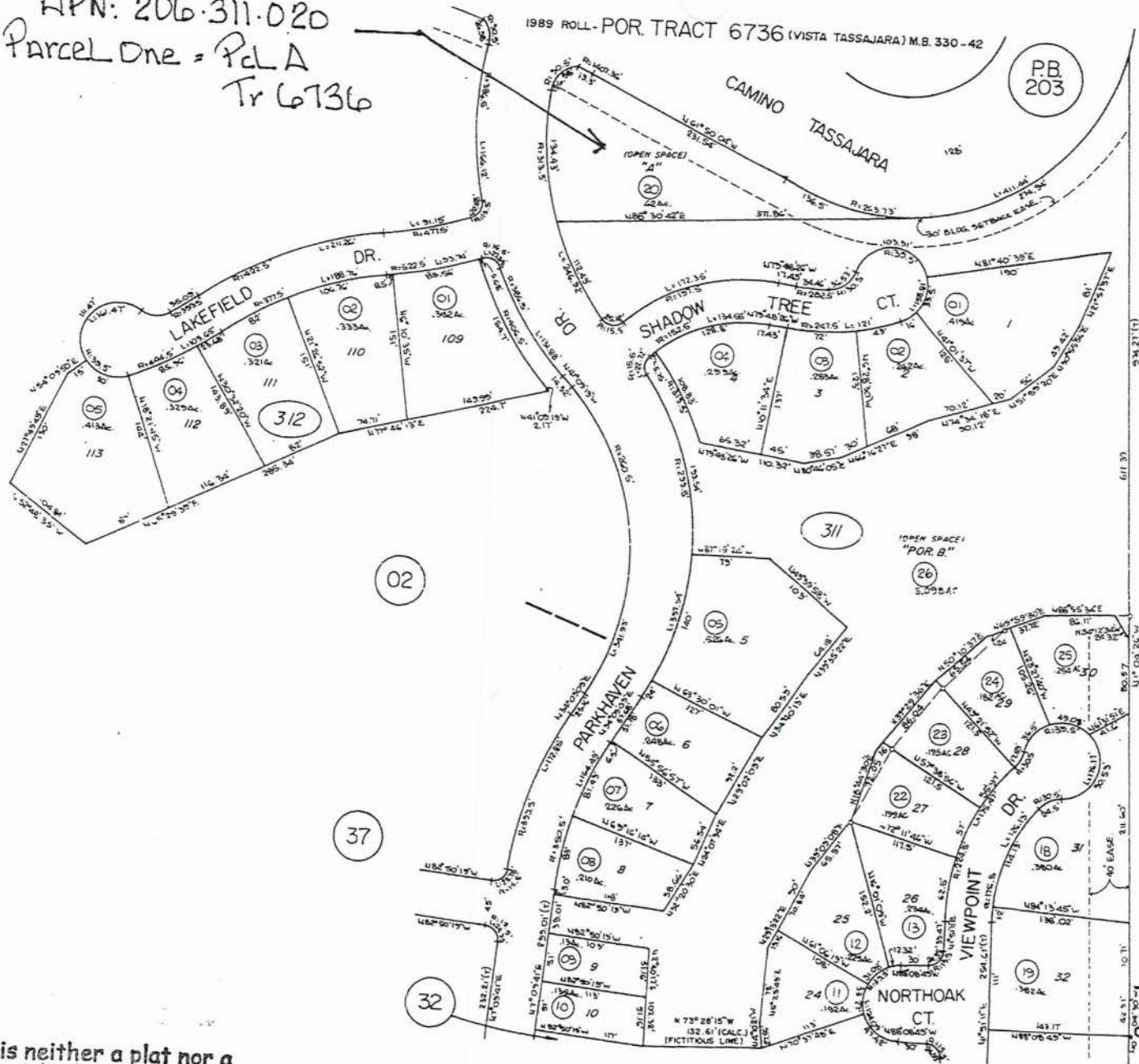
JOB NO. 5770-09

SHEET 13 OF 15 SHEETS

342-54

APN: 206-311-020
 Parcel One = PdLA
 Tr 6736

1989 ROLL - POR. TRACT 6736 (VISTA TASSAJARA) M.B. 330-42



APR 1 1994 94
 1-19-94 MJ
 FM PG. 02 3-29-89
 ASSESSOR'S MAP
 BOOK 206 PAGE 31
 CONTRA COSTA COUNTY, CALIF.
 I.B.

"NOTICE: This is neither a plat nor a survey. It is furnished merely as a convenience to aid you in locating the land indicated hereon with reference to streets and other land. No liability is assumed by reason of any reliance hereon."

FINAL MAP SUBDIVISION 6736 "VISTA TASSAJARA"

PORTION SOUTHWEST 1/4 SECTION 31, T1S, R1E,
M.D.B.&M. AND PORTION NORTHWEST 1/4 SECTION 6,
T2S, R1E, M.D.B.&M.

TOWN OF DANVILLE,
CONTRA COSTA COUNTY, CALIFORNIA

PRW and Associates
Planners • Engineers • Landscape Architects

400 Taylor Blvd., Suite 212, Pleasant Hill, CA 94523 (415) 666-6300

EASEMENTS SHOWN

THE FOLLOWING EASEMENTS ARE LISTED IN THE PRELIMINARY TITLE REPORT PREPARED BY FIRST AMERICAN TITLE COMPANY, ORDER NO. 711470, DATED OCTOBER 4, 1988 BUT THE LOCATIONS ARE NOT DEFINED OF RECORD:

- 8. Easement for maintenance, repair and use of the water pipe purposes. (9589 OR 545)
- 9. Easement for water pipe purposes. (9589 OR 545)
- 10C, 11C. Easement for the maintenance, repair and use of a water pipeline the specific location of which is not defined of record. (1981 OR 473, 9611 OR 489, 9743 OR 262, 9787 OR 962)

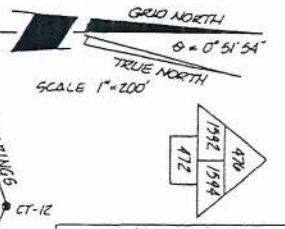
SPECIAL NOTE: ALL TIES TO FOUND SURVEY MONUMENTS ARE AT RIGHT ANGLES TO THE ADJACENT BOUNDARY LINE UNLESS NOTED OTHERWISE.

LEGEND:

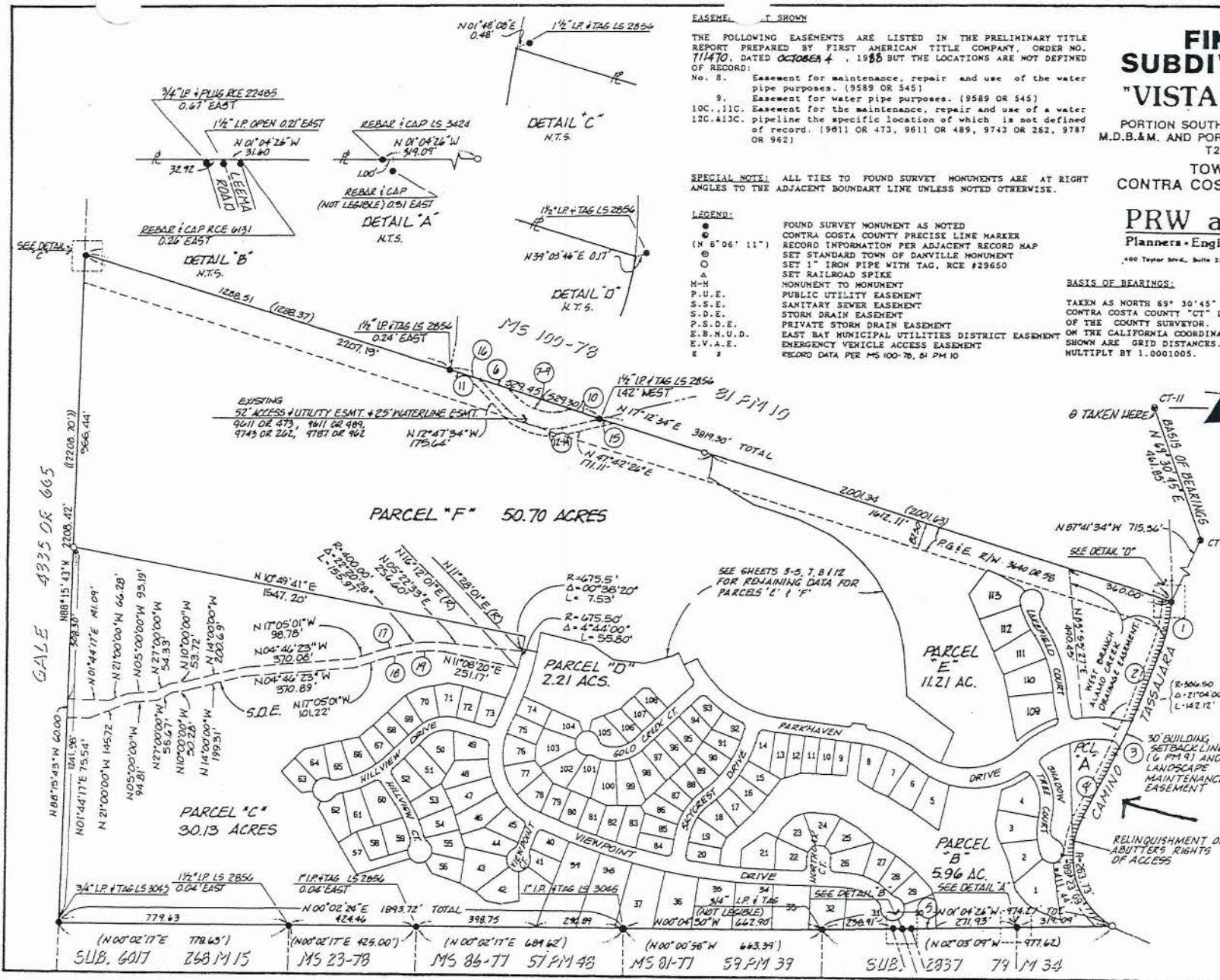
- FOUND SURVEY MONUMENT AS NOTED
- CONTRA COSTA COUNTY PRECISE LINE MARKER
- RECORD INFORMATION PER ADJACENT RECORD MAP
- SET STANDARD TOWN OF DANVILLE MONUMENT
- SET 1" IRON PIPE WITH TAG, RCE #29650
- SET RAILROAD SPIKE
- MONUMENT TO MONUMENT
- M-H PUBLIC UTILITY EASEMENT
- P.U.E. PUBLIC UTILITY EASEMENT
- S.S.E. SANITARY SEWER EASEMENT
- S.D.E. STORM DRAIN EASEMENT
- P.S.D.E. PRIVATE STORM DRAIN EASEMENT
- E.B.N.U.D. EAST BAY MUNICIPAL UTILITIES DISTRICT EASEMENT
- E.V.A.E. EMERGENCY VEHICLE ACCESS EASEMENT
- R RECORD DATA PER MS 100-70, 84 PM 10

BASIS OF BEARINGS:

TAKEN AS NORTH 69° 30' 45" EAST BETWEEN CT-11 & CT-12, CONTRA COSTA COUNTY "CT" LINE ON FILE IN THE OFFICE OF THE COUNTY SURVEYOR. ALL BEARINGS ON THIS MAP ARE BASED ON THE CALIFORNIA COORDINATE SYSTEM, ZONE III. DISTANCES SHOWN ARE GRID DISTANCES. TO OBTAIN GROUND DISTANCES MULTIPLY BY 1.0001005.



NO	RADIUS, L. BRG	LENGTH
1	547.94 171° 15' 45"	145.08'
2	N 60° 28' 04" W	206.14'
3	1407.36 00° 36' 00"	142.94'
4	N 01° 50' 04" W	291.54'
5	N 01° 04' 24" W	79.81'
COURSES 1-6 FOR 50' ACCESS UTILITY ESMT & 1.05' WATERLINE ESMT		
6	N 17° 12' 34" E	102.46'
7	N 47° 42' 26" E	40.97'
8	190.00 00° 30' 00"	198.99'
9	N 12° 47' 34" W	42.28'
10	N 17° 12' 34" E	103.99'
11	N 17° 12' 34" E	100.31'
12	N 47° 42' 26" E	128.66'
13	202.00 60° 30' 00"	219.30'
14	N 12° 47' 34" W	182.34'
15	N 17° 12' 34" E	50.00'
16	N 17° 12' 34" E	49.26'
17	N 14° 05' 01" W	62.99'
18	N 14° 05' 01" W	61.61'
19	570.00 72° 20' 28"	144.27'



330-44

PROJECT NO. 85061 02 210

330 M 47

FINAL MAP SUBDIVISION 6736 "VISTA TASSAJARA"

PORTION SOUTHWEST 1/4 SECTION 31, T1S, R1E,
M.D.B.&M. AND PORTION NORTHWEST 1/4 SECTION 6,
T2S, R1E, M.D.B.&M.

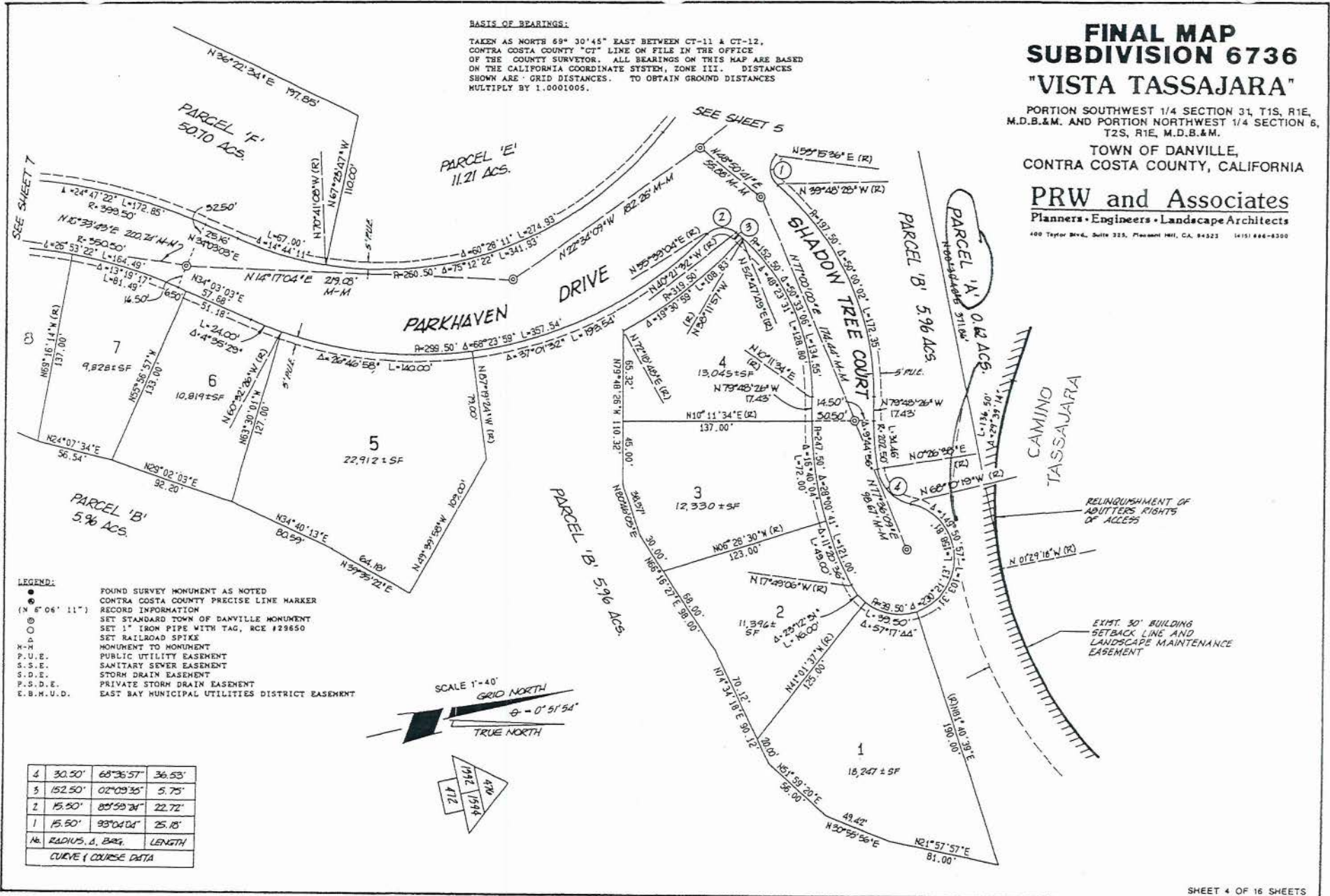
TOWN OF DANVILLE,
CONTRA COSTA COUNTY, CALIFORNIA

PRW and Associates
Planners • Engineers • Landscape Architects

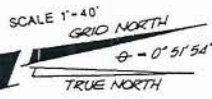
100 Taylor Blvd., Suite 225, Pleasant Hill, CA, 94523 (415) 886-8300

BASIS OF BEARINGS:

TAKEN AS NORTH 69° 30' 45" EAST BETWEEN CT-11 & CT-12,
CONTRA COSTA COUNTY "CT" LINE ON FILE IN THE OFFICE
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ON THE CALIFORNIA COORDINATE SYSTEM, ZONE III. DISTANCES
SHOWN ARE GRID DISTANCES. TO OBTAIN GROUND DISTANCES
MULTIPLY BY 1.0001005.



- LEGEND:**
- FOUND SURVEY MONUMENT AS NOTED
 - CONTRA COSTA COUNTY PRECISE LINE MARKER
 - (N 6° 06' 11") RECORD INFORMATION
 - ⊙ SET STANDARD TOWN OF DANVILLE MONUMENT
 - ⊙ SET 1" IRON PIPE WITH TAG, RCE #29650
 - ⊙ SET RAILROAD SPIKE
 - ⊙ MONUMENT TO MONUMENT
 - M-M MONUMENT TO MONUMENT
 - P.U.E. PUBLIC UTILITY EASEMENT
 - S.S.E. SANITARY SEWER EASEMENT
 - S.D.E. STORM DRAIN EASEMENT
 - P.S.D.E. PRIVATE STORM DRAIN EASEMENT
 - E.B.H.U.D. EAST BAY MUNICIPAL UTILITIES DISTRICT EASEMENT



No.	RADIUS, Δ, BARS	LENGTH	
4	30.50'	68°36'57"	36.53'
5	152.50'	02°09'35"	5.75'
2	15.50'	85°59'24"	22.72'
1	15.50'	93°04'12"	25.18'

CURVE & COURSE DATA

330 M 45

330-45

330 M 46
330 032

FINAL MAP SUBDIVISION 6736 "VISTA TASSAJARA"

PORTION SOUTHWEST 1/4 SECTION 31, T1S, R1E,
M.D.B.&M. AND PORTION NORTHWEST 1/4 SECTION 6,
T2S, R1E, M.D.B.&M.
TOWN OF DANVILLE,
CONTRA COSTA COUNTY, CALIFORNIA

PRW and Associates
Planners • Engineers • Landscape Architects
400 Taylor Blvd., Suite 324, Pleasant Hill, CA. 94523 14151 888-4300

CURVE & COURSE DATA		
No.	RADIUS, A, BPG.	LENGTH
1	30.50' 78°00'47"	41.53'
2	15.50' 95°04'04"	25.18'
3	15.50' 85°58'24"	22.72'
4	N 41°09'19"W	14.32'
5	15.50' 84°34'33"	22.88'
6	S 22.50' 0°37'22"	5.68'
7	30.50' 49°55'57"	26.58'
8	N 07°36' 0°47'09"	19.30'

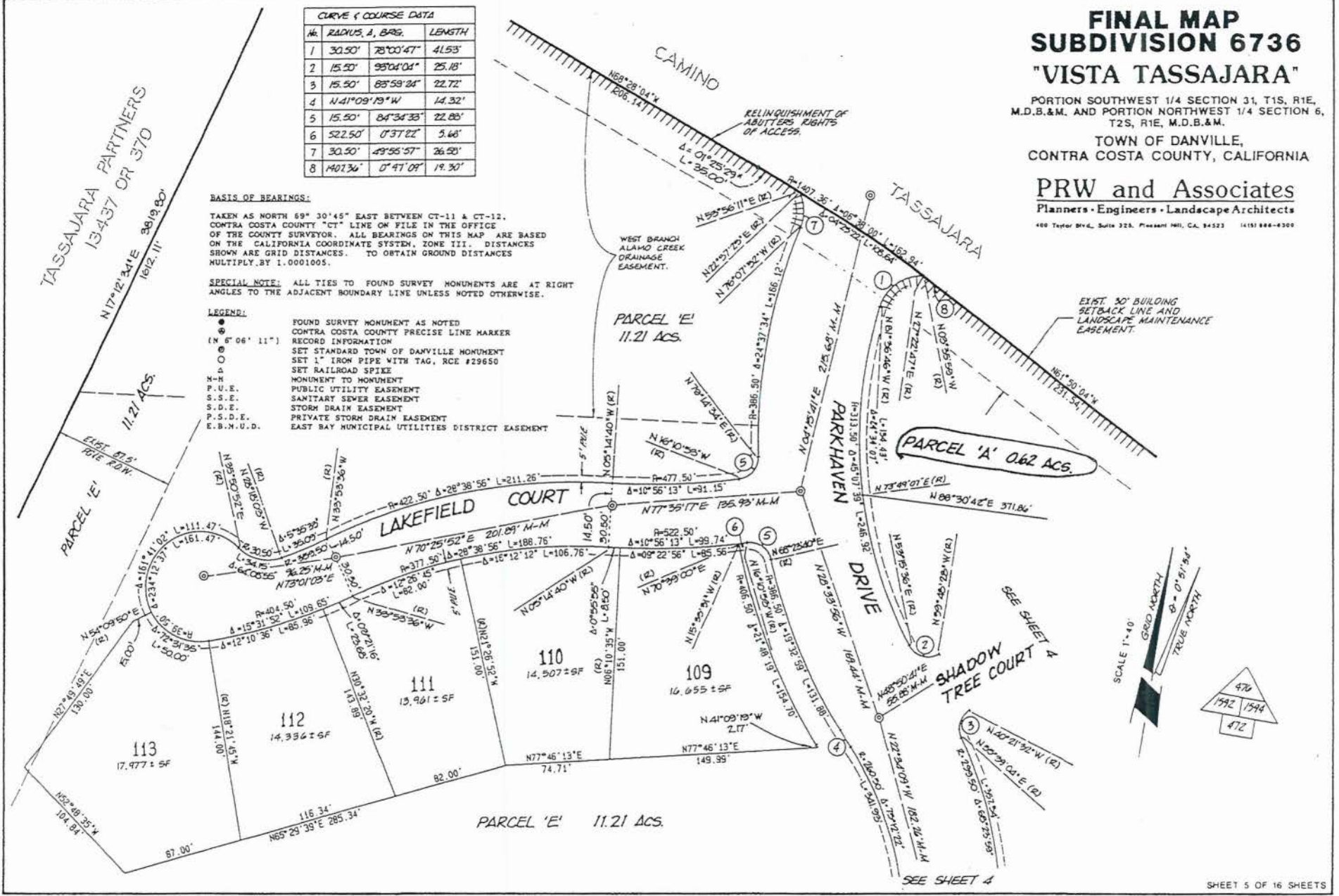
BASIS OF BEARINGS:

TAKEN AS NORTH 89° 30' 45" EAST BETWEEN CT-11 & CT-12,
CONTRA COSTA COUNTY "CT" LINE ON FILE IN THE OFFICE
OF THE COUNTY SURVEYOR. ALL BEARINGS ON THIS MAP ARE BASED
ON THE CALIFORNIA COORDINATE SYSTEM, ZONE III. DISTANCES
SHOWN ARE GRID DISTANCES. TO OBTAIN GROUND DISTANCES
MULTIPLY BY 1.0001005.

SPECIAL NOTE: ALL TIES TO FOUND SURVEY MONUMENTS ARE AT RIGHT
ANGLES TO THE ADJACENT BOUNDARY LINE UNLESS NOTED OTHERWISE.

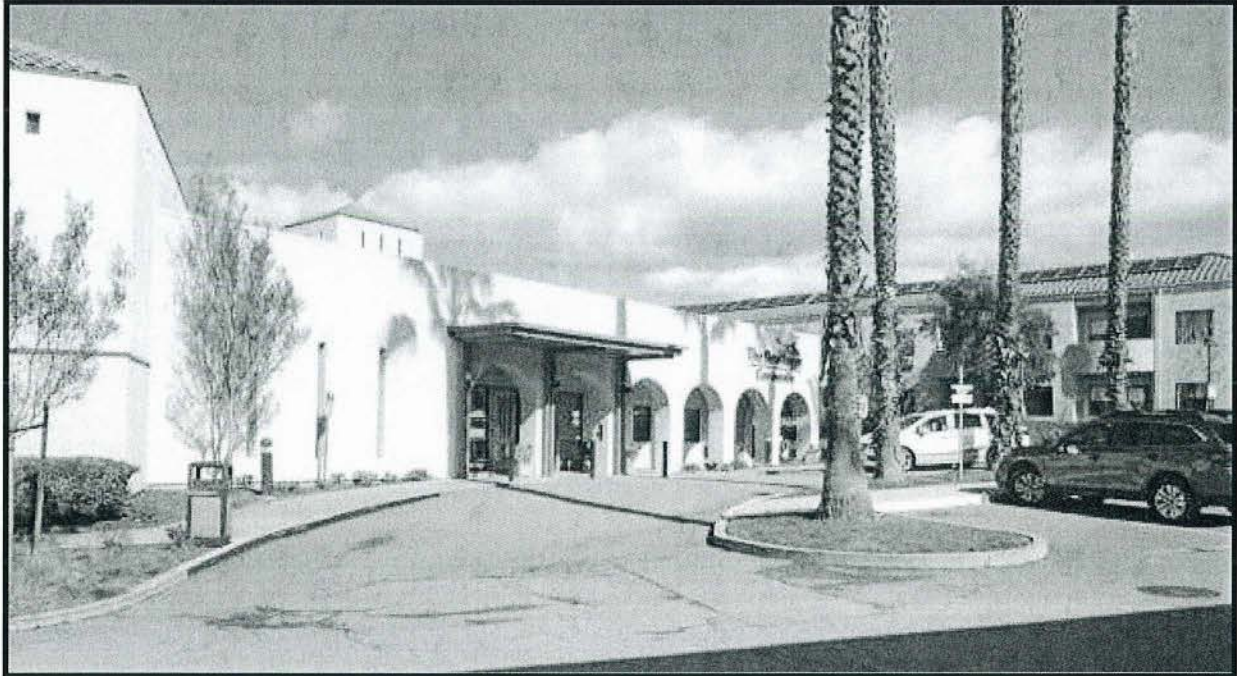
LEGEND:

- FOUND SURVEY MONUMENT AS NOTED
- ⊙ CONTRA COSTA COUNTY PRECISE LINE MARKER
- (N 6° 06' 11") RECORD INFORMATION
- SET STANDARD TOWN OF DANVILLE MONUMENT
- SET 1" IRON PIPE WITH TAG, RCE #29650
- SET RAILROAD SPIRE
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- S.S.E. SANITARY SEWER EASEMENT
- S.D.E. STORM DRAIN EASEMENT
- P.S.D.E. PRIVATE STORM DRAIN EASEMENT
- E.B.M.U.D. EAST BAY MUNICIPAL UTILITIES DISTRICT EASEMENT



AN APPRAISAL REPORT OF

The Community for Jewish Living (*Reutlinger Community Center*)
Located at
4000 Camino Tassajara Road
Danville, California



PREPARED FOR:

Mr. Jay Zimmer (JZimmer@rcjl.org)
President & CEO
The Reutlinger Community

PREPARED BY:

Helen S. Reese
AG009769

VENTURE RESEARCH

1782 Whitecliff Way
Walnut Creek, California 94596
Phone (925) 935-4294

Venture Research

REAL ESTATE APPRAISERS AND CONSULTANTS

March 2, 2019

Mr. Jay Zimmer (JZimmer@rcjl.org)

RE: An Appraisal Report of a senior housing/care facility located at 4000 Camino Tassajara Road, Danville, California (unincorporated area)

Dear Mr. Zimmer:

As authorized, with your signing on an agreement for professional valuation Services dated November 26, 2018, I have completed an appraisal of the above-referenced property, consisting of a corner site containing three legal parcels - Assessor's Parcel Numbers 220-060-019-1, a portion of 220-060-039 (which includes the roadway around the facility) and 206-311-020-5 containing a total land area of 5.15- acres, or ±224,334-square feet. The site is improved with a purpose built senior housing/care facility that consists of independent living units (IL), assisted living units (AL)'s, memory care units (MC) and a skilled nursing section (SNF) facility. The improvements were constructed in 1999 and renovated in 2011-2016, reopening in September 2016. The total facility is in good to excellent condition. The building structure contains 108,690-square feet of gross building area and is licensed for a combined total of 180 beds, or 134 units. The facility is commonly known as the Esther & Jacques Reutlinger Community for Jewish Living-referred to herein as the *Reutlinger Community*.

The purpose of the appraisal is to estimate the "as is" real property going concern market value as of February 6, 2019, the date of property inspection. The function of the appraisal is to provide the Reutlinger Foundation Board a market value for the property. The value conclusion represents the total value of the property, i.e. not the equity units and it **does not include** the value of the business type assets such as cash accounts receivable, inventory, etc. that may or may not be present as of the effective date of the appraisal. I have inspected the property, made a physical condition survey, conducted a market study and analysis of comparable properties and analyzed appropriate market rental indices for this specialized type of property.

The subject site(s) is across from other parcels (to the West) owned by the same entity. Those land parcels are not included in this valuation. They were valued in a previous appraisal report by this appraiser for the owners and their value is included in the cost approach herein as a basis for the dollars per square foot of land area. Reference is made to that appraisal dated November 8, 2018. The subject senior care development is located on the eastern side of Parkhaven Drive. It is also north of the Bettencourt Ranch (residential) subdivision 7188, built in the 1990s. The subject site has an irregular shape and is impacted with a number of easements that are exhibited later in this report.

As a result of the following investigations and analyses, my opinion of the real property going concern current market value of the fee simple estate in the facility, as of February 6, 2019, is as follows:

\$31,500,000

THIRTY-ONE MILLION FIVE HUNDRED THOUSAND DOLLARS

The above opinion of value is subject to the Assumptions and Limiting Conditions included in this report. The following report is based on information from sources believed to be reliable; however, you are requested to read the entire report and inform the appraiser of any errors or omissions before utilizing the report. The appraiser reserves the right to reflect any necessary changes in the following value conclusions.

The attached report contains the factual data and reasoning upon which the value estimate has been predicated. This report has been written in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP), the Controller of the Currency's (OCC) minimum standards.

Respectfully submitted,
VENTURE RESEARCH



Helen S. Reese
Principal
California AG009769

HSR:ss
Job No: 5662

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ADDENDA CBRE Senior Housing Survey Charts
 Pages from Subjects Construction Plans
 Zoning Regulation
 Portions of Preliminary Title Report

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Ownership:	Home for Jewish Parents (The Reutlinger Community) a California nonprofit public benefit corporation
Assessor's Parcel Nos.:	220-060-019-1, a portion of 220-060-039 (which includes the roadway around the facility) and 206-311-020-5
Purpose of Appraisal:	Form an opinion of the real property going concern market value of the fee simple estate value of the property
Function/intended use of Appraisal:	Provide the client with the real property going concern property market value
Property Rights Appraised:	Fee Simple Estate
Property Size/Description:	The subject of this appraisal is the Reutlinger Community senior housing facility developed on approximately 5.15 acres of land providing units for independent living, assisted living, memory care, and skilled nursing. The total gross square footage of the building component is about 108,690-square feet.
Topography:	The entire site is mostly upsloping to the south. The central, graded developed pad, however, is mostly level.
Existing Improvements:	A senior housing facility known as the Reutlinger Community. Details about the facility are included later in this report.
Zoning:	P-1 (commercial PUD zoning). The General Plan for the area is P-S (Public and Semi-Public uses) and open space for parcels -039 and -020. For further zoning detail, see the zoning regulation in the Addenda.
Surrounding Land Uses:	North: PG&E substation facility South: Residential uses East: Residential subdivision uses West: Vacant land
Highest and Best Use: (As Vacant):	Current use, a senior care housing facility.
Date of Value:	February 6, 2019, date of property inspection
Estimated Market Value of real property going concern:	\$31,500,000

Subject Photographs



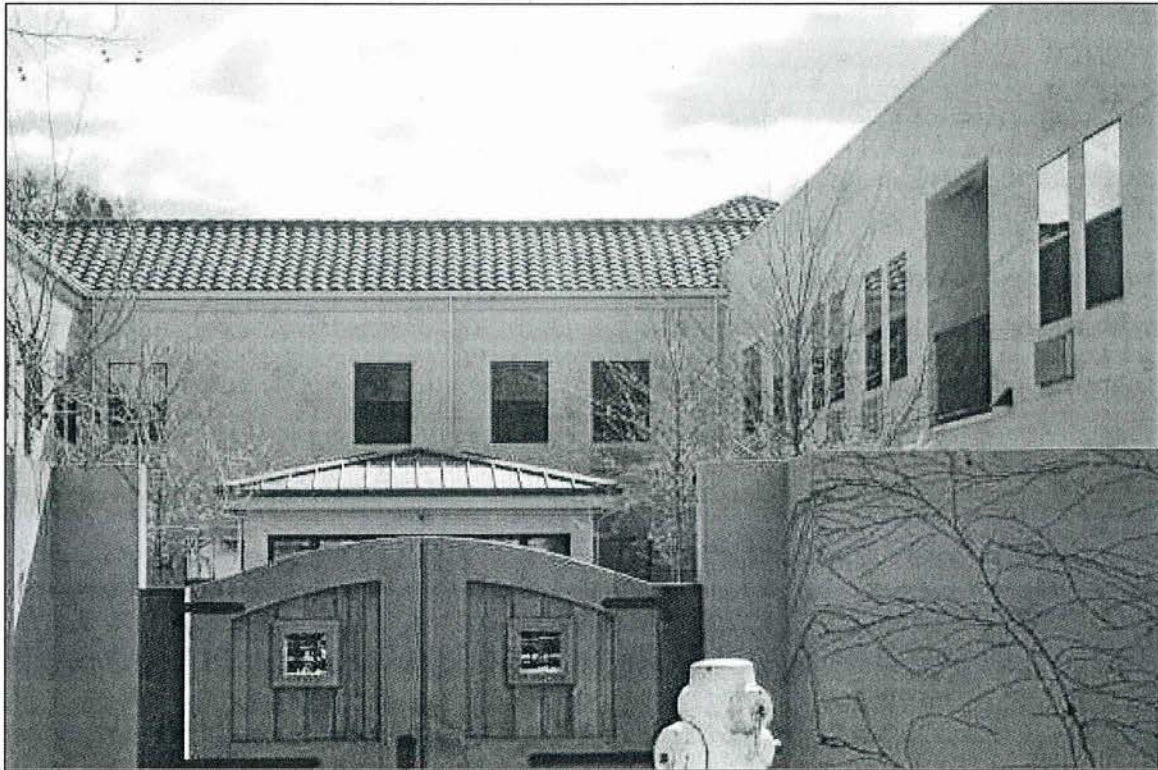
Subject Front Entry Area of Building



Entry Driveway from Parkhaven looking West, Alternative Parking Area to the Left



Subject One and Two-Story Building Areas from Entry Driveway



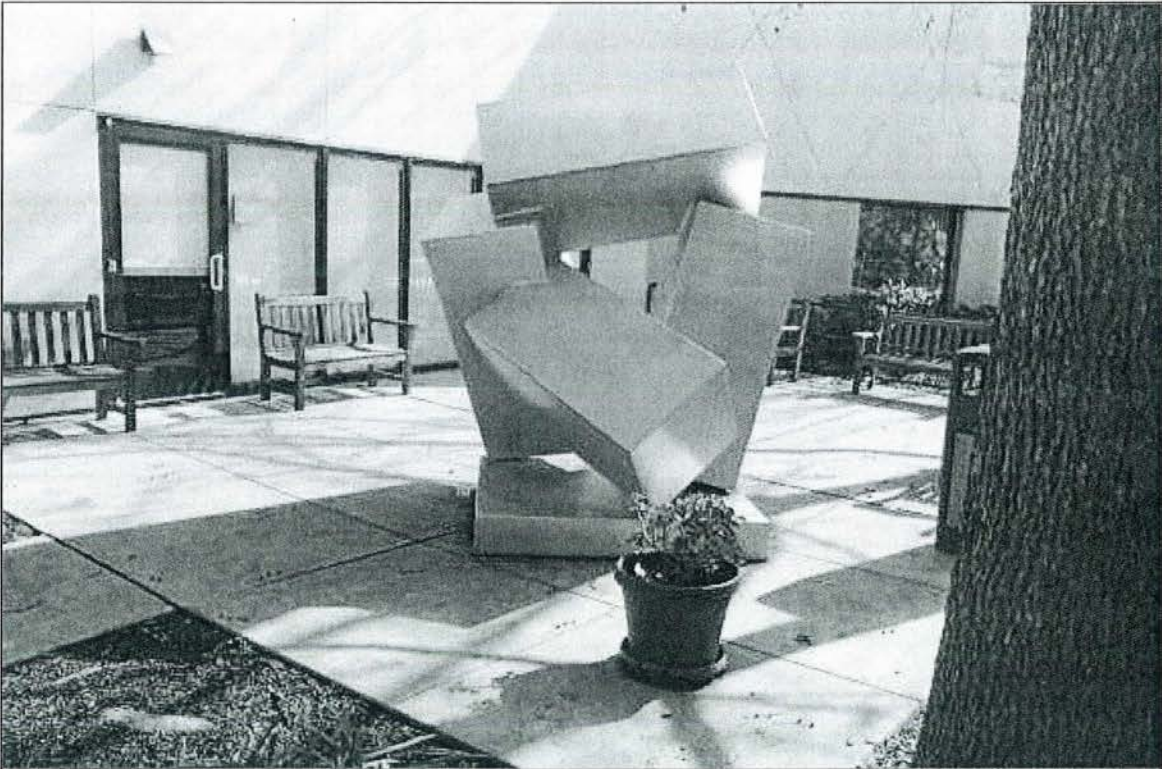
Gated Entry Way to Courtyard Two-Story Assisted Living Areas Building



Sidewalk and Landscaped Area around the Southern Side of the Subject



Additional Parking Area at the Southwest Corner of the Site (note solar panels on the rooves)



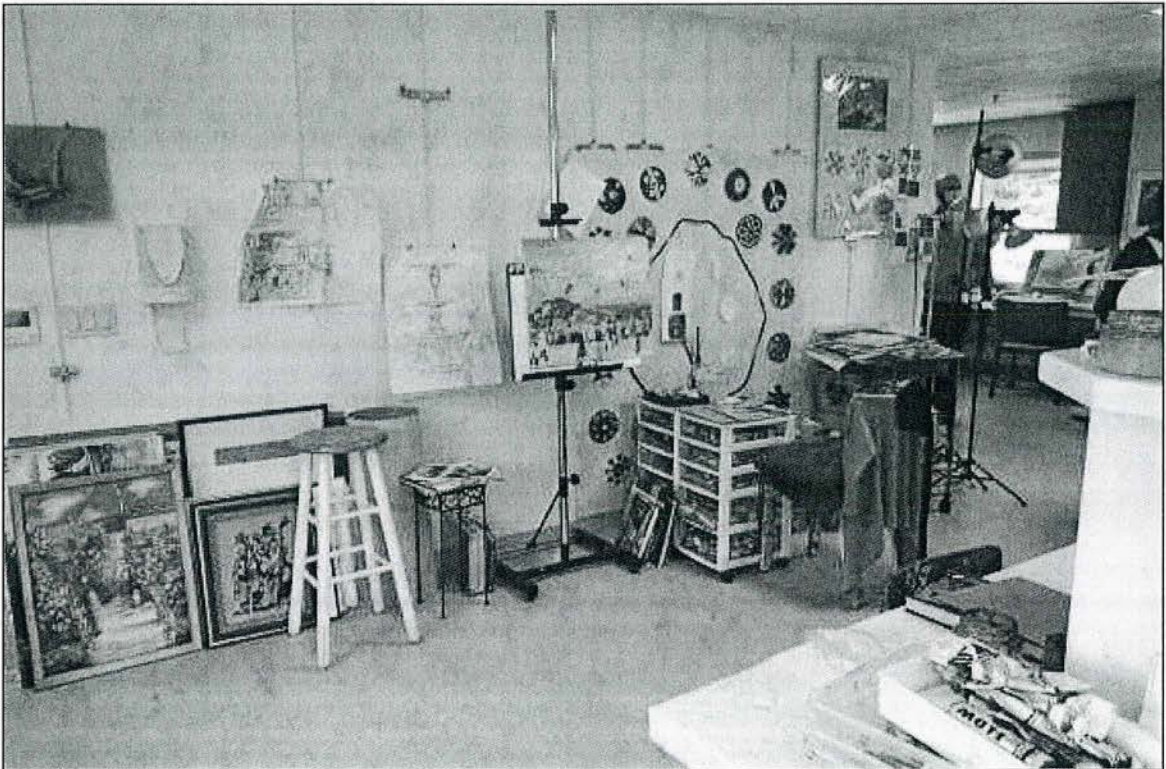
Patio Area behind Synagogue and near Single-Story Building



Subject Vans/Buses for use by the Residents for Outings



Subject Synagogue Area



Subject Art Studio Area



Second Floor of the Residential Care Facility, AL, Central Lobby



Example of an Interior Corridor (resident artwork on the wall)



One of Several Subject Dining Areas



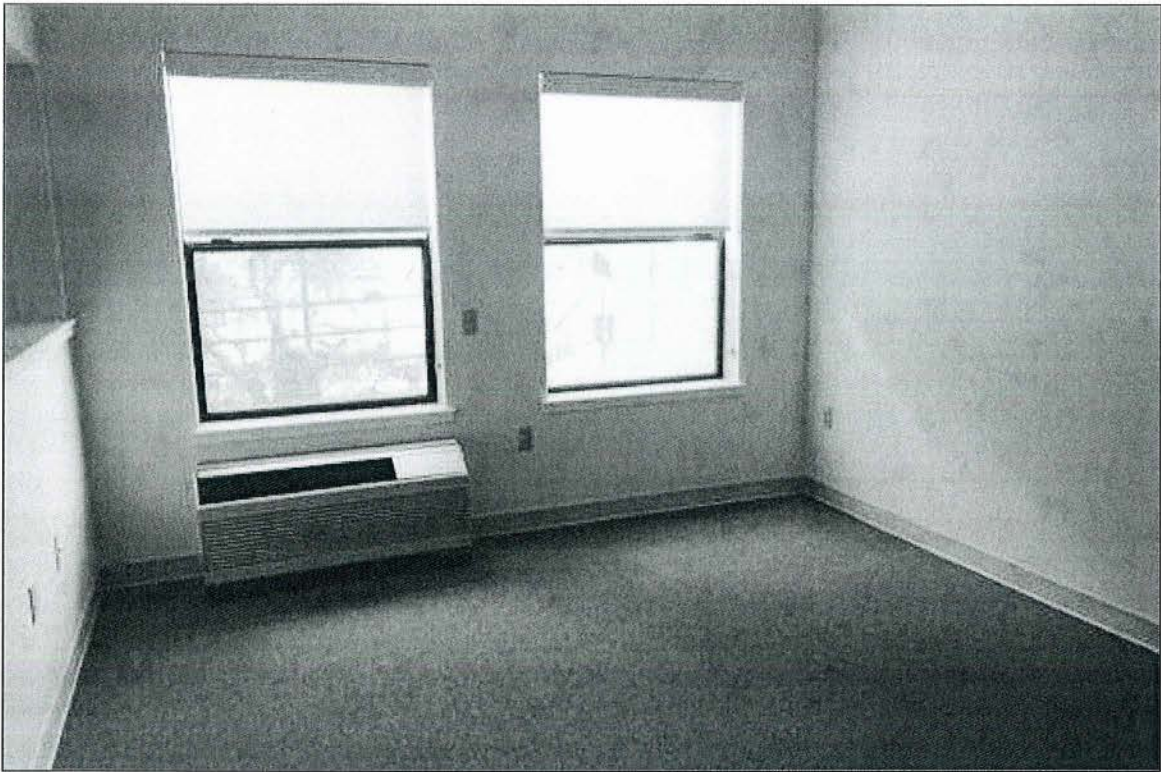
Entry from One-story to Two-story Building Areas on right, Stairwell to the Second Story and Central Lobby Area



Subject's Salon



Assisted Living Unit



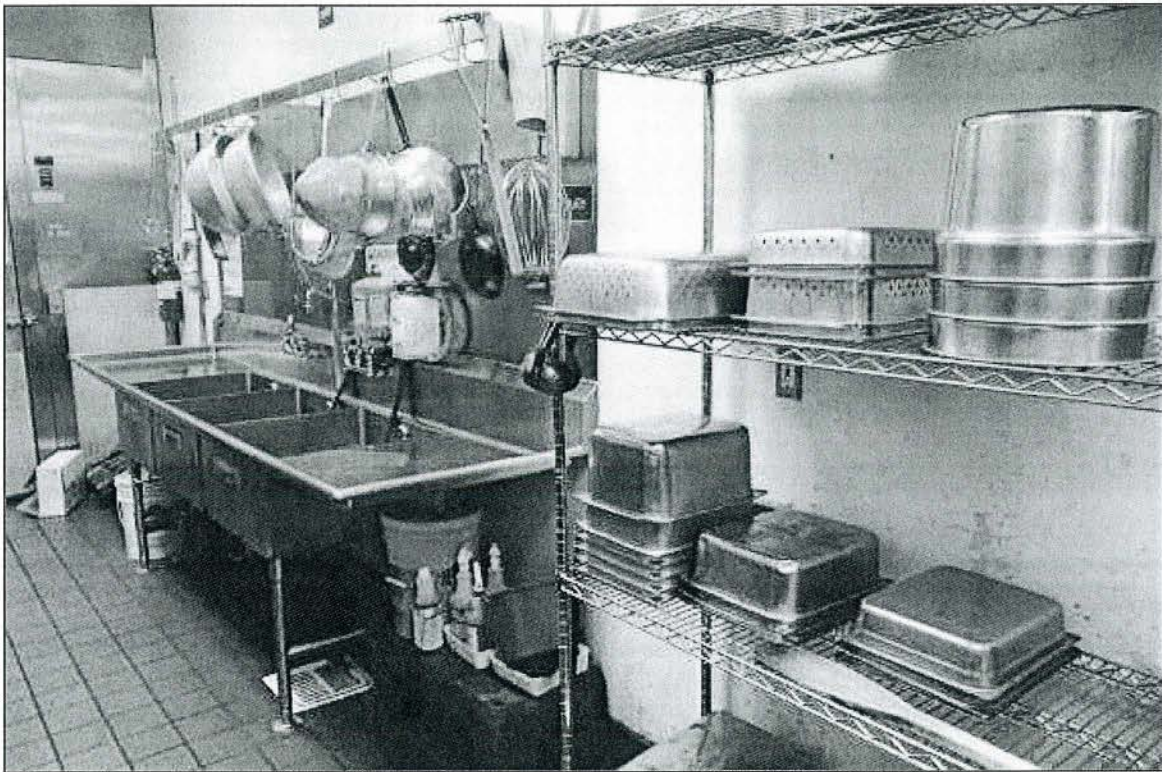
Portion of a Single Bedroom Assisted Living Vacant Apartment



Subject Museum Case Wall



Subject Laundry Room Area



Portion of Subject Kitchen Area



Another Portion of Subject Kitchen Area



Subject Rehabilitation Area



Subject Elevator Bank



Subject Name Monument near Intersection of Parkhaven Drive and Camino Tassajara Road

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- . The statements of fact contained in the accompanying report dated March 2, 2019 prepared for the Reutlinger Foundation, the valuation of property referred to as the Reutlinger Community 4000 Camino Tassajara Rd., Danville, California, as of February 6, 2019 are true and correct.
- . The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- . I have no present or prospective interest in the property that is the subject of this report; and I have no personal interest or bias with respect to the parties involved.
- . My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- . My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute and in conformity with its Uniform Standards of Professional Appraisal Practice.
- . The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- . Helen Reese inspected the subject property on February 6, 2019. The comparable sales in the land value analysis were seen from Street frontage.
- . All conclusions and opinions concerning the real estate that are set forth in the appraisal report were prepared by the Appraiser whose signature appears on the appraisal report. No change of any item in the appraisal report shall be made by anyone other than the Appraiser, and the Appraiser shall have no responsibility for any such unauthorized change.
- . My value conclusions, as well as other opinions expressed herein, are not based on a requested minimum value, a specific value, or approval of a loan.
- . No one provided significant professional, research assistance to the person signing this report.
- . Helen S. Reese is certified as a State of California Certified General Real Estate Appraiser license number AG009769, expiration date October 4, 2019.



Helen S Reese

March 2, 2019

CONTINGENT AND LIMITING CONDITIONS

The certification of the Appraiser appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the Appraiser in the report. *The comments/conditions in the body of the report, where applicable, take precedence over those contained in items 1-25 below.*

1. By this notice, all persons and firms using or relying on this report in any manner bind themselves to accept these contingent and limiting conditions, and all other contingent and limiting conditions contained elsewhere in this report. **Do not use any portion of this report unless you fully accept all contingent and limiting conditions contained throughout this document.**
2. No portion of this report may be published or reproduced without the prior written consent of the appraiser. These conditions are an integral part of this appraisal report, and are a preface to any certification, definition, description, fact, or analysis. Moreover, these conditions are intended to establish as a matter of record that the purpose of this report is to provide a value estimate for the subject property.
4. The liability of the Appraisers is limited solely to the client. There is no accountability, obligation, or liability to any other third party. The Appraisers' maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) is limited to monies paid to Venture Research for that portion of their services, or work product giving rise to liability. In no event shall the Appraisers be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.) even if advised of their possible existence. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all contingent and limiting conditions, assumptions, discloses, and related discussions. Use of this report by third parties shall be solely at the risk of the third party.
5. Any value estimate herein is based on observations of the subject by the appraiser(s), a gathering of market information, and an analysis of the gathered information as of the effective value date. Information about the subject property, neighborhood, comparables, or other topics discussed in this report was obtained from sensible sources. In accordance with the extent of research disclosed in the Scope of Work section, all information cited herein was examined for accuracy, is believed to be reliable, and is assumed reasonably accurate. However, no guaranties or warranties are made for this information. No liability or responsibility is assumed for any inaccuracy which is outside the control of the Appraiser, beyond the scope of work, or outside reasonable due diligence of the Appraiser.
6. Real estate values are affected by many factors. Therefore, any value opinion herein is considered most credible on the effective value date. Every day that passes thereafter, the degree of credibility wanes as the subject changes physically, the economy changes, or market conditions change. The Appraisers reserve the right to amend these analyses and/or the value conclusion(s) contained within this appraisal report if erroneous, or more factual information is subsequently discovered. No guarantee is made for the accuracy of estimates or opinions furnished by others and contained in this report.
7. This appraisal is not an engineering, construction, legal, or architectural study. It is not an examination or survey of any kind. Expertise in these areas is not implied. The Appraisers

are in no way responsible for any costs incurred to discover, or correct any deficiency in the property. In the case of limited partnerships, syndication offerings, or stock offerings in the real estate, the client agrees that in case of lawsuit (brought by the lender, partner, or part owner in any form of ownership, tenant, or any other party), the client will hold Venture Research, its officers, contractors, employees and associate appraisers completely harmless. Acceptance of, and/or use of this report by the client, or any third party is prima facie evidence that the user understands, and agrees to all these conditions.

8. Unless specifically stated herein, the appraisers are unaware of any engineering study made to determine the bearing capacity of the subject land, or nearby lands. Improvements in the vicinity, if any, appear to be structurally sound. It is assumed soil and subsoil conditions are stable and free from features, which would cause supernormal costs to arise. It is also assumed existing soil conditions of the subject land have proper load bearing qualities to support the existing improvements, or proposed improvements appropriate for the site. No investigations for potential seismic hazards were made. This appraisal assumes there are no conditions of the site, subsoil, or structures, whether latent, patent, or concealed that would render the subject property less valuable. Unless specifically stated otherwise in this document, no earthquake compliance report, engineering report, flood zone analysis, hazardous waste, or asbestos analysis was made, or ordered in conjunction with this appraisal report. The client is strongly urged to retain experts in these fields, if so desired.
9. For appraisals of multifamily property, only a portion of all dwellings was observed. A typical ratio of observed dwellings roughly approximates 20% of the total number of units, and this ratio declines as the number of dwellings grows. It is assumed, in reaching a value conclusion, that the functionality, condition, and finish of the remaining units are similar to the functionality, condition, and finish of the observed units. If unobserved dwellings significantly differ from those that were viewed in functionality, condition, or finish, the Appraisers reserve the right to amend the analysis and/or value conclusion(s).
10. The physical condition of the improvements described herein was based only on visual observation. Electric, heating, cooling, plumbing, water supply, sewer or septic, mechanical equipment, and other systems were not tested. No determinations were made regarding the operability, capacity, or remaining physical life of any component in, on, or under the real estate appraised. All building components are assumed adequate and in good working order unless stated otherwise. Private water wells and private septic systems are assumed sufficient to comply with federal, state, or local health safety standards. No liability is assumed for the soundness of structural members since structural elements were not tested or studied to determine their structural integrity. The roof(s) of the structure is (structures are) assumed water tight unless otherwise noted. Comments regarding physical condition are included to familiarize the reader with the property. This document is not an engineering or architectural report. If the client has any concern regarding structural, mechanical or protective components of the improvements, or the adequacy or quality of sewer, water or other utilities, it is suggested experts in these disciplines are retained before relying upon this report. No representations are made herein as to these matters unless specifically stated otherwise in this report.
11. No liability is assumed for matters of legal nature that affect the value of the subject property. Unless a clear statement to the contrary is made in this report, value estimate(s) herein are predicated upon the following assumptions. (A) The real property is appraised as though, and assumed free from all value impairments including yet not limited to title defects, liens, encumbrances, title claims, boundary discrepancies, encroachments,

adverse easements, environmental hazards, pest infestation, adverse leases, and atypical physical deficiencies. (B) All real estate taxes and assessments, of any type, are assumed fully paid. (C) The property being appraised is assumed held under responsible and lawful ownership. (D) It is assumed the subject property is operated under competent and informed management. (E) The subject property was appraised as though, and assumed free of indebtedness. (F) The subject real estate is assumed fully compliant with all applicable federal, state, and local environmental regulations and laws. (G) The subject is assumed fully compliant with all applicable zoning ordinances, building codes, use regulations, and restrictions of all types. (H) All licenses, consents, permits, or other documentation required by any relevant legislative or governmental authority, private entity, or organization have been obtained, or can be easily renewed for a nominal fee.

12. If this appraisal values an interest that is less than the whole fee simple estate, then the following limitations apply. The final value estimate pertains only to the fractional interest that constitutes the real property appraised. Moreover, the value of the fractional interest appraised plus the value of all other complementary fractional interests may or may not equal the value of the entire fee simple estate.
13. An appraised property that is a physical portion of a larger parcel or tract is subject to the following limitations. The value estimate for the property appraised pertains only to that portion defined as the subject. This value estimate should not be construed as applying with equal validity to other complementary portions of a larger parcel or tract. The value estimate for the physical portion appraised plus the value of all other complementary physical portions may or may not equal the value of the whole parcel or tract.
14. The allocation of value between the subject's land and improvements, if any, represents our judgment only under the existing use of the property. A re-evaluation should be made if the improvements are removed, substantially altered, or the land is utilized for another purpose.
15. The Appraisers assume a prospective purchaser of the subject is aware of the following. (A) This appraisal of the subject property does not serve as a warranty on the condition of the property. (B) It is the responsibility of the purchaser to examine the property carefully, and to take all necessary precautions before signing a purchase contract. (C) Any estimate for repairs is a non-warranted opinion of the appraiser.
16. If this appraisal values the subject as though construction, repairs, alterations, remodeling, renovation, or rehabilitation will be completed, it is assumed such work will be completed in a timely fashion, using non-defective materials, and proper workmanship. All completed work is assumed to substantially conform to plans, specifications, descriptions, or attachments made or referred to herein. It is also assumed all planned, in-progress, or recently completed construction complies with the zoning ordinance, and all applicable building codes. In a prospective valuation, it is understood and agreed the Appraiser is not responsible for the impact on value, caused by unforeseeable events, before completion of the project.
17. Any exhibits in the report are intended to assist the reader in visualizing the subject property and its surroundings. The drawings are not surveys unless specifically identified as such. No responsibility is assumed for cartographic accuracy. Drawings are not intended to be exact in size, scale, or detail.
18. Value estimates involve only real estate, and inconsequential personal property. Value conclusions do not include personal property, unaffixed equipment, trade fixtures,

business good will, chattel, or franchise items of material worth unless specifically stated otherwise.

19. Conversion of the subject's income into a market value estimate is based upon typical financing terms that were readily available from a disinterested, third party lender on this report's effective date. Atypical financing terms and conditions do not influence market value, but may affect investment value.
20. All information and comments concerning the location, neighborhood, trends, construction quality, construction costs, value loss, physical condition, rents or other data for the subject represent estimates and opinions of the Appraisers formed after an observation of the property. Expenses shown in the Income Approach, if used, are estimates only. They are based on past operating history, if available, and are stabilized as generally typical over a reasonable period.
21. Venture Research and the appraisers have no expertise in the field of insect, termite, or pest infestation. We are **not** qualified to detect the presence of these or any other unfavorable infestation. The appraisers have no knowledge of the existence of any infestation on, under, above, or within the subject real estate. No overt evidence of infestation is apparent to the untrained eye. However, we have not specifically inspected or tested the subject property to determine the presence of any infestation. No effort was made to dismantle or probe the structure. No effort was exerted to observe enclosed, encased, or otherwise concealed evidence of infestation. The presence of any infestation would likely diminish the property's value. The value estimate in this communication assumes there is no infestation of any type affecting the subject real estate. No responsibility is assumed by the appraisers or Venture Research for any infestation or for any expertise required to discover any infestation. Our client is urged to retain an expert in this field, if desired.
22. Effective January 26, 1992, the Americans with Disabilities Act (ADA) - a national law, affects all non-residential real estate or the portion of any property, which is non-residential. The appraisers have not observed the subject property to determine whether the subject conforms to the requirements of the ADA. It is possible a compliance survey, together with a detailed analysis of ADA requirements, could reveal the subject is not fully compliant. If such a determination was made, the subject's value may or may not be adversely affected. Since the appraisers have no direct evidence, or knowledge pertaining to the subject's compliance or lack of compliance, this appraisal does **not** consider possible noncompliance or its affect on the subject's value.
23. The appraiser is not required to give testimony or appear in court because of having prepared this report unless arrangements have been previously made. If the appraiser is subpoenaed pursuant to court order, the client agrees to compensate the Appraisers for their court appearance time, court preparation time, and travel time at their regular hourly rate, then in effect, plus expenses. In the event the real property appraised is, or becomes the subject of litigation, a condemnation, or other legal proceeding, it is assumed the Appraisers will be given reasonable advanced notice, and reasonable additional time for court preparation.
24. All opinions are those of the signatory appraiser(s) based on the information in this report. We assume no responsibility for changes in market conditions, or for the inability of the client, or any other party to achieve their desired results based upon the appraised value. Some of the assumptions or projections made herein can vary depending upon evolving events. We realize some assumptions may never occur and unexpected events or

circumstances may occur. Therefore, actual results achieved during the projection period may vary from those set forth in this report. Compensation for appraisal services is dependent solely on the delivery of this report, and no other event or occurrence.

25. A signatory of this report may be a member, associate or candidate of the Appraisal Institute. If so, the Bylaws and Regulations of the Institute require each member, associate, and candidate to control the use and distribution of each report signed by such member, associate, or candidate. Therefore, our client may distribute copies of this report, **in its entirety**, to anyone. However, neither all nor any part of this report shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media, electronic devices, or other media without the prior written consent of Venture Research Valuation. This restriction applies particularly as to the valuation conclusions, the identity of the Appraisers, any reference to the Appraisal Institute, or to the MAI, SRPA, or SRA designations.

Extraordinary Conditions and Assumptions

None

INTRODUCTION

Appraiser's Comments

The subject property is a purpose-built senior housing facility that provides independent living, assisted living, memory care, and skilled nursing units. The site is located at southeast corner of the intersection of Camino Tassajara and Parkhaven Drive in an unincorporated area of Contra Costa County (Danville SOI), California. The property is located in a mixed-use residential and commercial area in the south central county area, immediately north and inclusive of some land within the Town of Danville incorporated city limits, with the Blackhawk development to the northwest and a residential subdivision to the south and east.

Camino Tassajara is a major roadway extending in an east/west direction from the Blackhawk commercial development to the west, extending easterly then southerly to the City of Dublin. Interstate 680 is to the west several miles off Sycamore Valley Road that becomes Camino Tassajara Road farther to the east. The western frontage of the site is along Parkhaven Drive. The main frontage is long along Camino Tassajara Road.

From public records, it appears that the current owner is Home for Jewish Parents, a California nonprofit benefit corporation (Reutlinger Community). From the deed of trust assignment provided by the client, it appears that the current owner obtained the subject property in either 1994 or 1997. This cannot be confirmed from public record that does not clearly show transfer date data.

The following exhibit from the subject property records shows the subject plat map.

Identification of the Property

The Reutlinger Community facility is located at 4000 Camino Tassajara Rd., Danville, California. The subject property is further identified as Contra Costa County Assessor's Parcel Numbers 206-311-020, 220-060-039, and 220-060-019.

A legal description is reported in a title report from Old Republic Title Company dated November 5, 2010, a copy of which is located in the Addenda.

Intended Use and User of the Appraisal

The intended use of this appraisal that estimates the fee simple real property going concern market value of the subjects' specialized construction/real estate and the fee simple land value, as of February 6, 2019, is to provide the client with a current real estate property valuation for internal use.

The intended user of this appraisal report is the Reutlinger Foundation Board.

Ostensible Ownership and Property History

According to the title report and public record, the current owner of record of the subject property is Home for Jewish Parents, California nonprofit public benefit corporation.

The subject land appears to have been purchased in 1994 and subsequently developed with the existing senior housing facility. It was reported to the appraiser that it opened in 1999 and was renovated between 2011 and 2016, reopening in September 2016 (source: client). There do not appear to have been any transfers of the subject property since its construction.

The subject property is a not-for-profit senior housing facility. The units include those for IL, DL, MC, and capital SKN - see definitions earlier in report for these acronyms. They units are leased to the occupants of the property. The subject has been operational since 1999.

Valuation Date

The subject is appraised as of February 6, 2019, the date of the property inspection with the client's representative, Brian Morrow, CFO.

Scope of the Appraisal

The scope of the appraisal included a physical inspection of the interior and exterior of the property on February 6, 2019, a consideration of the market characteristics and trends, a collection and analysis of all pertinent data, and a development of conclusions about the value of the subject property.

In preparing the subject appraisal, the appraiser investigated numerous sales of similar use properties. Buyers, sellers, brokers and property owners were contacted. Other data sources included **NIC National Investment Center for Seniors Housing & Care, Inc.** Since the subject is a special use type property, areas further from its location were researched to find similar use properties. The market area of research was generally northern California, mostly the Bay Area including the Sacramento area.

Further investigated were industry surveys for comparison to the data provided to the appraiser by the owners. These surveys were used to ascertain the reasonableness of the income and expenses in the Income Approach. Economic-demographic data for the subjects' area was also researched for growth in industry trends, population trends, housing growth, business growth, and city policies. These were investigated to determine the historical and future trends for the community. Government reports, commercial brokers, business journals and city officials were consulted to determine this information.

Documents reviewed during the course of the appraisal included a preliminary title report, historical income and expense statements for 2015 to 2018.

DEFINITIONS

Leased Fee Estate

"An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others; the rights of lessor or the leased fee owner and leased fee are specified by contract terms contained within the lease."¹

Fee Simple Estate (*the ownership used in this report*)

"Absolute ownership unencumbered by any other interest of estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."²

Market Value

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a. Buyer and seller are typically motivated;
- b. Both parties are well informed or well advised, and acting in what they consider their own best interests;
- c. A reasonable time is allowed for exposure in the open market;
- d. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- e. The price represents the normal consideration for the property sold unaffected by creative financing or sale concessions granted by anyone associated with the sale."³

As-is Premise

"Market Value "as is" on appraisal date means an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date the appraisal is prepared."⁴

Value in Use

"The value a specific property has for a specific use."⁵

¹The Appraisal of Real Estate, Tenth Edition, 1992, The Appraisal Institute, 1992, Page 177.

²The Dictionary of Real Estate Appraisal, Page 120.

³Uniform Standards of Professional Appraisal Practice (USPAP) 2008, Page A-105 and Federal Register, Vol. 55, No. 165, Friday, August 24, 1990, Rules and Regulations, 12 CFR Part 34.42(f).

⁴The Dictionary of Real Estate Appraisal, second edition, pg. 316.

Simple Real Property Going Concern

As a senior housing facility, the value of the subject, without consideration of its business income and expenses, is the *Real Property Going Concern Value*. A business value is beyond the scope of this assignment and the appraiser's competency. If such a value as a business value is required, a business appraiser should be hired. The value here in is attributable just to the real estate of the property's purpose built special use.

Simple real property going concerns are those that can usually be appraised using a sales comparison approach with minimal differences between the subject and the sales comparable data available. In other words, those assignments that do not require an identification of the amount, if any, of intangible asset value present. Instead, all that is required is the total value of the real property going concern.

Valuation Methodologies

The appraisal process typically involves three approaches to value: the Sales Comparison Approach, the Cost Approach and the Income Approach. Although the sales comparison method is the only method relying entirely upon comparable sales data, all three methods require making conclusions based on market data. Following is a discussion of the three approaches to value plus a brief summary of how they will be used in the appraisal of the subject.

Sales Comparison Approach

The Sales Comparison Approach analyzes transactions of similar properties. Senior housing facilities do not often transfer. This approach is most useful for providing an indication of value when there is an active market for similar properties. Several senior care housing facility sales were found. Details of the sales were provided by those contacted that participated in the transactions. The sales found in used here for comparison to the subject were the best found in the area. They were analyzed on per unit basis. Typically the per unit basis is the most often used in analysis for valuation for this type of property. The sales comparison approach is one approach to value considered in the reconciliation of value in this report.

Income Approach

The Income Approach is predicated on the assumption that a definite relationship exists between the amount of income a property can generate and its value. In other words, value is created by the expectation of benefits to be derived in the future. One technique by which this is accomplished is the **Direct Capitalization Method**. The Direct Capitalization method utilizes capitalization rates extracted from market sales and/or market data. Only one year's (stabilized) income is considered. Yield and value change are implied but not identified.

A second analytical technique is the **Discounted Cash Flow Method**, in which the expected revenue and expenses realized due to the existing and/or projected future income and expenses are considered. The resulting net income cash flows and residual value at the end of a projected holding period are discounted to a present value in order to determine the cash value of the property before financing.

In this appraisal a direct capitalization method was used based on general market characteristics of income related to value. Since sales of this type of property are not readily

found that divulge income and expense characteristics, this method is most typically used as a check only to the sales comparison and cost approaches.

Cost Approach

The Cost Approach estimates the value of the vacant site, determined by an analysis of comparable land sales, and adds to it the replacement cost of the improvements. This method indicates what an investor would most likely have to pay to produce an improved property that is highly substitutable, in terms of utility, for the subject. The cost approach is most reliable for new developments, where depreciation is not a factor and also for special purpose built construction. Unlike in general appraisals where the Income or Market approach is preferred to the Cost approach when either reliable comparable sales data, or good income and rate-of-return information are available, the cost approach is one of the preferable approaches to value when appraising purpose built property.

A Cost approach is included in this appraisal. The original costs to develop the property were updated using *Marshall Valuation Service* numbers. Land value as previously concluded by this appraiser in a 2018 report, is referenced herein in total. The cost approach adding these two values together land and updated costs is the cost value new of a property similar to the subject. It is then necessary to estimate depreciation from all factors that is subtracted from the cost new, to arrive at a depreciated current value for the property.

Reconciliation

The final step in the valuation process is the reconciliation or correlation of the value indications from the three approaches to value. In the final reconciliation, the appraiser considers the relative applicability of each of the approaches used, examines the range of the value indications, and gives most weight to the approach(es) that is/are based on the most reliable data to produce the most reliable solution to the appraisal problem.

LOCATION ANALYSIS

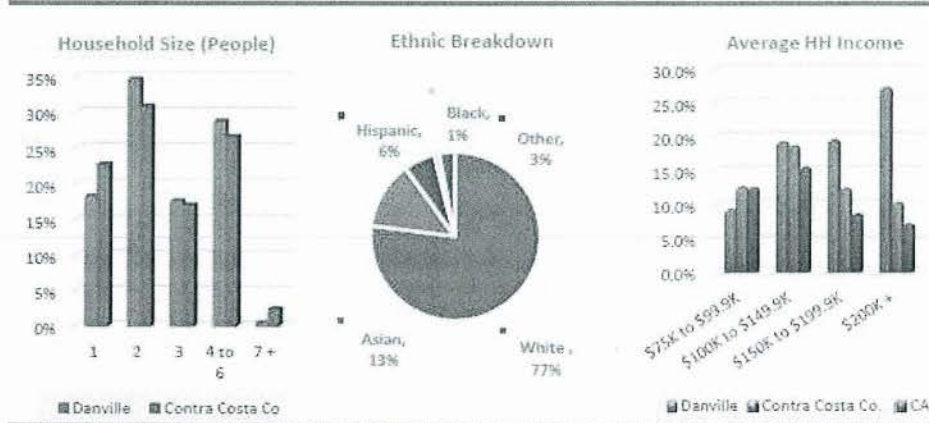
San Francisco Bay Area/ Contra Costa County/ Town Of Danville

Danville, incorporated in 1982, is a town in Contra Costa County in the East Bay Region of the San Francisco Bay area. Located in the San Ramon Valley, Danville is bordered by the Las Trampas Regional Wilderness to the west and Mount Diablo to the east. The Interstate 680 freeway provides access to the East Bay and greater Bay Area Region. Danville's Historic Downtown is a shopping and entertainment destination with many stores, shops and restaurants. Some of the most expensive real estate and exclusive country clubs in America are found in and around the Town of Danville, where one of its zip codes was ranked 14th in the nation for being one of the Wealthiest Zip Codes in America. The community has a population of just over 43,000.

During the 1970s, major changes began to occur. Large new developments were planned, including Blackhawk and the Bishop Ranch Business Park. The intensity of development and its associated pressures on existing residential and commercial areas led to increased concern among Danville residents about unforeseen and unwanted change. These concerns led to a successful effort to incorporate Danville in 1982.

During the 1980s and 1990s, the San Ramon Valley became the focus of major development activity. Once a predominantly residential and rural area, the Valley experienced major residential, commercial, and office growth which altered its rural character

DEMOGRAPHICS



➤ Population	43,577
➤ Average age	42.7
➤ Land area (Square miles)	18
➤ Total Housing units	15,974
➤ Occupancy size per household	2.7
➤ % of housing units that are owner occupied	83%
➤ Average household income	\$183,113
➤ Annual retail sales per capita	\$10,914
➤ % of residents that possess a college degree	59%

Source: U.S. Census Bureau, STI PopStats, and Hdl Companies (June 2017)

Employment

In 1990, 45,150 jobs existed in the San Ramon Valley, 8,800 of which were in Danville or its surrounding sphere of influence (SOI) area. In 2000, 60,270 jobs existed in the Valley, 14,740 of which were in Danville or its SOI area. Due to the economic downturn that started in 2007, there was virtually no net job growth in the Valley between 2000 and 2010. By 2010, there were 60,300 jobs in the Valley, 15,260 of which were in the Danville Area.

In 2000, slightly more than one third of Danville's employment base consisted of jobs in the "Finance and Professional" category, with roughly another one third in the "Health, Education and Recreational Services" category. The mix of jobs in Danville in 2000 generally aligned with the mix in the Valley at-large, although a higher percentage of Danville's jobs fell in the "Health, Education and Recreational Services" category.

MARKET AREA

MARKET STATISTICS (Residents)

➤ Labor Force	22,583
➤ Per Capita Income	67,122
➤ Average Household Income	\$183,113
➤ Median Household Income	\$140,687
➤ Workplace Establishments	1,380
➤ White Collar/Blue Collar Jobs	87%/13%

Source: STI: PopStats, STI: WorkPlace (June 2017)

TOP 10 BUSINESS TYPES

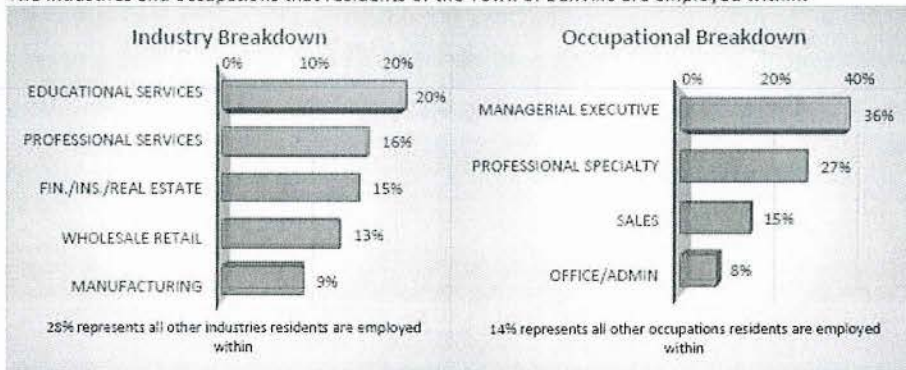
(listed in alphabetical order; based on SBOE sales tax payments)

- Business Services
- Casual Dining
- Discount Department Stores
- Drug Stores
- Family Apparel
- Fine Dining
- Grocery Stores
- Quick-Service Restaurants
- Service Stations
- Specialty Stores

Source: HdL Companies (June 2017)

LABOR MARKET BREAKDOWN

The industries and occupations that residents of the Town of Danville are employed within:



Source: STI: PopStats (June 2017)

Development

For the ten year period extending from 2000 through 2010, Danville experienced a much slower pace of growth, largely reflective of the fact that the major subdivisions approved in the 1980's and 1990's had been completed. During this period, as reported by the State Department of Finance, the increase in housing units averaged slightly less than 60 units per year.

Commercial development in the San Ramon Valley was historically centered in the downtown areas of Danville and Alamo, and along portions of San Ramon Valley Boulevard. The County-adopted 1977 San Ramon Valley Area General Plan designated large areas in the San Ramon Valley for commercial use, particularly in the vicinity of the I-680/Crow Canyon Road Interchange. Subsequent commercial development, principally the 585-acre Bishop Ranch Business Park, added over five million square feet of office and commercial development to the Valley between 1975 and 1985 alone.

Most of this development occurred in what later became the City of San Ramon. Danville's Downtown area has remained the Town's commercial hub and has grown extensively since incorporation. A second major commercial area serving the east side of Danville developed in the 1990's at Crow Canyon Road and Camino Tassajara. A third commercial area was developed just north of the San Ramon border along Camino Ramon and Fostoria Way.

Because of high land values and changing buyer preferences, recent trends have seen development of many residential projects at higher densities than those developed during the 1950's through the 1980's. This has not only meant an increase in the number of townhomes and multifamily units, but also a decrease in the average lot size for single family housing. Another outcome of higher land costs and market trends has been the emergence of new housing types such as "patio" (or "zero lot line") homes, cluster homes. Even with the recent trends considered, Danville's housing mix continues to be dominated by single family detached units.

Transportation

The transportation system in Danville is dominated by the I-680 freeway corridor, which bisects the Town in a north to south direction. Traffic volumes in this corridor have increased rapidly as Contra Costa County and the Tri-Valley have developed.

Major thoroughfares within the town are Danville Boulevard / Hartz Avenue / San Ramon Valley Boulevard that extends in a north-south direction from the community of Alamo south to the City of San Ramon and on. East-west thoroughfares (also freeway exits off I-680) are Diablo Road, Sycamore Valley Road and Crow Canyon Road. Camino Tassajara Road, fronting the subject on the North, is the Eastern extension of Sycamore Valley Road.

Summary

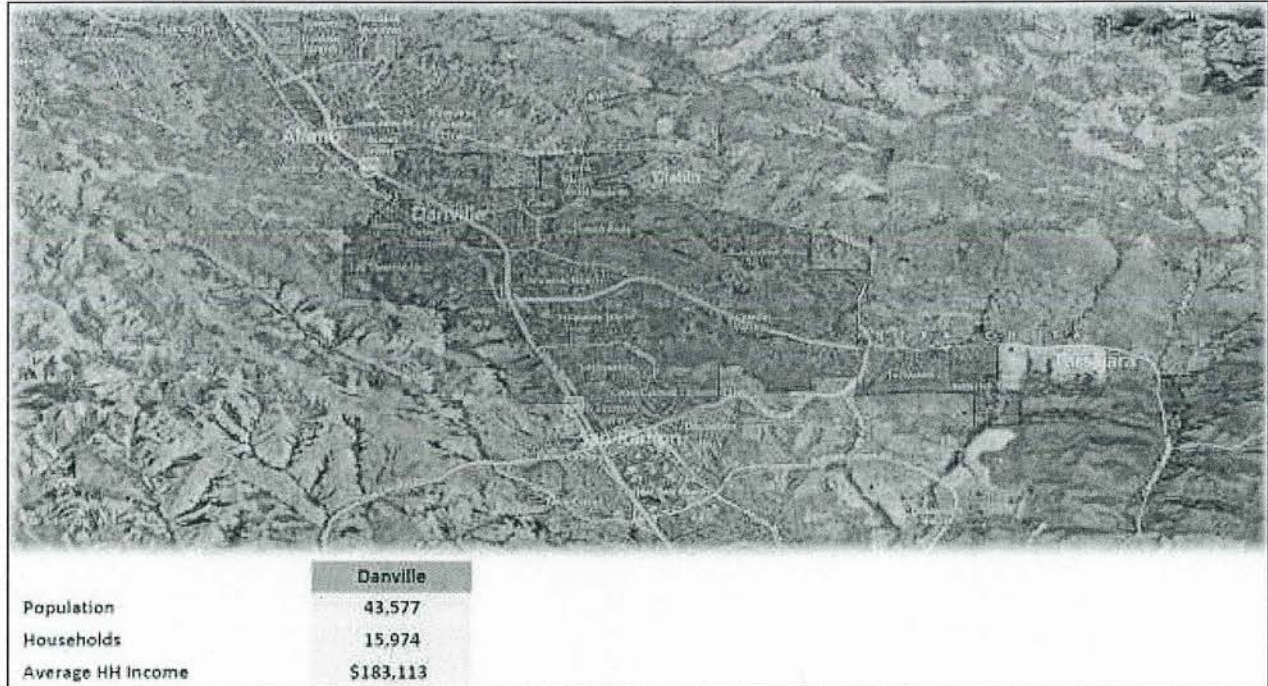
The Town of Danville, which incorporated in 1982, has managed to retain a more rural feel than many of the other surrounding towns and cities with a visible Downtown area. The development of the area on the east side of town into the unincorporated county areas, but in the SOI including the residential development along Camino Tassajara and Blackhawk area has substantially increased the area and population of the town over time.

The school system for the area, San Ramon Valley Unified School District, is one of the best systems in Central Contra Costa County and the state. Many of Danville's residents choose Danville for this factor.

Overall, Danville has little land left for new development within the Town's boundaries. Most new development from 2011 on consisted of infill projects, redevelopment projects, or larger development in unincorporated areas under the Town's SOI (sphere of influence). The subject in the exhibit below is just to the west of the eastern boundary of this town

Neighborhood Description

The subject is located in the eastern SOI area for the town of Danville. It is east of the Blackhawk area and development. Its frontage is along Camino Tassajara Road. The developed area of the buildings themselves is in unincorporated Contra Costa County. The rest of the site is within the Town of Danville jurisdiction.



Development in the immediate area consists of vacant lots/land, residential subdivisions, and a PG&E substation on the north side of Camino Tassajara Road. The major thoroughfare through this area is Camino Tassajara Road that to the east turns south connecting to the City of Dublin California. To the west along Camino Tassajara Road it becomes Sycamore Valley Road connecting to San Ramon Valley Boulevard that extends perpendicular to this roadway. Interstate 680 is also accessible to the west of the subject area by this roadway with two names.

Overall, the neighborhood consists of mostly residential uses along the Camino Tassajara Road corridor. Commercial retail and office uses are located near to the intersection of Camino Tassajara Road and Crow Canyon Road including the Blackhawk Plaza area and medical and other offices uses.

SENIORS CARE PROPERTIES MARKET OVERVIEW

The senior housing and care industry provides both housing and an array of services to seniors, generally to those over the age of 75. Care segments are commonly divided into four categories:

- Independent living (IL)
- Assisted living (AL)
- Memory care (MC)
- Skilled Nursing care (SN)

IL facilities are typically retirement communities or senior apartments with dedicated parking. Tenants 55 and over can rent and furnish the space on their own. They offer social and recreational activities, as well as conveniences such as laundry services, housekeeping, dining options, wellness programs and transportation services.

AL facilities are licensed healthcare facilities that provide personal care, and housing for individuals who need daily help with bathing, eating and dressing, yet require limited medical care. The programs and services may include transportation, social activities, exercise and fitness programs, meals in a dining room setting and other activities sought by residents

MC provides higher levels of personal assistance for residents requiring memory care as a result of Alzheimer's disease or other forms of dementia. Levels of personal assistance are based in part on local regulations. They may also be standalone or integrated within an AL community.

SN facilities are licensed healthcare facilities for people that may need 24-hour assistance from skilled nurses and aides. They provide restorative, rehabilitative and nursing care for people that need physical, occupational, speech, respiratory, and other therapies, including sub-acute clinical protocols such as wound care and intravenous drug treatment.

Nursing care has traditionally been provided in an institutional-style setting, although there is a growing movement toward a more homelike setting. The other care segments typically are provided in a multifamily setting. Seniors housing and care properties also include continuing care retirement communities (CCRCs), also referred to as life plan communities, which must offer at least two care segments (i.e., independent living and nursing care) in a single community. For purposes of this report, the term "senior housing" excludes nursing care only properties and 55+ senior apartments; whereas the term "senior housing and care properties" includes all of the properties providing the care segments outlined above, but not 55+ seniors apartments. In the U.S., there currently are approximately 23,500 investment-grade senior housing and care properties containing +/-3 million-units.

The following chart shows the different types of care provided for each type of facility or use within a facility. The subject property includes all of these different uses.

**Supply of Investment-Grade*
Seniors Housing and Care Properties in the U.S.**
By Property and Unit Counts across Community Types, Campus Types,
and Care Segments | Estimates as of 4Q17**

By Community Type	# Properties	# Units***
Independent Living (IL)	2,800	427,000
Assisted Living (AL)	7,200	595,000
Memory Care (MC)	1,400	73,000
Nursing Care (NC)	10,300	1,344,000
CCRC/Life Plan Community	1,800	604,000
Total	23,500	3,043,000
By Campus Type	# Properties	# Units***
CCRC/Life Plan Community	1,800	604,000
Combined	6,900	845,000
Freestanding	14,800	1,594,000
Total	23,500	3,043,000
By Care Segment	# Properties	# Units***
Independent Living (IL)		695,000
Assisted Living (AL)		659,000
Memory Care (MC)		215,000
Nursing Care (NC)		1,474,000
Total		3,043,000

* Current estimates are not comparable to estimates from prior years due to different estimation techniques.

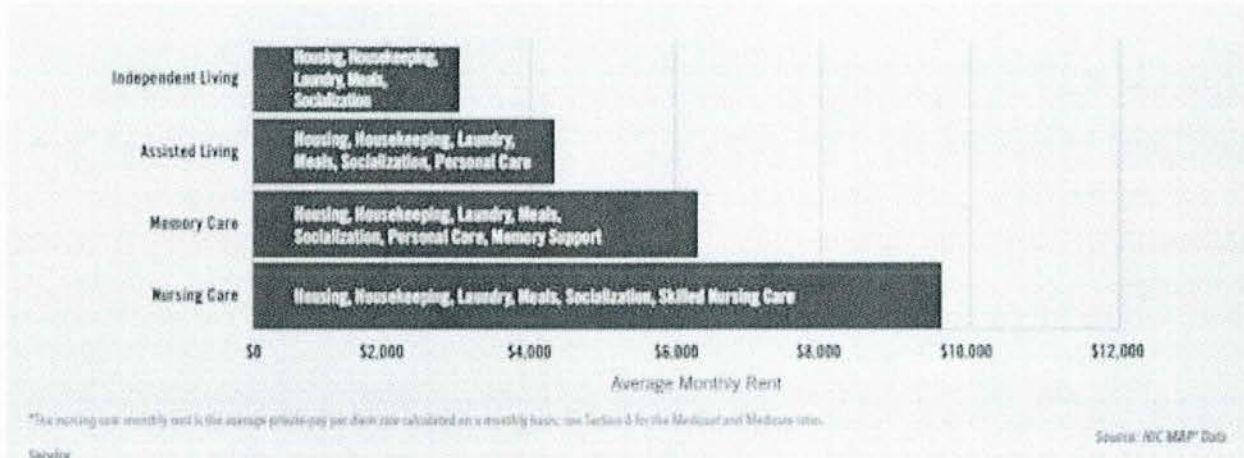
** Estimates are representative of properties with at least 25 units/beds that charge market rates and/or accept Medicaid for the housing and services offered.

*** One nursing bed is equivalent to one unit. *Source: NIC MAP® Data Service: NIC*

Exhibit 1.c

Average Monthly Rent by Care Segment

As of 4Q17



The following exhibits the largest providers of senior housing operations. You will note later in the report you will see several names of these operators in the comparable sales used herein.

Largest Seniors Housing Operators in the 99 Primary and Secondary Markets

As of 4Q17

	Number of Properties Operated*	Number of Units Operated**
Brookdale Senior Living	647	63,351
Holiday Retirement	185	22,914
Sunrise Senior Living	248	20,439
Atria Senior Living	155	18,722
Five Star Senior Living	131	13,495
Senior Lifestyle Corporation	104	12,304
Life Care Services	55	8,033
Capital Senior Living Corp	71	7,769
Integral Senior Living	46	5,377
Senior Resource Group	29	5,065
10 Largest Operator's Share of Total Units		26.5%

*Includes independent living, assisted living, and memory care communities
 **Includes all units within the property. May also contain nursing beds.

Source: NIC MAP® Data Service

Largest CCRC/Life Plan Community Operators in the 99 Primary and Secondary Markets

As of 4Q17

	Number of Properties Operated*	Number of Units Operated**
Erickson Living	18	23,308
Life Care Services	49	19,578
Brookdale Senior Living	34	12,546
Five Star Senior Living	26	7,243
ACTS Retirement-Life Communities	13	5,085
Covenant Retirement Communities	11	4,258
Lifespace Communities	11	4,240
Vi Senior Living	8	3,065
Presbyterian Homes & Services	8	2,643
Sunrise Senior Living	6	2,604
10 Largest Operator's Share of Total Units		22.9%

*Includes CCRC/life plan communities.
 **Includes all units within the property, including nursing beds.

Source: NIC MAP® Data Service

Seniors who are in need of services and their families drive demand for senior housing and care properties. The average age of the residents in senior housing is believed to be presently in the mid-80s, while the average move in age is in the low to mid 80s. The population of individuals aged 80 years or older provides a reasonable benchmark for potential demand. The population estimate of individuals aged 80 years or older for 2016 was 12.2 million, which represented about 4% of the US population

The sizes of the 80+ and 85+ populations are expected to increase at a rate of approximately 2% and 1.2% per year, respectively during the remainder of the decade, while the early part of the next decade will see elderly population growth accelerate/averaging 3.4% to 2.1%, respectively from 2021 to 2025.

The latter part of the 2020's will see the beginning of this significant acceleration in this population, with the 80+ population growth rate averaging roughly 4.8% per year from 2026 through 2030. The 85+ population cohort will not grow quite as fast it still will average nearly 4% over the same period, while the 82 to 86 cohort will average 5.3% per year.

(Source: US Census Bureau population division, all demographic projections based on "projection population by single year of age, sex, race and his spirit origin for the United States: 2016-2060.")

Only three other potentially competing senior facilities were found in the Danville area. These include Brookdale of Danville, which is a memory care facility; Brookdale Danville Diablo Road which is an assisted living facility, and Sunrise of Danville. None of these appear to have the comprehensive mix of uses that the subject property has.

No new construction of senior housing was noted in any of the areas except for those noted in the land sales comparisons later in this report one was an addition to an existing facility in Walnut Creek and the other was related to a church facility providing senior housing.

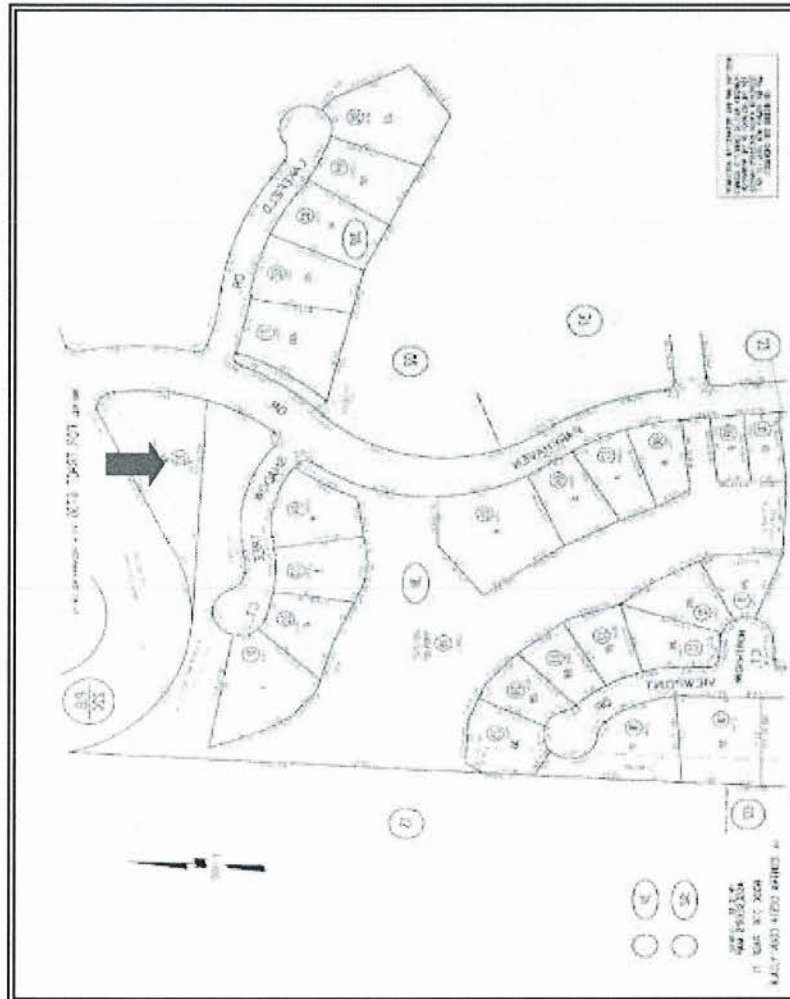
Demand for the type of housing stated above is only due to increase in the following years as population ages. The subject appears to have a good segment of the potential senior housing population. They probably can be considered a continued care senior housing project as it provides the gamut from independent living through skilled nursing.

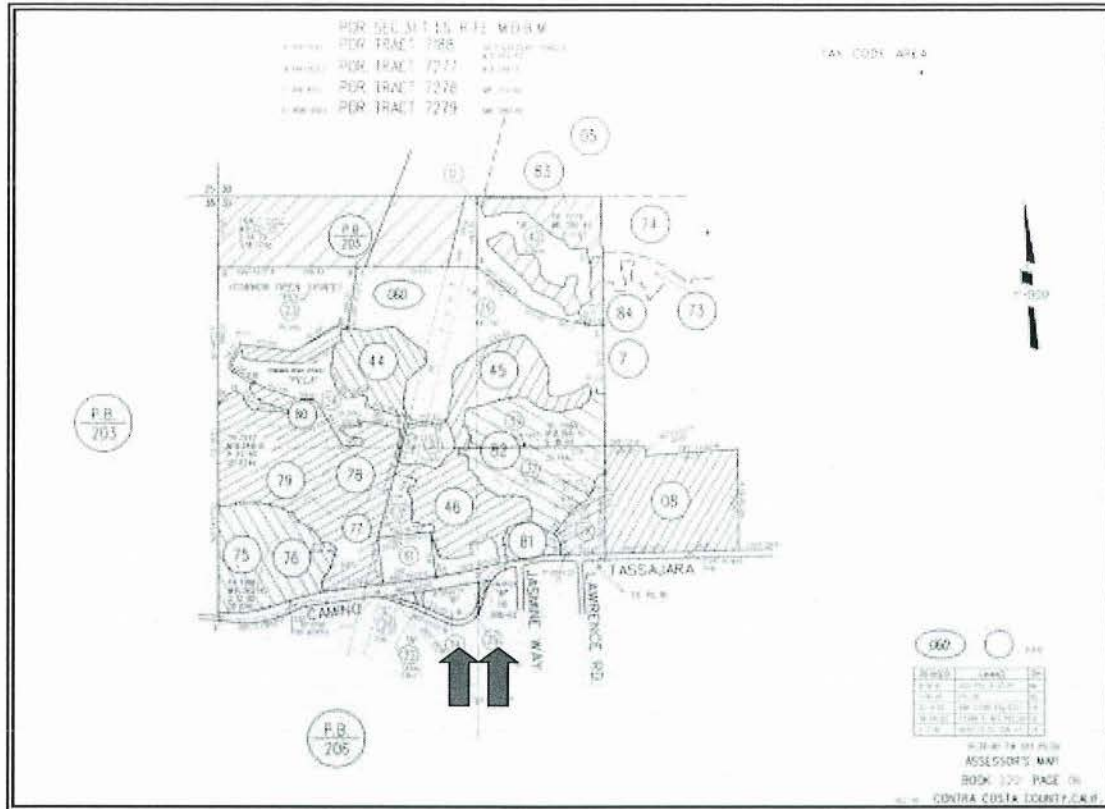
SITE DESCRIPTION

Subject Site

The subject site is composed of three parcels with a total of + 5.15 acres or about +224,700-square feet. The subject site has frontage along Camino Tassajara Road and Parkhaven Drive. Access to the site is from Parkhaven Drive. There's a fire exit also along Camino Tassajara. The public has no access at this location. This site upslopes from Camino Tassajara Road to the south. The pad where the building improvements are located is fairly level graded pad. A parking area on the south side of the development is on a more upsloped area that appears to be cut out of the land as it continues to upslope and is developed with a residential subdivision.

The subject site is irregular and is identified as Contra Costs County Assessor's parcel numbers 220-060-019-1, 220-060-039 and 206-311-020-5. See plat maps following.





Topography

The subject site up slopes to the south. A topographical map showing the area elevations and is shown below (see the dip in Camino Tassajara Road before Lawrence Road).



Soil Condition

The appraiser has not been provided with a geotechnical study on the subject's soils. Based on field observations, the soil appears to be stable with no apparent slide activity.

Utilities and Services

Gas and Electric:	Pacific Gas and Electric
Water & Sewer:	East Bay M.U.D., Central Contra Costa County Sanitary District
Telephone:	AT&T
Public Safety:	Police: Contra Costa County Sheriff Fire: Contra Costa County Fire District

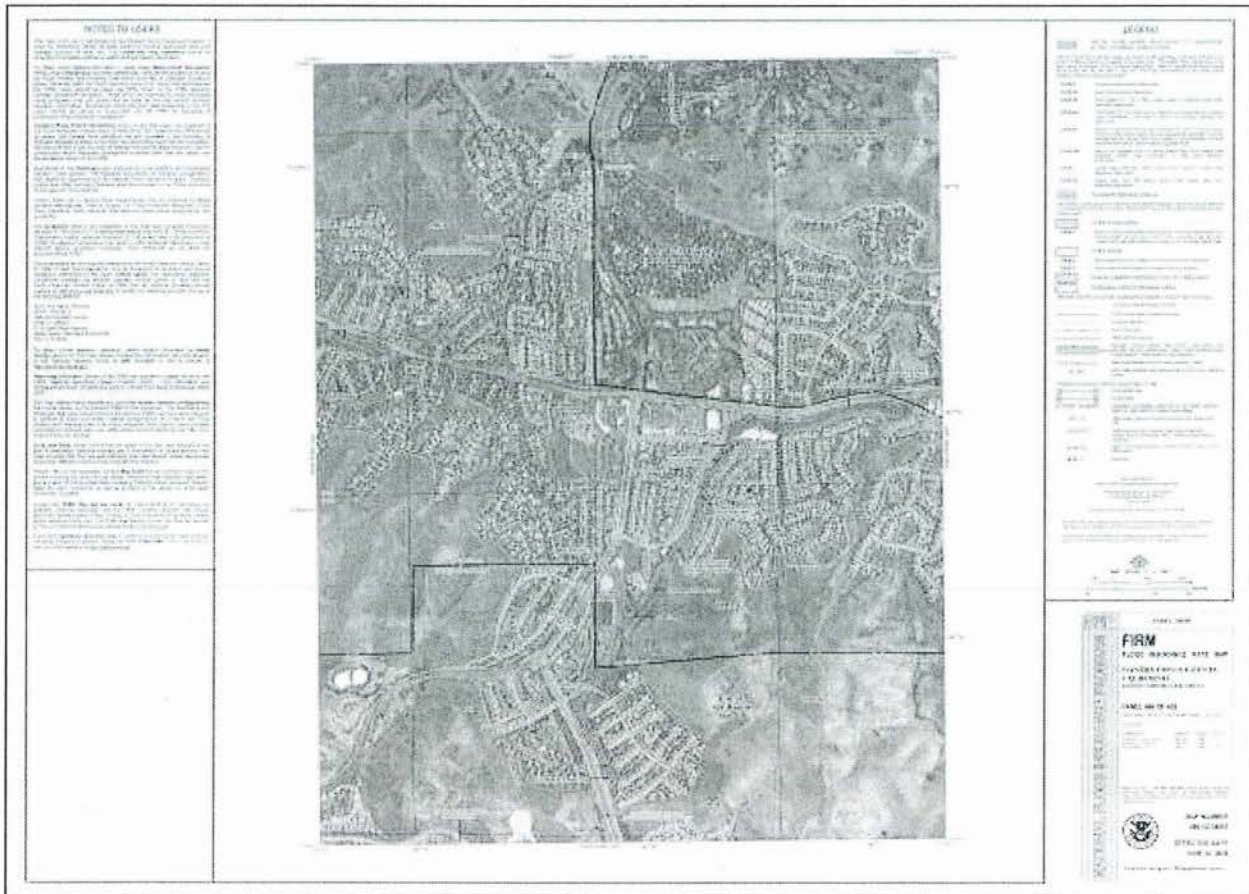
All utilities are available to the subject site.

Flood Zone

Zone X - Community No. 06013C0466F, dated 6/16/2009 per FEMA (see following flood map).
Zone X is defined as follows:

Zones B, C, and X: Areas identified in the community FIS as areas of moderate or minimal hazard from the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local stormwater drainage systems are not normally considered in the community's FIS. The failure of a local drainage system creates areas of high flood risk within these rate zones. Flood insurance is available in participating communities but is not required by regulation in these zones. (Zone X is used on new and revised maps in place of Zones B and C.)

Source: FEMA



Easements/Encumbrances/Exceptions

The preliminary title report supplied by the client compiled by Old Republic Title Company, dated November 5, 2010 discusses the following easements.

Easements Noted in Preliminary Title Report

Easement grantee	Purpose of easement	Parcel impacted (1)
Pacific Gas & Electric Company	Right to erect construct maintain in use two independent lines of towers the six wires and cables that for the transmission of electrical energy	Westerly portion of Parcel Two
Pacific Gas & Electric Company	Access purposes	A 15 foot strip of land affecting a portion of Parcel Three
Pacific Gas & Electric Company	Electric: and gas conveyance facilities	A portion of Parcels Two and Three
Pacific Gas & Electric Company	Electrical facilities	A portion of Parcel Three
Landscape maintenance easement		Parcel One per title report
Public utility easement		Parcel One per title report
Pacific Bell	Communication facilities	Western 5 feet of parcel one
Standard Pacific, L. P., A Delaware limited partnership	Exclusive subsurface easement and non-exclusive surface easement and the right to construct, alter, operate, maintain and repair such sewer lines or lines and appurtenances thereto	A portion of Parcel One
Contra Costa County Sanitary District	Sewer purposes	A portion of Parcel Three
Storm drain easement		Portions of parcel two and three as shown on subdivision map 7188

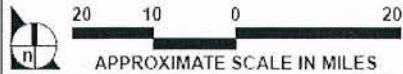
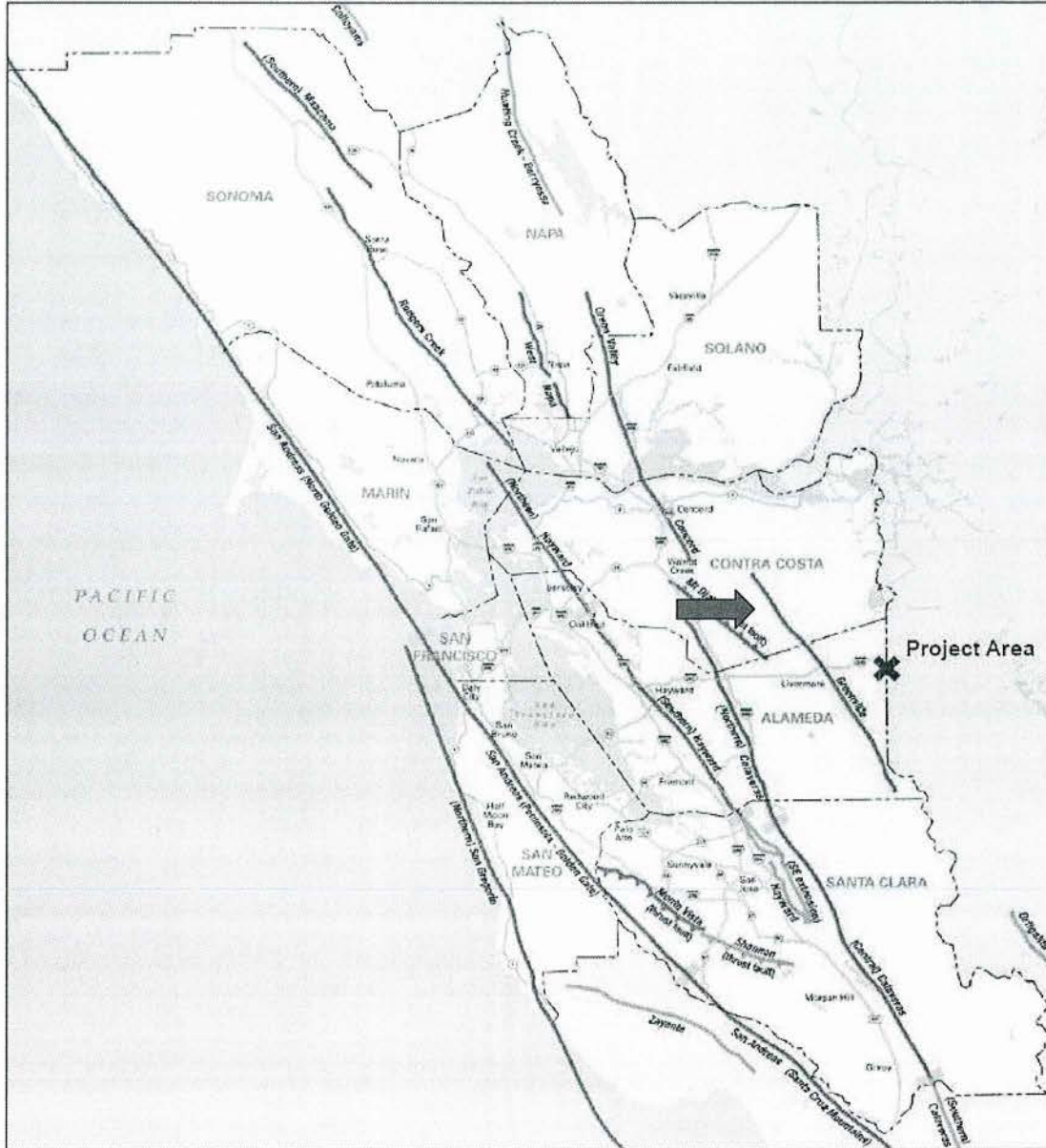
Source: subject preliminary title report dated November 5, 2010

- (1) APN 206-311-020-5 = Parcel One
 APN 220060039 = Parcel Two
 APN to 220-060-019-1 = Parcel K (of parcel three)

There are no other known easement encumbrances. None of these are considered value influencing. See portions of the preliminary title report in the Addenda

Alquist-Priolo Special Studies Zones Act of 1972

Based on information available to the appraiser, the subject property does not appear to be located within a Special Studies Zone as designated by the State Division of Mines and Geology. Several minor faults are located far to the east and west of the subject area. See Faults following - blue starred project area outline for Alameda and Contra Costa Counties. However, all properties in California are subject to ground movement.



SOURCE: Alameda County Planning Department - May 2007, Association of Bay Area Governments - 2003

Assessed Value and Taxes

The Contra Costa County Tax Collector's online website was accessed for information on the 2018 -2019 assessments and current property taxes for the subject. The subject improvements as well as being senior housing are considered a religious facility triggering an exemption for the improvements. The tax data gathered on the subject is summarized in the following chart.

APN	Assessed Land Value	Assessed Improvement Value	Assessed Personal Property	Total Assessments	Special Assessments	Taxes	Tax Rate
206-311-020-5	\$269,431	\$0	\$0	\$269,431	\$1,357.64	\$1,357.64	1.0951%
220-060-039-9	\$336,793	\$0	\$0	\$336,793	\$1,047.58	\$1,047.58	1.0951%
220-060-019-1	\$2,754,192	\$21,669,428	\$0	\$24,423,620	\$42,581.28	\$42,581.28	1.0951%
		<i>Exempt from taxes Religious facility</i>					

Source: Internet - Contra Costa County Tax Collector records

Zoning and General Plan

The subject parcel is zoned P-1 with a General Plan designation of public and semi-public and in the more elevated portions as general open space. Under Contra Costa County's regulations, uses allowed include a senior care housing facility under the P-1 zoning and public semi-public general plan.

IMPROVEMENT DESCRIPTION

Building Height:	One and two-story with the small penthouse facility ranging from approx. 18 feet to 34 feet at sloped roof height - see plans in the Addenda
Buildings size:	Total project area is 108,690-square feet
Quality:	Good to very good with no deferred maintenance issues noted
Year Built:	Construction started in 1997 finishing in 1999. Renovations to the building were reportedly made in 2011 to 2016.
Foundation:	Poured concrete slab on grade
Framing:	One hour fire resistant wood wall frame for and roof framing
Floors:	Concrete
Exterior walls:	Stucco
Roof structure:	Wood frame
Roof cover:	Concrete tile
Windows:	Metal frames with insulated glass
Doors:	Metal and glass, interior wood
Ceiling height:	Estimated <u>+8</u> feet to <u>+14</u> feet per building plans

Mechanical

Heating and cooling:	HVAC, multiple units
Fire sprinklers:	Yes, throughout

Interior Detail

Layout/Utility:	Good purpose built facility
Floor coverings:	Carpet, ceramic tile, vinyl, and laminated wood flooring

Walls:	Painted and papered drywall, some wood paneling
Ceiling:	Gypsum board – painted & textured and acoustic in suspended grid in some areas
Lighting:	Recessed fixtures, fluorescent and ceiling affixed incandescent fixtures
Restrooms:	Ceramic tile over sheet rocked walls
Bathrooms:	Handicap equipped showers and bath tubs toilets, sinks, tile floors and walls.

Site Improvements

Parking:	+90 spaces
Landscaping:	Very good - ground covering, trees, grass and shrubbery - irrigated
Other:	Numerous exterior patio areas in sheltered locations throughout the development those are accessible from interior doors

Comments:

Common Areas, Offices and Synagogue: This portion of the building is single-story wood frame and consists of a lobby with art work, private offices for administration and front desk staff and a large room that can be divided into two sections; one is used as a synagogue and one as a conference room.

Skilled Nursing Facility: This wing of the building is single-story and consists of a skilled nursing facility with 30 bedrooms, mostly with double occupancy. The facility is licensed for 60 beds. In the center is a recently remodeled nursing station and offices, and there is a dining room on the opposite side of the main central hall. There are also several activity rooms, for residents to meet and play games and watch performances.

Assisted Living Facility: This is mostly a two-story structure with one bedroom and studio apartment units. There is a single-story portion of the assisted living facility, which consists of a large commercial kosher kitchen and large dining room. There is also a second, smaller dining room for residents to have meals with their visiting families. The assisted living facility is licensed for a total of 120 beds in 104 units. The facility has three types of residences:

Assisted Living – 12 studio apartments and 36 one-bedroom apartments

Enhanced Assisted Living

Polse -24 hour nursing, six studio apartments 10 one-bedroom apartments

Traditions - Memory Care 20 rooms 14 residents

Tikvah Center – Enhanced Care Unit – 20 rooms, 14 residents (24 hour nursing)

Skilled Nursing - shared and triple occupancy rooms

Source: Facility Brochure

The main senior residence facility consists of a two-story structure with studio and one-bedroom residences. These units have private bathrooms and kitchenettes with sinks, counters and small refrigerators. There are no stoves or ovens and cooking in the units is not permitted, although, residents can have microwaves. Units are upgraded with new paint and carpeting when tenants turnover. Overall, units are in good overall condition and have been well maintained. There are also two wings for special care services; **Traditions** is the dementia unit for Alzheimer's patients and the **Tikvah Center** is for residents needing enhanced care, but not yet requiring full-time skilled nursing. The dementia wing is on the ground floor and features a patio area that is gated and locked. There are currently 20 rooms, a dining area and main living/common room and several nurses' offices. The second floor wing is directly above the Dementia wing and similar in overall design and configuration and it has two small patio areas and a nursing station. It also features exam rooms for patients to meet privately with doctors or nurses. There is a large main common area with seating, tables, and TVs for residents to socialize and meet. In addition, there are several common activity rooms throughout the assisted living facility, which include an art studio, pool table room, a beauty salon, game rooms, craft rooms, and media rooms. Some of these rooms reportedly have been remodeled with new flooring, paint, flat screen TV/video monitors, and other special media fixtures. Building components are summarized in the following chart:

Restrooms	Common restrooms in lobby. Skilled nursing facility rooms have toilets and sinks and large common shared shower room. Assisted living units have private baths with showers which are ADA compliant.																
Access	Main pedestrian access at main entrance portico. Walk-up and two elevator access to second level residences of assisted living center. Main stairway in assisted living center common area, and three perimeter fire stairwells, (marked as emergency exits so residents do not use them).																
Site Improvements	At the rear of the building off the loading dock is a ±4,500 drive in freezer storage room held at -10°F. Adjacent is a smaller room off the finishing area containing a spiral blast freezer.																
Common Areas	Lobby, Synagogue, Three Communal dining rooms, large common area, TV and activity room, smaller media rooms, game and art rooms, beauty center, and computer center.																
Areas:	<table> <tr> <td>Skilled Nursing Facility:</td> <td>18,340 SF</td> </tr> <tr> <td>Assisted Residential Care Facility:</td> <td></td> </tr> <tr> <td> First Floor:</td> <td>48,686 SF</td> </tr> <tr> <td> Second Floor:</td> <td>41,408 SF</td> </tr> <tr> <td> Penthouse:</td> <td>286 SF</td> </tr> <tr> <td> Assisted Living Total:</td> <td>90,350 SF</td> </tr> <tr> <td>Total Gross Building Area:</td> <td>108,690 SF</td> </tr> <tr> <td>Parking:</td> <td>±90 marked stalls</td> </tr> </table>	Skilled Nursing Facility:	18,340 SF	Assisted Residential Care Facility:		First Floor:	48,686 SF	Second Floor:	41,408 SF	Penthouse:	286 SF	Assisted Living Total:	90,350 SF	Total Gross Building Area:	108,690 SF	Parking:	±90 marked stalls
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Second Floor:	41,408 SF																
Penthouse:	286 SF																
Assisted Living Total:	90,350 SF																
Total Gross Building Area:	108,690 SF																
Parking:	±90 marked stalls																

The American with Disabilities Act (ADA) became effective January 26, 1992. The subject appears to conform to the ADA; however, I have not made a specific compliance survey and

analysis of this property to determine whether it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect of the value of the property. The subject improvements may require some alterations.

No current Phase One Environmental Report was provided for my review.

Building plans were provided and pertinent pages of those plans are located in the Addenda.

HIGHEST AND BEST USE

Definition

"The reasonable probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability".⁶

Discussion

The determination of highest and best use is predicated upon that use which is physically possible, appropriately supported, legally allowable, financially feasible, maximally productive, and which produces the highest return to the land. These factors are discussed in the following paragraphs. The subject's highest and best use is considered as if the site is vacant and available for development, and as currently improved.

AS VACANT

Physically Possible

The subject site is relatively large, containing ± 5.51 -acres. The site is irregular with frontage along Camino Tassajara Road and Parkhaven Drive. It is mostly up sloping with some level area that due to grading is the location of the building improvements. Parkhaven Drive mirrors the upslope to the south of the total subject parcel. There is an adjacent residential subdivision development to the south that is elevated above the subject site.

The physical size of the subject site and its apparently graded level topography area allows for a variety of development uses.

Appropriately Supported

Uses surrounding the subject site include residential single-family home development, a PG&E electric substation to the north, residential subdivision use to the east, and vacant land to the west. There are a number of potential uses for the subject site that may be considered to be appropriately supported by the surrounding development. See the allowable uses in the zoning regulation for the P-1 district in the Addenda.

Legal Permissibility

The subject site is currently zoned P-1 and has a General Plan designation of public and semi-public as well as open space uses.

The Dictionary of Real Estate Appraisal, second edition, American Institute of Real Estate Appraisers, 1989, pg. 149.

Financial Feasibility

A project is considered financially feasible when the estimated project costs are less than the market value, allowing room for developer's profit. Reference is made here to the Income Approach shown later in this report. The subject has been running in the black for several years (based on cash flows provided). Based on this fact, the existing Reutlinger Community senior housing development is considered a financially feasible use for the subject site. The current economic conditions in the area, state and country are good with continued real growth likely in sight for at least another year, maybe longer. Other senior housing communities are actively marketing. New construction is noted in San Ramon (52,000 sq. ft., 82 beds senior assisted living and memory care facility associated with the Nazarene Church); an addition to Byron Park senior housing development in Walnut Creek that is adding 33,840 sq. ft., 40 beds addition and lastly a site in Dublin that is being developed with the Avesta Senior Care Facility, a 69,217 sq. ft., four-story building and 40 parking spaces in the downtown area. *See land sales in the cost approach for more details on these developments.* Due to these other developments and apparent demand for senior housing in the subject area, the existing use appears to be a financially feasible use for the subject site. The site may also be feasibly used for other institutional type properties such as a hospital.

Maximally Productive

A public semi-public commercial use is allowed under the current public regulations in place on the subject site. A Cost Approach (see later in this report) was compiled to see if the cost of developing a similar senior housing facility would be less than the value derived using the Income Approach. The current subject operation is supplying measurable net operating income and has been for several years. Therefore there does appear to be continued value in the property as improved with a senior housing facility. Considering this fact, the maximally productive use of the site is for a subject similar development consistent with the zoning and general plan designations.

The amount of competitive supply is also considered to support a senior housing facility use of the subject site.

Conclusion

Based on present supply and demand and considering the subject positive income (cash flows), the highest and best use as vacant would be to develop with a similar senior housing or other institutional development. Conversion to residential subdivision vision use may also be possible, see zoning in Addenda.

AS IMPROVED

Physical Characteristics

The subject is an existing, a senior housing facility providing varied areas. The subject improvements as existing were designed and purpose built for their current use. The existing improvements have no noted areas of deferred maintenance. The development has reportedly been updated in the last several years (2011 – 2016). Overall, the improvements are considered to be in good to very good condition for their age. The various use sections of the facility are considered functional for the current use.

Public Regulation

The subject is zoned P-1 (Planned Development) with a general plan of public semi-public use. A portion of the site also appears it may be designated as open space. The subject site is located in unincorporated Contra Costa County. The size of development is regulated by the development standards and parking requirements for this zoning/general plan designations. Currently, a development density is about 48%. According to the P-1 zoning there is no minimum site designation. As improved and developed, the subject improvements represent a good utilization of the site.

Market and Financial Feasibility

As discussed above, the highest and best use for the subject site, as if vacant, is for a similar use in compliance with the P-1 zoning and the general plan. At the present time, there appears to be fairly good demand for senior housing evidenced by existing new development.

As exhibited by the conclusion of value herein, the continuation of the subject as a senior housing facility is viable. The subject improvements contribute sufficient value overall (generate enough income) to make this a viable continued use. This is exhibited by the difference between the estimated site value and the value as improved under the Income Approach to value which follows.

Conclusion

The concluded highest and best use, as improved, based on an analysis of physical characteristics, public regulation, and market and financial feasibility is as currently developed with a senior housing facility offering IL, AL, MC, and SKN services.

COST APPROACH

This approach to value is an analysis of the physical value of the property in light of its replacement cost. The Cost Approach is based on the principle of substitution, which states that " no prudent person will pay more for a property than the amount for which it could be obtained, by purchase of a site and construction of a building, without undue delay, a property of equal desirability and utility" (*The Appraisal of Real Estate*).

In the Cost Approach, the following steps are usually applied to reach an estimate of value:

- (1) estimate underlying land value as if vacant;
- (2) estimate replacement cost or reproduction cost new of the improvements;
- (3) estimate accrued depreciation, if any, caused by physical, functional, and/or external sources;
- (4) deduct accrued depreciation from the cost new of the improvements to arrive at a depreciated cost estimate; and
- (5) add the land value to the depreciated cost estimate of the improvements to arrive at a value indication.

Land Value

Land value for this report was estimated by this appraiser in October 2018 for the client on several parcels to the west of the subject property, but under the same ownership. This report in total, dated November 8, 2018 is referenced for the land valuation for the subject parcels. As a result of the comparable sales and their analyses, the value per square foot of land area is approximately \$30 per square foot. The following chart was updated to exhibit the 5.51-acre subject site versus the smaller only about a third acre in the November 8th appraisal. Based on the premise that larger parcels typically sell for somewhat less per square foot, all other parameters being equal, the subject's larger size was adjusted for in comparison to the sales. An estimated \$30 a square foot is applied here to the land area for the senior housing facility site. *Please see the sales spreadsheet for the comparable sites as exhibited in the November 2018 appraisal, but edited for the current subject site following.*

	Subject	Sale 1	Sale 2	Sale 3	Listing A
Address	SC Camino Tassajara & Parkhaven Dr. Danville, CA (unincorporated area) 220-060-019-1, 220-060-039, 206-311-0205	12700 Alcosta Blvd. San Ramon, CA 213-750-015-9	1700 Tice Valley Blvd. Walnut Creek, CA 189-040-016-9 & 184-462-021-9	7601 Amador Valley Blvd. Dublin, CA 941-172-1-9	6 Boardwalk Place San Ramon, CA 209-770-016
APN					
Size - Acres/Sq. Ft. Land	5.51 240,016	2.60 113,256	2.67 116,305	0.98 42,789	0.39 16,988
Zoning	P-1 (PUD) General Plan PS (public and semi-public)	PS (Public Semi-Public uses)	PUD - Planned Development (institutional)	DDZD, Retail district with downtown Dublin Specific Plan	LO (Office)
Approvals/Entitlements/ Comments	Subject is irregularly shaped with a number of easements for public utilities impacting the site. It has frontage on Camino Tassajara Road and on Parkhaven Drive. It is designated on the final map for senior facility with parking and landscaping. Access to site from Parkhaven Dr. Site upslopes to the south. Composed of 3-parcels: main parcel with facility structures; smaller parcel developed with parking spaces and the third parcel consists of driveway around structures with driveway access from Parkhaven Drive.	Property behind Church of Nazarene purchased for construction of new 2-story, 52,000-SF, 82-bed senior assisted-living and memory care facility (31-units/ac). It is located south of San Ramon Regional Hospital and adjacent to church addition under construction 9/2018. Development approved before sale. Site has a significant slope to the east that impacted development costs.	Site purchased for expansion of existing Byron Park senior housing development. Plans are for a 33,649-SF, 40-bed addition to the existing senior housing facility with underground parking-40 cars/stalls, 15-units/ac. City of Walnut Creek shows only 1.22-acres being developed with this project. Other parcel provides access.	Site was purchased for development of Avesta Senior Care facility - 69,217-SF bldg. 4-stories and 40-parking spaces in downtown Dublin. Will have apartments, assisted living, memory care units with communal eating & living areas. Building permit currently under review. Sold with preliminary permits in place. Development of about 92-units/acre.	Zoning is for limited office. Site was foreclosed on by a private lender in 2012 after 2006 purchase for \$527,000. Previous plans for office development were approved but have since expired. Site has a 100-ft creek setback and a number of heritage oaks that cannot be removed which both restrict site development. Based on former dev. plans FAR is 0.18 Zoning allows FAR of 0.45.
FAR (based on approvals &/or zoning)	0.45	0.46	0.28	1.56	0.18
Buyer		San Ramon Owner LLC (Summit Senior Living)	SHP V Byron Park II LLC	Dublin CA Real Estate LLC	Unknown
Seller(s)		Unknown	KSL BP Holdings LLC	Whitney Investments-7601	John A Greenman
Document No.		2017-095827	2017-094178	2017-024546	N/A
Sale Date		31/May/17	28/May/17	31/Jan/17	Active Listing
Sales Price or List Price		\$4,750,500	\$3,457,000	\$3,100,000	\$350,000
Sales Price/Sq. Ft.		\$42	\$30	\$72	\$21
Property Rights		0%	0%	0%	0%
Adjusted \$/Sq. Ft.		\$42	\$30	\$72	\$21
Financing		0%	0%	0%	0%
Adjusted \$/Sq. Ft.		\$42	\$30	\$72	\$21
Conditions of Sale		0%	0%	0%	0%
Adjusted \$/Sq. Ft.		\$42	\$30	\$72	\$21
Expenditures After Sale		0%	0%	0%	0%
Adjusted \$/Sq. Ft.		\$42	\$30	\$72	\$21
Sale Date (Mkt. Conditions)		0%	0%	20%	0%
Adjusted \$/Sq. Ft.		\$42	\$30	\$87	\$21
Location		0%	15%	0%	10%
Visibility		5%	5%	0%	20%
Land Area		-5%	-5%	-10%	-10%
Shape		0%	-5%	0%	0%
Terrain		5%	0%	0%	10%
Access		0%	0%	0%	5%
Utilities : subject impacting developable/usable site area		-6%	-7%	-9%	0%
Status - approvals in place		-20%	-12%	-16%	0%
Miscellaneous - dev. Density allowed		0%	10%	-30%	10%
Total Adjustment		-21%	1%	-65%	45%
Indic. Subject Value / Sq. Ft.		\$33	\$30	\$30	\$30

No. of Comps Used \$/SF	Min. Value/Sq. Ft.	Mean	Max. Value/Sq. Ft.	Median
4	\$30	\$31	\$33	\$30

Therefore, the value of the site for the subject of this appraisal is \$30 per square foot or **\$7,200,480**. This is the value of the site that will be added to the updated costs of development to come to the conclusion of a final value by the replacement cost approach, current.

Cost of Improvements

To estimate the replacement cost for the subject building and site improvements they were evaluated in terms of construction type, design, and building materials. The estimate of the replacement cost new of the improvements is based on information obtained from the *Marshall Valuation Service*, a nationally recognized costing manual which was applied to the client supplied original cost of the buildings. These costs usually include indirect costs such as architect's fees and contractor overhead and profit. Interim construction interest is also usually included. Costs do not typically contain supplementary costs such as absorption costs, taxes, or developer's profit.

The subject is considered to be a good to very good Class D, senior housing facility. The indicated base cost – initial cost for the building facility was reported at \$18,072,666.80 or about \$166 per square foot of building area.

In order to update this costs to the current, January 2019, the most recent available from the *Marshall Valuation Service* update pages, a multiplier is used. The following chart shows this estimated updated value derived by the use of *time multipliers for construction costs* as supplied by the *Marshall Valuation Service*

Landscaping and paving/parking space costs are also considered to be in the client provided total cost for the building.

Accrued Depreciation

Accrued depreciation is a value reduction of the improvements, which can occur in three specific areas: functional obsolescence, external obsolescence, and physical deterioration. The subject was purpose built for its current use and it is extremely functional for that use. Therefore, no functional obsolescence was noted. The occupancy of the subject units appears to have been fairly consistent since its opening, with maybe some decline in occupancy during the remodeling in 2011-2016. With the population of the area aging and demand increasing, external obsolescence does not appear to be a factor.

As for physical deterioration, all buildings age and they can be remodeled and updated but there are other building components that become dated. According to the *Marshall Valuation Service* section on life expectancy guidelines, wood frame structures, the average life expectancy for an assisted living retirement complex, excellent, is 55 years. Due to the remodeling that took place fairly recently, the estimated age of the subject property by this appraiser is five years. That divided by the 55 year lifespan considering nothing is done to the property over that timeframe; the depreciation factor is 10%. The physical obsolescence in the subject property today is therefore, estimated at about 10% of the cost new based on updating the 1999 costs used herein. Again, this physical depreciation factor takes to effect the major renovation done in 2011 – 2016.

The following chart is a combination of the cost approach value for the subject, based on original costs updated by the *Marshall Valuation's Service* (district comparative costs multipliers (Western), class D construction which is wood frame). The updated costs are then increased by the land value as estimated previously in this report. See the following chart.

Costs of Construction

	Building facility Cost (2)	MVS Multiplier (1)	
January-19		1.000	
January-99	\$18,072,667	1.872	
Update calculation	1.000/ 1.872 = 0.534188034 update multiplier		
	\$18,072,667 X 0.534188034	=	\$9,654,202 cost amount update
			<u>\$18,072,667</u>
			\$27,726,869 Update building cost
	Add Land Value Estimate		<u>\$7,200,480</u>
			\$34,927,349 Updated Cost Approach Value before depreciation
			<u>\$2,772,687</u> Depreciation (physical) estimate @ 10% bldg. only
	Total Cost Approach :		\$32,154,662
		<u>rounded</u>	<u>\$32,000,000</u>

(1) *Marshall Valuation Service*

(2) Client reported total original construction cost in 1999 of building

(3) Bldg. put into service in Sept. 1999, but update multipliers from MVS noted as of January for both dates used herein as available in data.

Conclusion of Value by the Cost Approach

As shown in the chart above, the estimated value by this approach is \$32 million rounded. This amount is based on several speculative assumptions: that the number provided for the total facility costs is accurate, that it included hard and soft costs and that FF&E was included. This appraiser could not confirm this information with the clients at the time of the appraisal. So this approach is given less weight. Please note - furniture fixtures and equipment (FF&E) are typically included in this type of property and are known to be included in the sales of the comparable properties used in this report. This is typical in the market for all types of senior housing alternatives that are offered by the subject.

INCOME APPROACH

Valuation by Income Forecasting

It is often difficult to determine a market lease rate for the real property portion of the real property going concern. When valuing a complex real property going concern it is recommended that the real estate appraiser utilize both the cost approach (which includes sales comparison approach of land) within improved sales comparison approach for similar properties that have gone dark as a sanity check. Ideally the real estate appraiser will find similar real property that is leased to similar real property going concern entities, however this is highly unlikely and if found they are generally not reflective of market lease rates. Instead once the value of the real property portion has been estimated the market lease rate must be determined by applying an appropriate lease rate factor to the value of the real property. In order to determine the approximate lease rate factor for the real property portion in a real property going concern appraisal a an article by Paul R. Hyde, EA, MCBA, ASA, MAI entitled *Valuing Real Property Going Concerns* was referenced. Mr. Hyde reportedly contacted a number of investors and lenders who are actively involved in build-to-suit leases or sale-leaseback properties. During this research it was determined that the appropriate rate is very similar to discount rates applicable to the same types of property. There are a number of sources for discount rates but in this report, as suggested in this article with good support, I have used a quarterly survey published by Realty rates.com as it is readily available and has been published for many years.

This survey report shows discount rates of 7% to 9% of gross annual revenue would be appropriate for application to the subject to determine a market rent. The result is an effective rent under triple net (NNN) terms where the landlord's expenses would only be those of management costs and a replacement reserve (allowance of capital expenditures). The tenant is responsible for all other operating costs.

Income and expenses for the years 2015 to 2018, with 2018 being only a partial year (June 2018) provided data. The income rates were fairly consistent for the three-year period when looking at patient resident service income only. Income rose from around 5 to 14%. The higher increase may have been related to the units having been remodeled and not all available for rent during the 2015 - partial 2016 timeframe. The facility reportedly was finished being remodeled sometime in 2016.

It appears reasonable to look at the 2017 number and increase that at about 5% before applying the discount rate of 9% estimated for use herein. The total projected gross income for 2018 based on the appreciated 2017 income increased at 5%, is \$17,360,942, or \$17,400,000, rounded.

The following income expense summary is based on anecdotal evidence consistent for this property type and includes an allocation of rent, expenses, and the capitalization of the net revenue. The selection of an appropriate capitalization rate is based on a built-up capitalization rate using the Akerson Format, a recognized appraisal format for estimating capitalization rates. This format uses market lending parameters and expected rate of returns for this type of property. Note: This appraiser attended a panel discussion with a number of different types of lenders and asked the question about what those parameters would be during a recent panel discussion presentation. The parameters quoted are used in this approach to determine the capitalization rate for the subject property.

INPUTS		AKERSON FORMAT				
E (Equity Ratio)	40.0%	<u>M</u>		<u>Rm</u>		
Ye (Equity Yield Rate)	9.0%	0.50	x	0.0684	=	0.03421
Projection Term (Yrs.)	10	<u>E</u>		<u>Ye</u>		
<u>Loan Terms</u>		+ 0.40	x	0.0900	=	0.03600
Interest Rate	4.75%	<u>M</u>		<u>P</u>	<u>1/Sn</u>	
Amortization (Yrs.)	25	- 0.60	x	0.2670	x	0.0658
Gain/(Loss)	15.0%	Basic Rate (r)				0.05966
NOI (Net Operating Income)	\$1,487,700	<u>(Gain)/Loss</u>		<u>1/Sn</u>		
		+/- -0.15	x	0.0658	=	(0.0099)
		Indicated Capitalization Rate (Ro)				0.0498
					or	4.98%
OUTPUTS						
M (Mortgage Ratio)	50.0%					
Rm (Annual Constant)	6.84%					
P (% of Loan Paid thru Term)	26.70%					
1/Sn (Sinking Fund Factor)	6.58%					
Indicated Value	\$29,880,723					

Income Summary				
		Total		
		<u>Patient Resident Service</u>	<u>Per SF</u>	<u>Per Unit</u>
<u>Annual gross revenue Projected</u>				
		\$17,360,943	\$160	\$144,675
Percent allocated to rent	9%			
Estimated effective NNN rental income		\$1,562,485	\$14	\$13,021
Less operating expenses:				
Management fee @ 3% EGI		\$46,875		
Replacement reserves @ \$300/unit		<u>\$40,200</u>		
Total expenses		<u>\$87,075</u>		
Net operating income		\$1,475,410		
Capitalized at	5%	\$29,508,206	\$271	\$220,210
	Rounded	<u>\$30,000,000</u>		

The result of the direct capitalization approach exhibits a value of about \$30 million, rounded. Reference the Akerson format calculated value; it also reflects a total value of about \$30,000,000, rounded. Less weight is usually given to the Akerson format calculation due to the various assumptions made in this approach.

Therefore, the concluded value by the direct capitalization income approach is **\$30,000,000**.

SALES COMPARISON APPROACH

The first step in this approach was to survey the general Bay Area market for sales of similar type senior care facilities that have similar uses to those found in the subject property, which have recently transferred. As a result of the search, a number of sales considered relevant to the subject were discovered. Those sales reflecting the highest degree of comparability to the subject are exhibited on the following chart. Additional details and comments with respect to each sale have been provided on and after the sales chart, as well as a discussion on adjustments to the unit of comparison used.






A review of the market information and conversation with brokers or others involved in the transfers indicated that the price per unit is the market's method of comparison. The unit counts used herein are the number of units reported for each comparable facility. The following table summarizes the sales used to compare to the subject. All of the sales transferred at market terms and rates and are fee simple transfers purchased by owners for their business, which is senior housing. In other words, the owners of the properties are also the operators of properties. Sale 2 is the only sale that offered the same services as the subject. The others offered assisted living and memory care services only. However they all had respite help and some hospice help services included in their brochures.

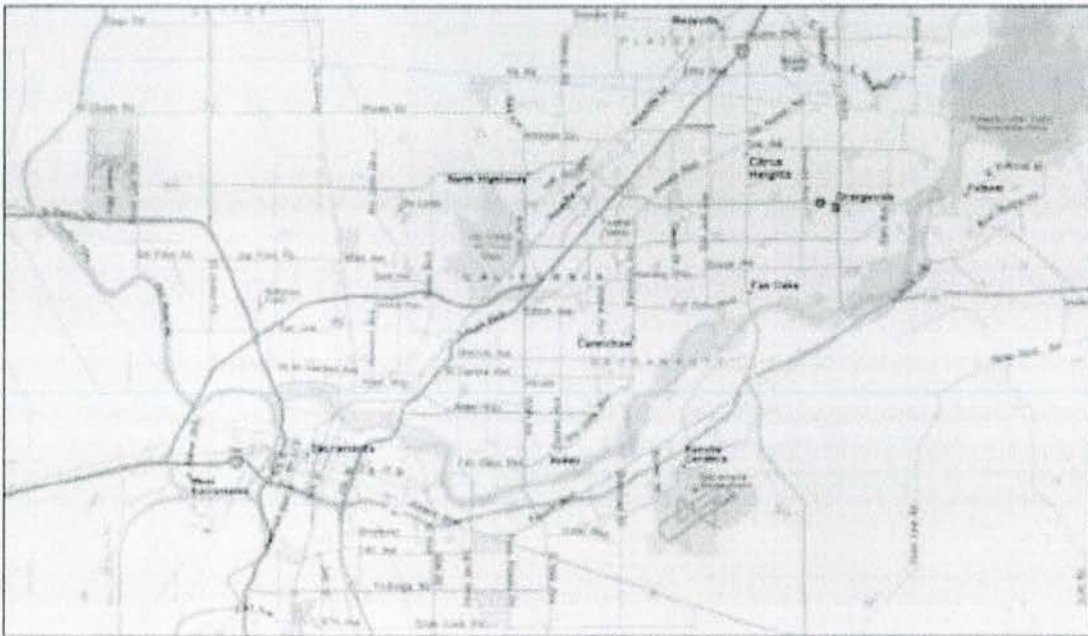
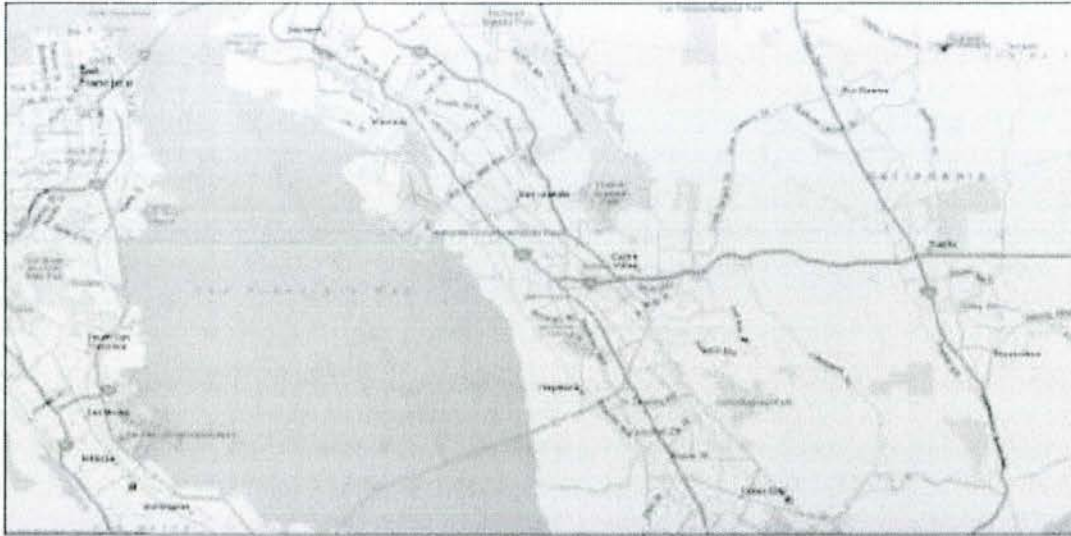
Sales 2 and 3 are located in Sacramento County. Sale 1 is located on the San Francisco Peninsula. Sale 4 is located in Alameda County in the city of Fremont, close to Silicon Valley. While construction costs for these facilities were likely similar to those of the subject, the land values differ significantly for these different areas. Land in Sacramento County is typically lower in value than that of the subject Danville location. Land values in Burlingame are typically higher than those at the subject location. Land in Fremont, closest in proximity, was found to be close to the estimated subject area land value. In order to estimate the differences in land values an Internet search was made for sales and listings of commercially zoned land in these different areas.

A continuing upward trend in values has been evident in the comparable sales according to senior housing facility surveys. Rental rates on the units have also increased. Therefore, a factor for time was applied to the older sales.

The physical characteristics of the sales as compared to the subject were considered as exhibited on the following chart. Adjustments were made for these differences to the subject property accordingly. Those facilities offering fewer care services than the subject property were adjusted upward for this factor. The appraiser based this adjustment on the somewhat differing constructions that would need to be done to offer all of the subjects senior care options versus those that only had several of the service options.

Please refer to the following sales chart. Photos of the sales are incorporated into the chart. *Sales Location Maps* of the comparables follows the sales chart.

Comparable Sales					
	Subject	Sale 1	Sale 2	Sale 3	Sale 4
Address	Home for Jewish Parents Reutlinger Community 4000 Camino Tassajara Rd. Danville, CA	Sunrise of Burlingame 1818 Trousdale Drive Burlingame, CA 025-121-270	Brookdale Senior Living 6125 Hazel Ave. Orangevale, CA 223-0141-035-0000	Almond Heights Senior Living 8685 Greenback Lane Orangevale, CA 261-0210-005-0000	Fremont Hills 35490 Mission Blvd. Fremont, CA 507-125-18
APN	220-060-019-1, 220-060-039 & 206-311-020-5				
					
Date of Sale		March 10, 2017	April 6, 2017	January 24, 2019	December 7, 2017
Buyer		Sunrise Burlingame Senior Living PROPCO	BRE Knight SH CA owner LLC(Brookdale)	Almond Heights EAT LLC (MBK)	Fremont Hills Property Owners LLC
Seller		Sunrise Burlingame Senior Living LLC	HCP Hazel Creek LLC	Greenback RI Holdings LLC	CSH Fremont LLC
Property Rights Sold		Fee Simple-owner operator	Fee Simple-owner operator	Fee Simple-owner operator	Fee Simple-owner operator
Sales Price		\$29,672,000	\$17,251,000	\$31,000,000	\$26,500,000
Building Square Feet-gross (2)	108,690	64,800	80,850	91,983	13,059
Stories/Floors	2	4	2	2	2
No. Units	134	79	120	117	97
Unit Types (1)	IL, AL, EAL, MC & SKN	AL, MC	IL, AL, MC, SKN	AL, MC	AL, MC
Age - Yr. Bilt.	1997-1999, renovated 2011-2016	2015	1988	2015	2004
Price/Unit		\$375,595	\$143,758	\$264,957	\$273,196
ADJUSTMENTS					
Property Rights		0%	0%	0%	0%
Adjusted \$/Sq. Ft.		\$375,595	\$143,758	\$264,957	\$273,196
Financing		0%	0%	0%	0%
Adjusted \$/Sq. Ft.		\$375,595	\$143,758	\$264,957	\$273,196
Conditions of Sale		0%	0%	0%	0%
Adjusted \$/Sq. Ft.		\$375,595	\$143,758	\$264,957	\$273,196
Expenditures After Sale		0%	0%	0%	0%
Adjusted \$/Sq. Ft.		\$375,595	\$143,758	\$264,957	\$273,196
Sale Date (Mkt. Conditions)		5%	5%	0%	2%
Adjusted \$/Sq. Ft.		\$394,375	\$150,946	\$264,957	\$278,660
Location (land value)		-25%	20%	15%	0%
Size		-10%	-5%	-5%	-15%
Unit Types/services		5%	5%	5%	5%
Quality/Amenities		0%	0%	0%	0%
Age condition		-10%	25%	-10%	-5%
Total Adjustment		-40%	45%	5%	-15%
Indicated Subject Value/Unit		\$236,625	\$218,872	\$278,205	\$236,861
Value Indications Per Unit					
Min. Value		\$218,872		Mean	\$242,641
Max. Value		\$278,205		Median	\$236,743
Indicated Market Value by Sales Comparison Approach					
		Units		134	
		\$/Unit		\$230,000	
				\$30,820,000	
(1) AL = assisted living EAL = enhanced assisted living MC = memory care SNF = skilled nursing, i.e., post op recovery IL = independent living (2) Includes units and common areas not garages - underground. From original construction plans.					



As exhibited in the above chart for comparables, the adjusted indicated range about \$219,000 to \$278,000 per unit, rounded. Sale 2 is most similar to the subject in types of care offered. Sale 4 is closest in proximity. Sale 3 is the most recent. According to the client there are a total of 134-units, 104 being for assisted living/memory care and 30-skilled nursing units. This total number of units has been applied to an estimated \$230,000 per unit concluded adjusted value from the sales. The result is **\$31,000,000**, rounded.

RECONCILIATION

Value Indicators

Cost Approach	\$32,000,000
Income Capitalization Approach	\$30,000,000
Sale Comparison Approach	\$31,000,000

In reconciling the final value, the Income Approach was given less weight as it required the largest amount of variables. Income was derived from appreciated income based on year 2017 for the subject. Expense information was based on similar use facilities as projected by surveys. Overall this approach supported the value by the other two approaches.

The Cost Approach was based upon a fairly well supported land value and estimate of replacement costs, based on the best available data from the *Marshall Valuation Service* updating cost data. Due to the age of the existing improvements, estimating depreciation in this approach lacks reliability. Ideally, the Cost Approach is a valid measure of value when the improvements are new and represent the highest and best use of the site as if vacant. The only obsolescence noted was physical due to the age of the improvements.

Although no directly similar comparable sales were found for use in a Sales Comparison Approach to value, a number of similar use type facilities in northern California were found. Only one of the comparables provided the same levels of care as the subject. Older sales were adjusted for date of sale as indicated in senior housing surveys reviewed. The largest adjustment was for location/land values that vary greatly between the various locations and the subject. The concluded adjusted value per unit in this approach was \$230,000 per unit.

Considering these factors, my opinion of the value of the subject as of February 6, 2019 is:

\$31,500,000

Thirty-one Million Five Hundred Thousand Dollars

EXPOSURE AND MARKETING TIME

For federally related transactions, all appraisals are required to report reasonable exposure and marketing times for the subject property. The Appraisal Standards Board of the Appraisal Foundation defines exposure time as follows: The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at a market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events, assuming a competitive and open market. It should be noted that exposure time is different for various types of real estate and under various market conditions. Moreover, the overall concept of reasonable exposure encompasses not only adequate, sufficient, and reasonable time, but also adequate, sufficient, and reasonable effort. Consequently, based on its location, quality and condition the subject's **exposure time is estimated to be twelve to twenty-four months.**

Marketing time is the length of time necessary to expose a property to the open market in order to achieve a sale. Implicit in this definition are the following assumptions: 1) the property will be actively exposed and aggressively marketed to potential purchasers through marketing channels commonly used by sellers of similar properties, 2) a sale will be consummated under the terms and conditions of the definition of market value as stated in this report, and 3) the property will be offered at a price reflecting the most probable markup over market value used by sellers of similar properties. The subject's **marketing time is also estimated to be twelve to twenty-four months.**

QUALIFICATIONS

HELEN S. REESE

APPRAISAL & CONSULTING EXPERIENCE

Venture Research
(Principal)
Walnut Creek, California
September 1997 to date

Garfield & Associates
(Principal)
Walnut Creek, California
August 1990 to September 1997

Laventhol & Horwath - CPA & Real Estate Consulting Firm
(Manager - Appraisal Department)
San Francisco, California
1987 to August 1990

Benchmark Appraisals, Inc.
(Appraiser Training Supervisor & Senior Staff Appraiser)
Santa Ana, California
1986 to 1987

Coastline Group, Inc.
(Associated Fee Appraiser)
Santa Ana, California
1985 to 1986

Venture Research & Adobe Saving & Loan Association
(Senior Appraiser/ Commercial Loan Appraisal Reviewer)
Concord, California
1980 to 1985

PROFESSIONAL EDUCATION

The Appraisal Institute & other Continuing Education - Courses & Seminars (not all inclusive):
Capitalization Theory & Techniques-Parts I - II - III
Uniform Standards of Professional Appraisal Practice (USPAP)
Case Studies in Real Estate Valuation
Valuation Analysis & Report Writing
Residential Subdivision Analysis - Seminar
Right of Way Acquisitions: Case Studies -
Partial Interests - Seminar
Appraising Depressed Properties - Seminar
The Basics of Expert Witness for Commercial Appraisers
Laws and Regulations for California Appraisers
Appraisal of Assisted Living Facilities
Basic Hotel Appraising - Limited Service Hotels
Estate, Trust & Tax Planning: Life Decisions & Business Opportunities
Appraisal of Single Tenant Distribution Centers
Divorce & Estate Appraisals: Elements on Non-lender Work
Appraisal of Land Subject to Ground Leases

GENERAL EDUCATION

B.S. - State University of New York at Plattsburgh
M.S. - State University of New York at Plattsburgh

APPRAISAL ACTIVITIES &
LITIGATION SUPPORT

Types of Appraisals/Studies:

Market Value, Eminent Domain, Partial Takings and Easements, Leasehold, Financing and Mortgage Considerations, Litigation Support Valuations, Estate Valuations, and Partial Interest Valuations.

Types of Properties Appraised:

Unimproved and Improved Land, Industrial Properties, Apartment Buildings, Office Buildings, Mixed Use Facilities, Retail Centers, Residential Subdivisions, Athletic Club Facilities, Hotels, Restaurants, Gas Stations and Mini-Marts, Marinas, Mini-Storage Facilities, Churches and Other Special-purpose Income Producing Properties.

Partial Client List:

Individuals, Corporations, Businesses, Developers, Partnerships, Attorneys, Insurance Companies, Public Agencies, Banks and other lenders, and CPAs. Projects involving government agencies including appraisals for condemner and/or property owners City and County Governments, and Airports.

REVIEW APPRAISER

Compliance and Quality Review of all types of appraisals for Banks and other Financial Institutions relative to requirements of FIRREA and OREA.

EXPERT WITNESS

Real Estate, Qualified - *Expert Witness* by Federal Court and/or Superior Court of California - Contra Costa County, Marin County and Alameda County.

PROFESSIONAL
AFFILIATIONS

State Certified General Appraiser - State of California
(Office of Real Estate Appraisers License No. AG009769)
Practicing Affiliate Appraisal Institute
680 CIX Commercial Idea Exchange – commercial real estate
networking group

OTHER
AFFILIATIONS

Danville/Sycamore Valley Rotary Club (on medical leave of absence)
– former Secretary & Interact Advisor, Dougherty Valley High School
Voted **Rotarian of the Year 2011**
Blackhawk Chorus

Venture Research is a Woman-Owned Business, originating in 1990, then under the name Garfield & Associates, which was changed to Venture Research in September 1997 with the purchase of the same at that time (formerly established in 1965).

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Blog: <http://ventureresearch.wordpress.com>

ADDENDA

UNDERWRITING GUIDELINES

Because senior housing is a hybrid between multi-family and hotel property types, there is an added complexity to the underwriting process. Unlike office, multi-family, industrial and retail, simple ARGUS or other canned models are not conventionally used. Rather, customized Excel models are developed—adding time and complication to the process. Below are standard assumptions that are often incorporated into underwriting models as well as questions that underwriters should consider. These assumptions reflect the current environment.

Assumptions based on Community / Market Conditions												
Current Occupancy / Lease-Up	Group				Case				Fair			
Occupancy												
> 95%	Lease-down to 95%				Lease-down to 95%				Lease-down to 95%			
<= 90-95%	Lease-up to 95%				Lease-up/down to 94%				Lease-up/down to 91%			
< 90% (Initial Community Lease-up)	Lease-up to 95%				Lease-up/down to 93%				Lease-up/down to 91%			
<= 80% - 90% (Not Initial Lease-up)	Lease-up to 93%				Lease-up to 90%				Lease-up/down to 85%			
<= 70% - 80% (Not Initial Lease-up)	Lease-up to 85%				Lease-up to 80%				Lease-up/down to 75%			
<= 60% - 70% (Not Initial Lease-up)	Lease-up to 75%				Lease-up to 70%				Stabilize at current			
< 40% (Not Initial Lease-up)	Stabilize at current				Stabilize at current				Stabilize at current			
Lease-Up / Down Rate Assumptions (Per Month)												
> 95%	4				4				2			
<= 90-95%	4				4				2			
< 90% (Initial Community Lease-up)	4				4				2			
<= 80% - 90% (Not Initial Lease-up)	3				2				1			
<= 70% - 80% (Not Initial Lease-up)	3				2				1			
<= 60% - 70% (Not Initial Lease-up)	3				2				1			
< 40% (Not Initial Lease-up)	3				2				1			
Rent Assumptions												
Current Rates	Yr. 1	Yr. 2	Yr. 3	Yr. 4>	Yr. 1	Yr. 2	Yr. 3	Yr. 4>	Yr. 1	Yr. 2	Yr. 3	Yr. 4>
Street Rates	4.5%	4.5%	4.5%	4.5%	4.0%	4.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%
< 40% (Initial Lease-Up)	0.0%	2.5%	5.0%	5.0%	0.0%	2.0%	3.5%	4.0%	0.0%	2.0%	3.0%	3.5%
Operational Assumptions												
P&L or Rate Roll	Always use current rent roll if the data is traded.											
Lease-Up Lag	Should be zero months unless community specific information dictates otherwise.											
Rollover	Independent Living - 36 months; Assisted Living - 24 months; Memory Care - 20 months and Nursing Care - 12 months.											
Other Revenue Assumptions												
Core Revenue	Either Based on trended actuals, Operator Budget, Or Built up through Core Utilization Matrix.											
New Resident Fee	Based upon actual fee received and trended forward.											
Seasonal Resident Fee	Based upon actual fee received and trended forward. Indexed with in-house rents annually.											
Other Revenue	Either Based on trended actuals, Operator Budget, Or Built up Lease-Up Utilization Analysis.											
Expenses Assumptions												
Normal Operating Expenses	Either Based on trended actuals, Operator Budget, Or Built up Lease-Up Utilization Analysis.											
Utilities	Either Based on trended actuals, Operator Budget, Or Built up Lease-Up Utilization Analysis.											
Insurance (GL & Property)	Obtain current quote or base on in-place policy coverage and then grow 3.5% per year thereafter.											
Property Taxes	Based on current tax bill; increase 3.5% per year thereafter or as state/country dictates based on fixed annual increases or measurement triggered by sale.											
Management Fees	5.0% of Revenue											
Capital Expenditures	\$900 to \$500 / unit per year.											

GENERAL INDUSTRY PARAMETERS - PRICING

Senior Housing/Nursing Care Value Estimated at \$469.2 Billion

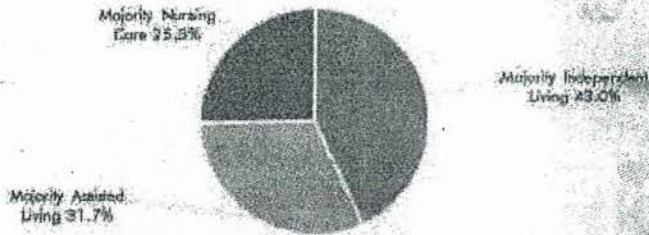


Chart Source: The Senior Care Acquisition Report, 3rd Edition 2018 and NIC MAPS Data Source, Primary and Secondary Markets.

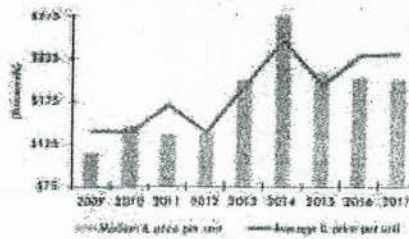


Historical Value Per Unit Pricing

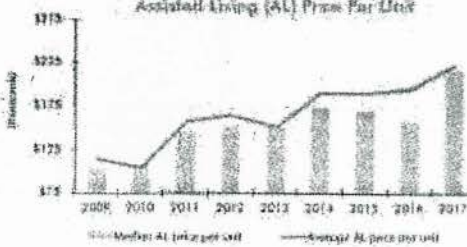
Senior Housing (IL/AL) Price Per Unit



Independent Living (IL) Price Per Unit



Assisted Living (AL) Price Per Unit



Nursing Care (NC) Price Per Bed

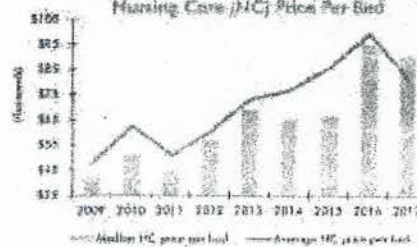


Chart Source: The Senior Care Acquisition Report, 3rd Edition 2009, 2nd Edition 2018.

SENIOR HOUSING PROPERTY TYPES

Senior housing can be classified according to the level of facilities and services provided

Property Type	Facilities and Services			Market Class
	Independent Living	Assisted Living	Nursing Home	
Building Facility	Single or two-story buildings that may have special access and communication designs.	Single or two-story buildings that have specialized facilities, dining rooms and additional common area amenities.	Must comply with fire, health and safety codes, ADA requirements and other regulatory and programmatic. Many units are studios.	Single or two-story buildings with special access and communication designs.
Unit Building Size	50 to 500 Units	100 to 150 Units	50+ Units	20 to 30 Units
Resident Entry Age ⁽¹⁾	55 or 62	70 or 84 (avg. 80.5)	70 to 84 (avg. 83)	Included with assisted living
Recent Resident Loss ⁽²⁾	8%	4%	8%	Included with assisted living
Special Services Provided	Comprehensive social activities	Restaurant-style dining, social activities, health programming, mobility and transportation.	Independent living services plus assistance with bathing, eating and dressing; medication management (no administration of medication)	Assisted living services plus special activities/programming, transportation, 24-hour care by RN, RPN, licensed personnel.
Average Length of Stay ⁽³⁾	5 to 12 Years	7.5 to 4.4 Years	4.2 to 3.9 Years	1.3 to 1.8 Years
Average Monthly Rent ⁽⁴⁾	\$1,144	\$4,204	\$4,452	\$3,640
Yield to Cost ⁽⁵⁾ (Avg. Historical Occupancy / Current Avg. Historical Occupancy)	93.1% / 91.8%	90.2% / 88.4%	89.6% / 86.8%	88.5% / 86.1%
Total Units/Bed in Inventory ⁽⁶⁾	405,423	288,645	129,615	363,826
Number of Units/Bed Under Construction ⁽⁶⁾	20,872	23,754	15,693	7,144
Construction to Inventory ⁽⁶⁾	5.1%	8.1%	11.4%	1.9%
Replacement Cost of Total Inventory ⁽⁶⁾	\$4.9B to \$4.7B CTRC	\$4.9B	Included with assisted living	\$3.8B

Notes:

- (1) U.S. Dept. of Housing and Urban Development, "The 2014 Long-Term Care Needs Study," Senior Housing and Services Division, 10/2013, <http://www.hud.gov/offices/hud-ohd/assistedliving/assistedliving>; all Data Unless Otherwise Cited and Revisions, Assisted Living in Retirement Care Facilities Survey, 2010. Creative Commons Attribution-NonCommercial-ShareAlike license. For more details, visit <http://www.hud.gov/offices/hud-ohd/assistedliving/assistedliving> and Research Center for Health Statistics, 2013, <http://www.rchsc.org/research/assistedliving/> and Research Center for Health Statistics, 2013.
- (2) "A Case for Investment: Senior Housing," IFC, IFC/IFPZ Daily Service Newsletter, 2012.
- (3) "The State of Senior Housing 2013," (Issue 4.1) AARP Research Center, Senior Housing Association, 2013.
- (4) IFC, IFC/IFPZ Daily Service, "Senior 2, Secondary Market."
- (5) IFC, IFC/IFPZ Daily Service.
- (6) All Data Presented are based on publicly available data. The number of beds/units is based on the number of beds/units in the facility as of the date of the survey.

PROJECT NOTES

1. PROJECT NOTES:
 - a. See General Notes for details on SBN Lifecare.
 - b. All work shall be in accordance with the latest editions of the following codes:
 - 1. International Building Code (IBC) 2006
 - 2. International Fire Code (IFC) 2006
 - 3. International Mechanical Code (IMC) 2006
 - 4. International Plumbing Code (IPC) 2006
 - 5. International Electrical Code (NEC) 2008
 - 6. International Energy Conservation Code (IECC) 2006
 - c. All materials and workmanship shall be in accordance with the manufacturer's specifications.
 - d. All work shall be completed within the specified time frame.
2. ACCESSIBLE ROUTE:
 - a. See Section 0500 for details on accessible route.
 - b. All accessible routes shall be in accordance with the Americans with Disabilities Act (ADA) 2010.
3. ACCESSIBLE USE:
 - a. See Section 0500 for details on accessible use.
 - b. All accessible use shall be in accordance with the Americans with Disabilities Act (ADA) 2010.

GENERAL NOTES

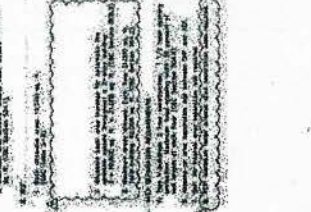
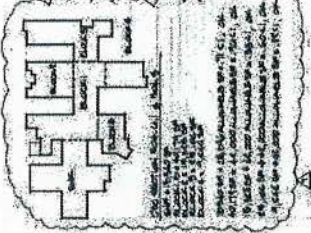
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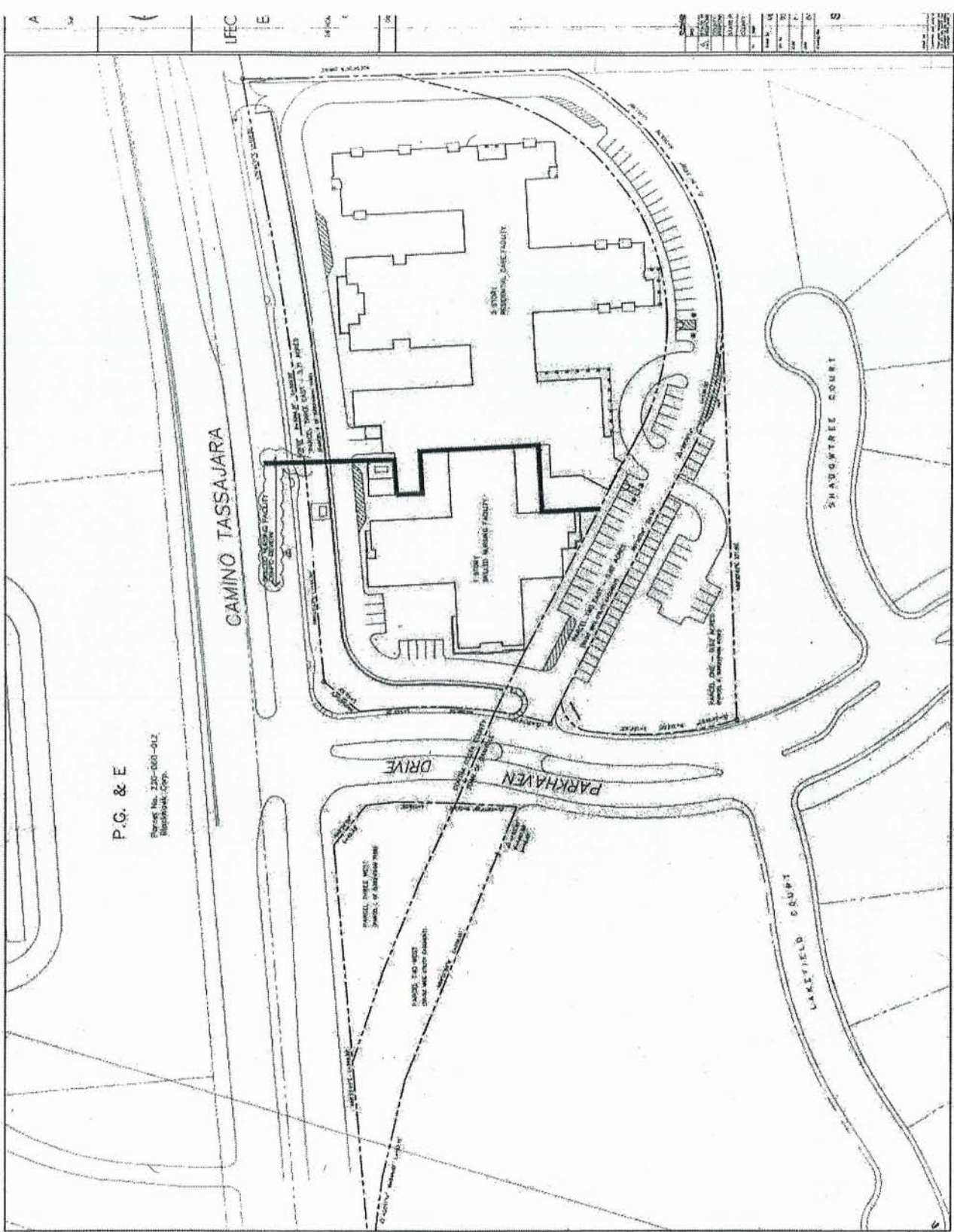
CODE NOTES

1. BUILDING CODES:
 - a. See General Notes for details on SBN Lifecare.
 - b. All work shall be in accordance with the latest editions of the following codes:
 - 1. International Building Code (IBC) 2006
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P.G. & E

Project No. 220-000-012
 Blount Co., Ga.

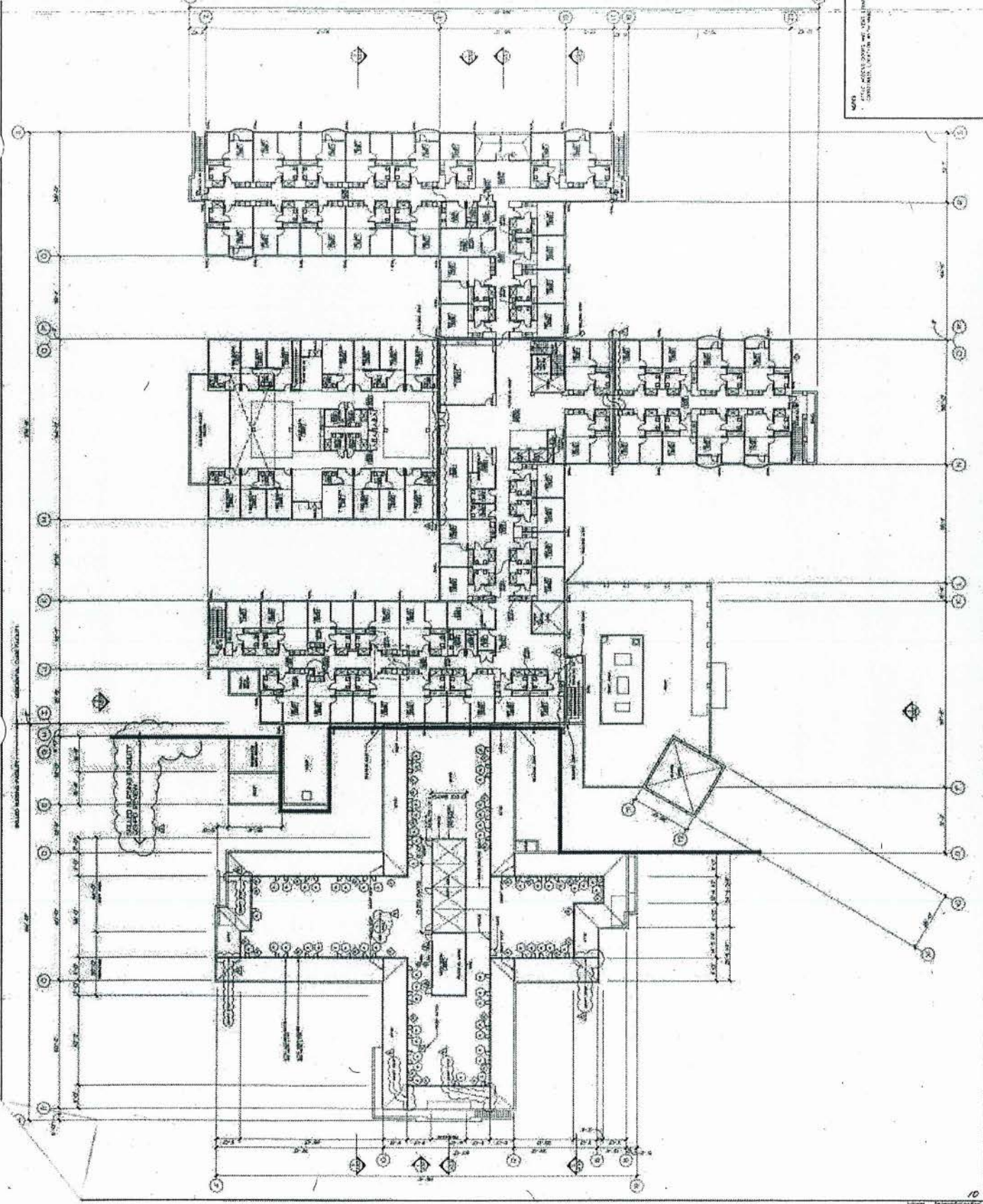
IFEC

E

SECTION

NO.	DATE	DESCRIPTION
1	10/1/82	PRELIMINARY
2	11/1/82	REVISED
3	12/1/82	REVISED
4	1/1/83	REVISED
5	2/1/83	REVISED
6	3/1/83	REVISED
7	4/1/83	REVISED
8	5/1/83	REVISED
9	6/1/83	REVISED
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99	12/1/90	REVISED
100	1/1/91	REVISED

DATE: 10/15/2010
DRAWN BY: [illegible]



LEGEND

- 1. ROOMS TO BE DEMOLISHED
- 2. ROOMS TO BE RECONSTRUCTED
- 3. ROOMS TO BE MAINTAINED
- 4. ROOMS TO BE ADDED
- 5. ROOMS TO BE CHANGED
- 6. ROOMS TO BE REMOVED
- 7. ROOMS TO BE RELOCATED
- 8. ROOMS TO BE RENOVATED
- 9. ROOMS TO BE REFINISHED
- 10. ROOMS TO BE REPAIRED
- 11. ROOMS TO BE REWORKED
- 12. ROOMS TO BE REUSED
- 13. ROOMS TO BE RECYCLED
- 14. ROOMS TO BE RECYCLED
- 15. ROOMS TO BE RECYCLED
- 16. ROOMS TO BE RECYCLED
- 17. ROOMS TO BE RECYCLED
- 18. ROOMS TO BE RECYCLED
- 19. ROOMS TO BE RECYCLED
- 20. ROOMS TO BE RECYCLED

NOTES

1. ALL ROOMS TO BE DEMOLISHED SHALL BE DEMOLISHED IN ACCORDANCE WITH THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.01, AND THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.02.

2. ALL ROOMS TO BE RECONSTRUCTED SHALL BE RECONSTRUCTED IN ACCORDANCE WITH THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.01, AND THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.02.

3. ALL ROOMS TO BE MAINTAINED SHALL BE MAINTAINED IN ACCORDANCE WITH THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.01, AND THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.02.

4. ALL ROOMS TO BE ADDED SHALL BE ADDED IN ACCORDANCE WITH THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.01, AND THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.02.

5. ALL ROOMS TO BE CHANGED SHALL BE CHANGED IN ACCORDANCE WITH THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.01, AND THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.02.

6. ALL ROOMS TO BE REMOVED SHALL BE REMOVED IN ACCORDANCE WITH THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.01, AND THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.02.

7. ALL ROOMS TO BE RELOCATED SHALL BE RELOCATED IN ACCORDANCE WITH THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.01, AND THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.02.

8. ALL ROOMS TO BE RENOVATED SHALL BE RENOVATED IN ACCORDANCE WITH THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.01, AND THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.02.

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10. ALL ROOMS TO BE REPAIRED SHALL BE REPAIRED IN ACCORDANCE WITH THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.01, AND THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.02.

11. ALL ROOMS TO BE REWORKED SHALL BE REWORKED IN ACCORDANCE WITH THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.01, AND THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.02.

12. ALL ROOMS TO BE REUSED SHALL BE REUSED IN ACCORDANCE WITH THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.01, AND THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.02.

13. ALL ROOMS TO BE RECYCLED SHALL BE RECYCLED IN ACCORDANCE WITH THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.01, AND THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.02.

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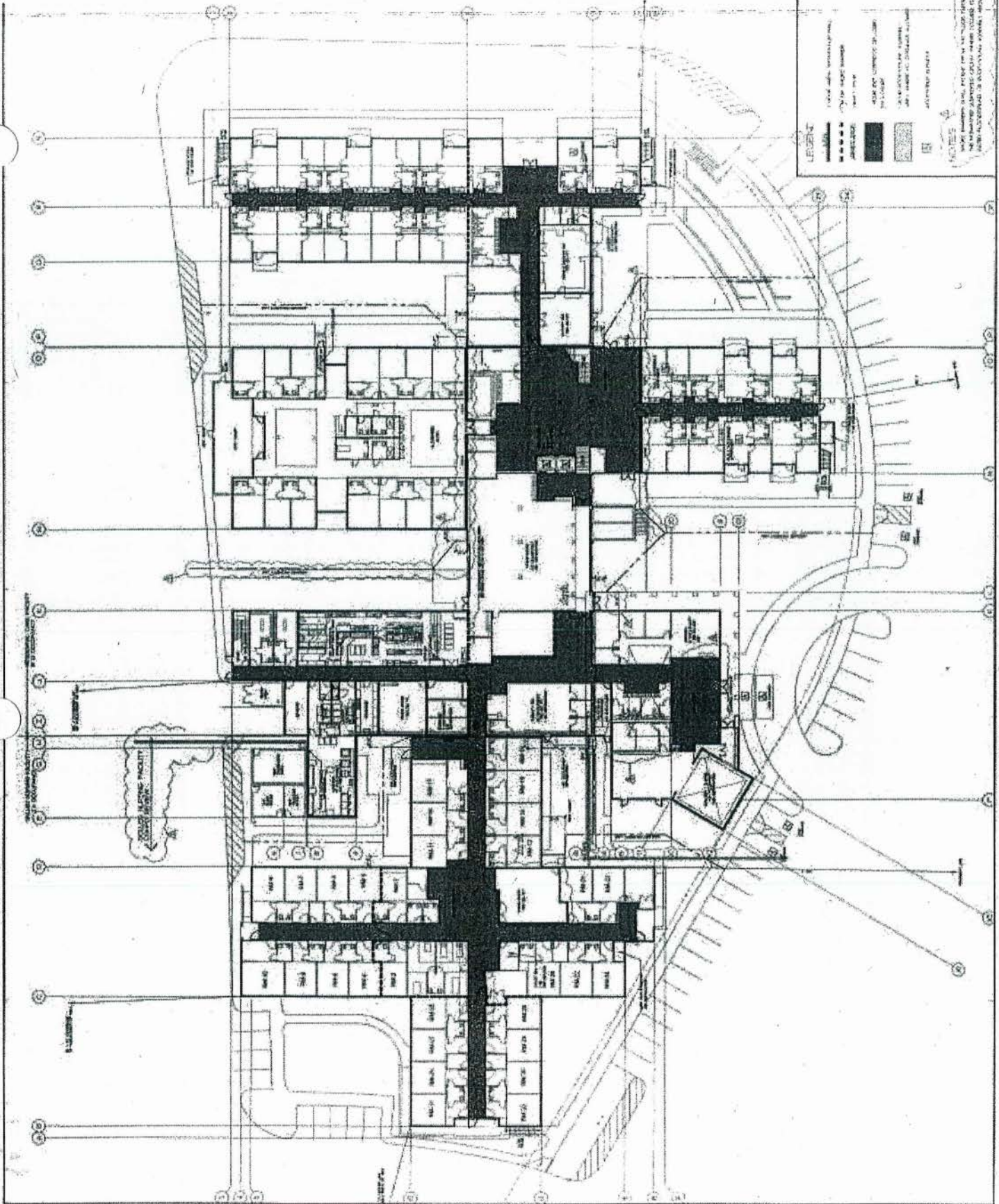
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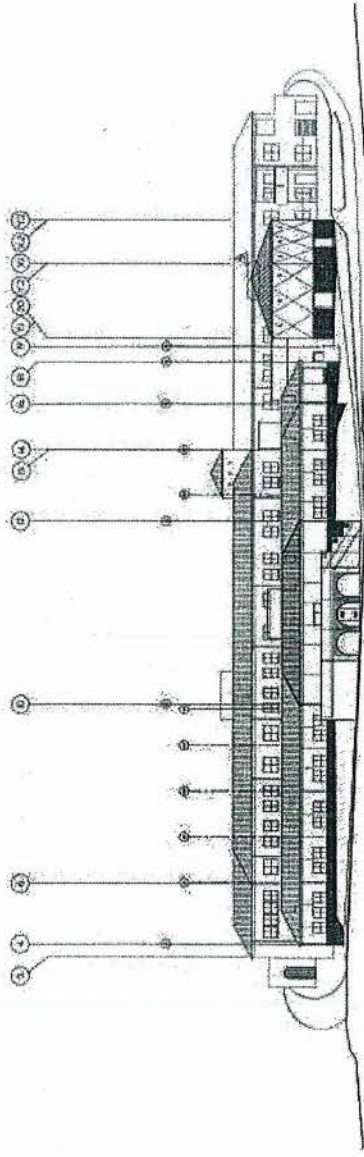
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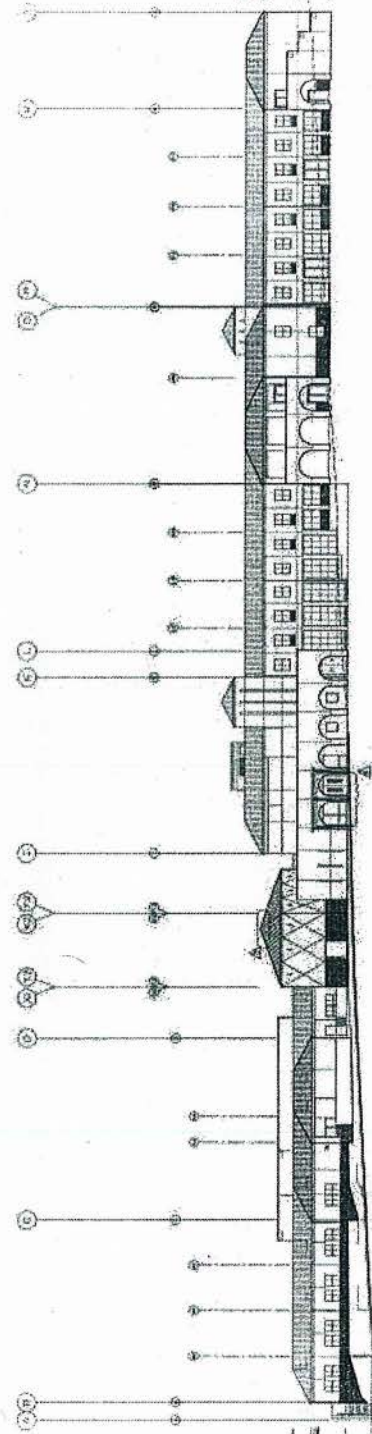
19. ALL ROOMS TO BE RECYCLED SHALL BE RECYCLED IN ACCORDANCE WITH THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.01, AND THE CITY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS AND ENGINEERING, DIVISION OF CONSTRUCTION, CHAPTER 16.01, SECTION 16.01.02.

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① WEST ELEVATION



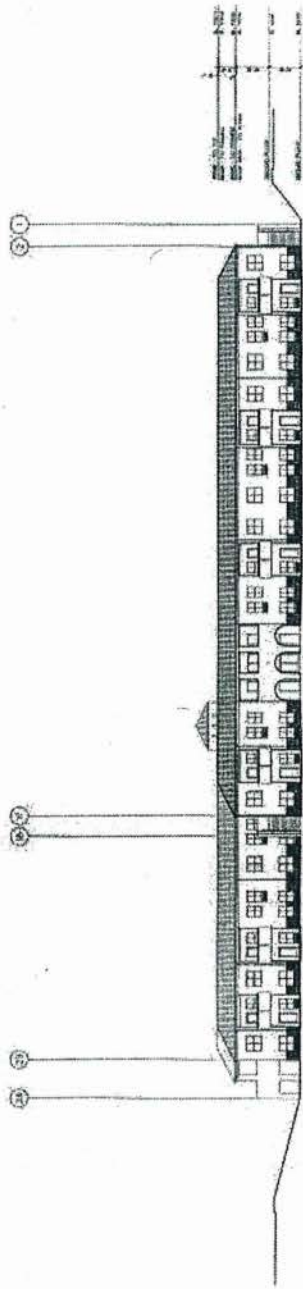
② SOUTH ELEVATION

ELEVATION NOTES

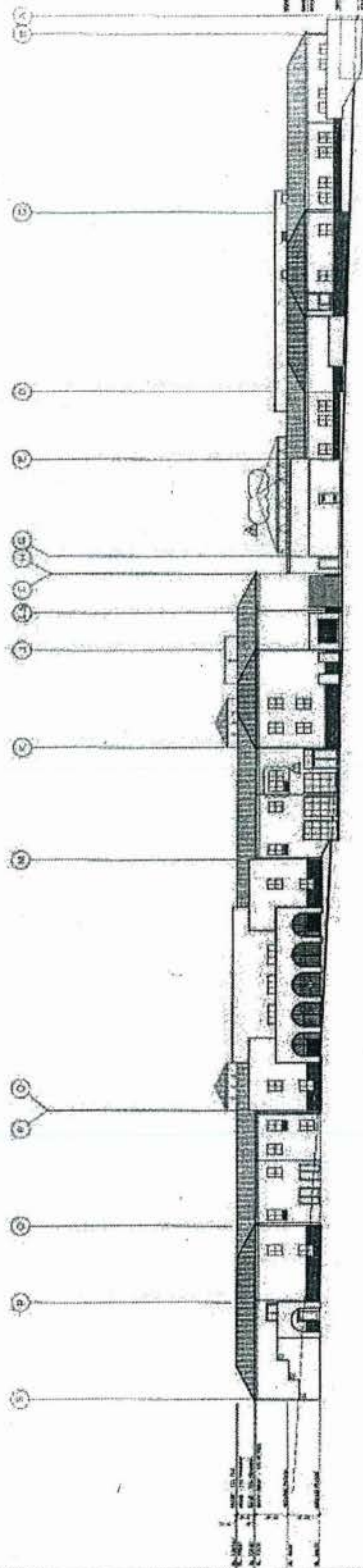
GENERAL NOTES

1. SEE PLAN AND SECTION FOR ALL INFORMATION

DATE: 11/11/11
 DRAWN BY: [Name]
 CHECKED BY: [Name]
 PROJECT: [Name]
 SHEET: [Number]



① EAST ELEVATION



② NORTH ELEVATION

ELEVATION NOTES

1. SEE PLAN, ALL NEW & TO BE WORK IN ACCORDANCE WITH THE ARCHITECT'S INTENT.

84-66.202 - P-1 planned unit district.

All land within a P-1 planned unit district may be used as allowed and regulated in this chapter.

(Ord. 79-74: § 84-66.002: prior code § 8166: Ord. 1743).

84-66.204 - Intent and purpose.

A large-scale integrated development or a general plan special area of concern provides an opportunity for, and requires cohesive design when flexible regulations are applied; whereas the application of conventional regulation, designed primarily for individual lot development, to a large-scale development or special area may create a monotonous and inappropriate neighborhood. The planned unit district is intended to allow diversification in the relationship of various uses, buildings, structures, lot sizes and open space while insuring substantial compliance with the general plan and the intent of the county code in requiring adequate standards necessary to satisfy the requirements of the public health, safety and general welfare. These standards shall be observed without unduly inhibiting the advantages of large-scale site or special area planning.

(Ord. 79-4: § 84-66.004: prior code § 8166(a): Ord. 1743).

Article 84-66.4. Uses

84-66.402 - Uses.

The following uses are allowed in the P-1 planned unit district:

- (1) Any land uses permitted by an approval final development plan which are in harmony with each other, serve to fulfill the function of the planned unit development, and are consistent with the general plan;
- (2) A detached single-family dwelling on each legally established lot and the accessory structures and uses normally auxiliary to it;
- (3) In a P-1 district for which residential uses are approved, residential second units complying with the provisions of Chapter 82-24.

(Ords. 87-67 § 6, 79-74: § 84-66.006: prior code § 8166(j): Ord. 1743).

84-66.404 - Restriction.

No person shall grade or clear land, erect, move, or alter any building or structure on any land, after the effective date of its rezoning to a P-1 district, except when in compliance with an approved final development plan and/or this chapter.

(Ords. 79-74, 76-26 § 2, 76-25 § 2: § 84-66.010: prior code § 8166(c): Ord. 1743).

84-66.406 - Interim exceptions.

If any land has been zoned P-1 district but no preliminary development plan approved thereon, the following may be approved:

- (1) Single-family Dwelling. Where it is established to the satisfaction of the director of planning that a vacant parcel of land is a legal lot and the one detached single-family dwelling proposed to be located thereon is consistent with the general plan, the dwelling may be placed on the lot without being subject to the application submittal, development plan review and approval provisions of this chapter.
- (2) Nonconforming Use. Until a final development plan is approved, any nonconforming use lawfully existing at the time of the establishment of P-1 zoning on that property may be repaired, rebuilt, extended, or enlarged in accordance with Chapter 82-8.

(Ord. 79-74).

Article 84-66.6. Site Minimums

84-66.602 - Areas.

The minimum areas for a P-1 district are:

- (1) Residential. Five acres for residential uses except that a mobile home subdivision shall have a minimum of ten acres;
- (2) Nonresidential. Ten acres for nonresidential uses;
- (3) Mixed. Fifteen acres for mixed residential and nonresidential uses; and
- (4)

Office. No minimum for office uses which do not require heavy vehicular delivery or have easy automobile site access including some ancillary retail, service and residential uses when consistent with the general plan.

(Ords. 80-74 § 1, 79-74, 70-50: § 84-66.024: prior code § 8166(i): Ord. 1743).

Article 84-66.8. Density

84-66.802 - Residential.

In computing the net development area to set residential densities, use the general plan as a guide and exclude areas set aside for churches, schools, streets, commercial use or other nonresidential use, but include areas set aside for common open space, outdoor recreation or parks.

(Ord. 79-74: § 84-66.026: prior code § 8166(k): Ord. 1743).

Article 84-66.10. Rezoning

84-66.1002 - Procedure.

After initiation by the planning agency or final application approval, an area may be zoned "P-1 planned unit district" in accordance with Title 7 of the California Government Code and this code, and the zoning map of the area shall then be identified with the map symbol "P-1".

(Ords. 79-74, 76-26 § 2: 76-25 § 2: prior code § 8166(c): Ord. 1743).

84-66.1004 - Ordinance plan.

If an application for P-1 zoning and a preliminary or final development plan is finally approved, the preliminary or final development plan and any conditions attached thereto, as approved or later amended, shall be filed with the planning department, and they are thereby incorporated into this Title 8 and become a part of the ordinance referred to in § 84-66.1002.

(Ords. 79-74, 76-26 § 2: 76-25 § 2: prior code § 8166(c): Ord. 1743).

84-66.1006 - Rezoning and development plan application.

Except as waived in writing by the planning director, the application for rezoning to P-1 district and concurrent approval of a preliminary development consists of five copies of each of the following:

- (1) A preliminary development plan, drawn to scale, indicating:
 - (A) Proposed use(s) of all land in the subject area,
 - (B) Existing natural land features, and topography of the subject area,
 - (C) Circulation plan for all vehicular and pedestrian ways,
 - (D) Metes and bounds of the subject property,
 - (E) Location and dimensions of all existing structures,
 - (F) Landscaping, parking areas, and typical proposed structures,
 - (G) Anticipated grading for the development;
- (2) A written legal description of the subject area;
- (3) A preliminary report on provision for storm drainage, sewage disposal and public utilities;
- (4) An economic feasibility report and analysis of all commercial and industrial uses, if any, proposed to be located within the development;
- (5) A feasibility analysis of all public and semipublic recreational and educational areas and facilities proposed to be located within the development, stating anticipated financing, development and maintenance;
- (6) A residential density analysis of the subject area, and the estimated population resulting therefrom;
- (7) A statement of how the proposed development is consistent with, and will further the goals and objectives of the general plan including, but not limited to, its community facilities elements;
- (8) A request for zoning change signed by the owner, and by the owner of any option to purchase the property or any portion thereof, if any;
- (9) Schematic drawings indicating the architectural design of all nonresidential buildings and structures and all residential buildings having attached units. Residential buildings utilizing zero lot line, cluster or patio techniques, typical designs shall be submitted. Single-family detached units on difficult topography may require design and placement review when requested by the planning director;
- (10) A statement of the stages of development proposed for the entire development, indicating the sequence of units and explaining why each unit standing by itself would constitute reasonable and orderly development in relation to the entire contemplated development where it is proposed to file final development plans by units for portions of the area to be covered by the preliminary development plan; and
- (11)

Any additional information as may be required by the planning commission or board of supervisors at the time of any public hearing.

(Ords. 85-56 § 7, 79-74, 76-25 § 1, 76-25 § 2: prior code § 8166(b): Ord. 1743).

Article 84-66.12. Final Development Plan

84-66.1202 - Requirements.

- (a) The final development plan drawn to scale, shall:
- (1) Indicate the metes and bounds of the boundary of the subject property together with dimensions of lands to be divided;
 - (2) Indicate the location, grades, widths and types of improvements proposed for all streets, driveways, pedestrian ways and utilities;
 - (3) Indicate the location, height, number of stories, use and number of dwelling units for each proposed building or structure;
 - (4) Indicate the location and design of vehicle parking areas;
 - (5) Indicate the location and design of proposed landscaping, expert for proposed single family residential development;
 - (6) Indicate the location and design of all storm drainage and sewage disposal facilities;
 - (7) Provide an engineer's statement of the proposed grading;
 - (8) Indicate the location and extent of all proposed land uses;
 - (9) Indicate the location of any residential dwellings proposed to be used as new sales models.
- (b) In addition, the final development plan shall be accompanied by:
- (1) Elevations of all buildings and structures other than single-family residences;
 - (2) A statement indicating procedures and programming for the development and maintenance of public or semipublic areas, buildings and structures;
 - (3) A statement indicating the stages of development proposed for the entire development;
 - (4) A statement indicating if any new residential dwellings are proposed to be used as sales models and asking approval of that use;
 - (5) Any additional drawings or information as may be required by the planning commission at the time of any public hearing in the matter.

(Ords. 87-43 § 3, 79-74: § 84-66.102: prior code § 8166(d): Ord. 1743).

84-66.1204 - Approval procedure.

- (a) The final development plan shall be submitted to the planning commission for approval, as with use permit applications, except it is the commission which hears and reviews it. The commission's decision may be appealed to the board of supervisors in accordance with Article 26-2.24, otherwise it becomes final.
- (b) A final development plan may be approved by the planning commission for a portion or unit of the approved preliminary development plan, in accordance with the sequence of units authorized by its conditions of approval, or upon a showing of both good cause and that the proposed portion or unit would, standing by itself, constitute reasonable and orderly development in relation to the entire development.

(Ords. 79-74, 76-26 § 3, 76-25 § 3: § 84-66.014: prior code § 8166(e): Ord. 1743).

84-66.1206 - Combined application and final plan.

- (a) Combination. An applicant for rezoning to the P-1 district may submit simultaneously and in combination with the zoning application or thereafter but before the board's final zoning decision, an application for approval of a final development plan for the entire property. The application and proposed final development plan shall comply with the requirements of Sections 84-66.006 and 84-66.1202.
- (b) Procedure. Such a combined final development plan application shall be processed, noticed, and heard by the planning commission. The commission's decision shall be a recommendation to the board of supervisors which shall make the final decision on the final development plan along with the rezoning pursuant to Article 84-66.10.

(Ord. 79-74).

Article 84-66.14. Plan Objectives, Regulations and Evaluations

84-66.1402 - Design objectives.

To achieve design and aesthetic quality for large-scale integrated developments and/or general plan special areas of concern, the following design objectives shall be met:

- (1) Building bulk, height, land coverage, visual appearance from adjacent land, and design compatibility with existing adjoining development and land which will remain, shall be considered and controlled;
- (2)

A development's design should successfully integrate individual buildings and building groups with the surrounding development, other physical features in the area, and existing development which will remain;

- (3) The design of structures should provide for harmonious composition of mass, scale, color, and textures, with special emphasis on the transition from one building type to another, termination of groups of structures, relationships to streets, exploitation of views, and integration of spaces and building forms with the topography of the site and the urban or suburban character of the area.
- (4) Provisions are to be made for an efficient, direct and convenient system of pedestrian circulation, together with landscaping and appropriate treatment of any public areas or lobbies.
- (5) Off-street parking and loading areas should be integrated into the overall vehicular circulation system.

(Ord. 79-74).

84-66.1404 - Latitude of regulations.

The planning commission may recommend and the board of supervisors may adopt as part of the preliminary development plan, and may require in the final development plan, standards, regulations, limitations and restrictions which are either more or less restrictive than those specified elsewhere in this ordinance code, and which are designed to protect and maintain property values and community amenities in the subject community, and which would foster and maintain the health, safety and general welfare of the community, including and relating to but not limited to the following:

- (1) Height limitations on buildings and structures;
- (2) Percent coverage of land by buildings and structures;
- (3) Parking ratios and areas expressed in relation to use of various portions of the property and/or building floor area;
- (4) The location, width and improvement of vehicular and pedestrian access to various portions of the property including portions within abutting streets;
- (5) Planting and maintenance of trees, shrubs, plants and lawns in accordance with a landscaping plan;
- (6) Construction of fences, walls and floodlighting of an approved design;
- (7) Limitations upon the size, design, number, lighting and location of signs and advertising structures;
- (8) Arrangement and spacing of buildings and structures to provide appropriate open spaces around same;
- (9) Location and size of off-street loading areas and docks;
- (10) Uses of buildings and structures by general classification, and by specific designation when there are unusual requirements for parking, or when use involves noise, dust, odor, fumes, smoke, vibration, glare or radiation incompatible with present or potential development of surrounding property;
- (11) Architectural design of buildings and structures;
- (12) Schedule of time for construction and establishment of the proposed buildings, structures, or land uses or any stage of development thereof;
- (13) Requiring of performance bonds to insure development as approved; and
- (14) Requiring that where any residential dwelling unit (one-family dwelling or duplex) or units are approved to be used as a sales model or models at least one such unit have a sprinkler system installed therein meeting the standard specified in Chapter 718-6.

(Ords. 87-43 § 4, 79-74: § 84-66.1404: prior code § 8166(f): Ord. 1743).

84-66.1406 - Evaluations.

When approving and adopting the rezoning application, the preliminary development plan or the final development plan, the planning commission and/or board of supervisors as the case may be, shall be satisfied that:

- (1) The applicant intends to start construction within two and one-half years from effective date of zoning change and plan approval;
- (2) The proposed planned unit development is consistent with the county general plan;
- (3) In the case of residential development, it will constitute a residential environment of sustained desirability and stability, and will be in harmony with the character of the surrounding neighborhood and community;
- (4) In the case of the commercial development, it is needed at the proposed location to provide adequate commercial facilities of the type proposed, and that traffic congestion will not likely be created by the proposed center, or will be obviated by presently projected improvements and by demonstrable provisions in the plan for proper entrances and exits, and by internal provisions for traffic and parking, and that the development will be an attractive and efficient center which will fit harmoniously into and will have no adverse effects upon the adjacent or surrounding development;

- Chapter 84-66 - PHASED DEVELOPMENT DISTRICTS Page 3 of 3
- (5) In the case of proposed industrial development, it is fully in conformity with the applicable performance standards, and will constitute an efficient and well organized development, with adequate provisions for railroad and/or truck access service and necessary storage, and that such development will have no adverse effect upon adjacent or surrounding development; and
 - (6) The development of a harmonious, integrated plan justifies exceptions from the normal application of this code.

(Ord. 79-74: § 84-66.020: prior code § 8166(g): Ord. 1743).

Article 84-66.16. Termination

84-66.1602 - Procedure.

- (a) Reversion. P-1 district shall become null and void, and the land use district classification shall revert to the immediately preceding zoning, designation if either:
 - (1) Within eighteen months after the effective date of the establishment of the P-1 district and/or the approval of the preliminary development plan (whichever is sooner), a final development plan is not submitted to the planning commission, or
 - (2) Within twelve months after the planning commission's approval of the final development plan, the construction specified in the final development plan has not been commenced.
- (b) Time Limit Exception. The time limitation in subsection (a)(1) of this section applies only to the first final development plan of a unit of a phased preliminary development plan; it does not apply after approval and implementation of such first final development plan.
- (c) Extensions. Upon showings of good cause, the board of supervisors may grant not more than five extensions of the time limitations set forth in subsection (a), each for no more than one year and all extensions totaling five years or less.

(Ords. 79-74, 76-26 § 4, 76-25 § 4: § 84-66.022: prior code § 8166(1): Ords. 71-17, 1743).

Article 84-66.18. Plan Changes

84-66.1802 - Preliminary development plan.

- (a) Changes. Changes, in the approved preliminary development plan and its conditions of approval, may be approved by the planning commission, as with land use permit applications except that it is the commission which hears and reviews them. The commission's decision may be appealed to the board of supervisors in accordance with Article 26-2.24, otherwise it becomes final.
- (b) Rezoning. When substantial changes in the preliminary development plan involve a reduction of or addition to its land area, then a rezoning application shall be submitted for consideration.

(Ord. 79-74, 76-26 § 2, 76-25 § 2: § 84-66.010: prior code § 8166(c): Ord. 1743).

84-66.1804 - Final development plan.

- (a) Review, Hearing. The zoning administrator shall review approved final development plan applications for modification pursuant to and otherwise regulated by the land use permit provisions of Chapter 26-2, for which he may schedule a public hearing and shall do so if he determines that a substantial modification is being requested in an approved final development plan.
- (b) Findings. In approving the modification application, he shall find that it is consistent with the intent and purpose of the P-1 district and compatible with other uses in the vicinity, both inside and outside the district.
- (c) Conditions. The zoning administrator may impose reasonable conditions and limitations to carry out the purpose of the P-1 district when approving any modification.

(Ord. 79-74: § 84-66.016: prior code § 8166(1): Ord. 1743).

Article 84-66.20. Variance Permits

84-66.2002 - Granting.

- (a) Procedure. Variance permits to modify the provisions contained in Article 84-66.6 may be granted in accordance with Chapters 26-2 and 82-6.
- (b) General Plan Consistency. Such variance permit shall not be granted by the planning agency hearing the matter unless it finds that the variance is consistent with the general plan.

(Ord. 79-74).

EXHIBIT A

The land referred to is situated in the County of Contra Costa, City of Danville, State of California, and is described as follows:

PARCEL ONE:

Parcel A, as shown on the Map of Subdivision 6736, filed February 21, 1989, in Book 330 of Maps, Page 42, Contra Costa County Records.

PARCEL TWO:

A portion of the South 1/2 of Section 31, Township 1 South, Range 1 East, Mount Diablo Base and Meridian, described as follows;

Beginning at the point of intersection of the western line of the southeast 1/4 of said Section 31 with the southern right of way line of Camino Tassajara (50' wide), said point being on the arc of a curve concave to the north having a radius of 263.76 feet, a radial through said point bears South 61° 13' 13" East; thence along said southern line southwesterly and westerly 411.48 feet along said curve through an angle of 89° 23' 09"; thence continuing along said line the following courses and distances North 61° 50' 04" West 231.54 feet to the beginning of a curve concave to the southwest having a radius of 1407.50 feet; thence northwesterly 162.95 feet along said curve through an angle of 6° 38' 00"; thence North 68° 28' 04" West 206.16 feet to the beginning of a curve concave to the southwest having a radius of 548.00 feet; thence northwesterly 193.16 feet along said curve through an angle of 20° 11' 44" to the southern right of way line of Camino Tassajara (proposed 128' wide); thence along said line North 85° 25' 03" East 189.45 feet to a point on the northern right of way line of Camino Tassajara (50' wide), said point being the beginning of a non-tangent curve concave to the southwest having a radius of 598.00 feet; thence along said northern line southeasterly 19.07 feet along said curve through an angle of 1° 49' 39"; thence continuing along said northern line the following courses and distances South 68° 28' 04" East 206.16 feet to the beginning of a curve concave to the southwest having a radius of 1457.50 feet; thence southeasterly 168.74 feet along said curve through an angle of 6° 38' 00"; thence South 61° 50' 04" East 231.54 feet to the beginning of a curve concave to the northwest having a radius of 213.76 feet; thence southeasterly, easterly and northeasterly 389.98 feet along said curve through an angle of 104° 32' 00"; thence North 13° 37' 56" East 89.53 feet to the beginning of a curve concave to the southeast having a radius of 407.00 feet; thence northeasterly 3.48 feet along said curve through an angle of 0° 29' 24" to said western line to the southeast 1/4 of Section 31; thence along said line South 0° 31' 06" East 167.00 feet to the point of beginning.

PARCEL THREE:

Parcels "K", "L" and "N", as shown on the Map of Subdivision 7188, filed March 12, 1990 in Book 342 of Maps, Page 42, Contra Costa County Records, as amended by the Certificate of Correction, recorded May 18, 1990 in Book 15867, Page 312, Official Records, under Recorder's Serial Number 90-103050.

Assessor's Parcel Numbers:

206-311-020 - Being Parcel One,
220-060-039 - Being Parcel Two,
220-060-019 - Being Parcel K of Parcel Three,
220-060-020 - Being Parcel L of Parcel Three,
220-060-022 - Being Parcel N of Parcel Three.



OLD REPUBLIC
TITLE COMPANY

475 Sansome Street, Suite 1700
San Francisco, CA 94111
(415) 397-0500 Fax: (415) 397-0199

PRELIMINARY REPORT

Our Order Number 0227009912-MN

FIRST REPUBLIC BANK
111 PINE STREET, 8TH FLOOR
SAN FRANCISCO, CA 94111

Attention: JEFF WINKEL

When Replying Please Contact:

Martha Nakagawa
MNakagawa@ortc.com
(415) 397-0500

Property Address:

4000 Camino Tassajara, Danville, CA 94506

In response to the above referenced application for a policy of title insurance, OLD REPUBLIC TITLE COMPANY hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, conditions and Stipulations of said policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said Policy or Policies are set forth in Exhibit A attached. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the Homeowner's Policy of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the Policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of November 5, 2010, at 7:30 AM

Title Officer: Sherry Miller

OLD REPUBLIC TITLE COMPANY
For Exceptions Shown or Referred to, See Attached

Page 1 of 13 Pages

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227009912-MN

The form of policy of title insurance contemplated by this report is:

ALTA Loan Policy - 2006. A specific request should be made if another form or additional coverage is desired.

The estate or interest in the land hereinafter described or referred or covered by this Report is:

Fee

Title to said estate or interest at the date hereof is vested in:

Home for Jewish Parents, a California nonprofit public benefit corporation

The land referred to in this Report is situated in the County of Contra Costa, City of Danville, State of California, and is described as follows:

PARCEL ONE:

Parcel A, as shown on the Map of Subdivision 6736, filed February 21, 1989, in Book 330 of Maps, Page 42, Contra Costa County Records.

PARCEL TWO:

portion of the South 1/2 of Section 31, Township 1 South, Range 1 East, Mount Diablo Base and Meridian, described as follows;

Beginning at the point of intersection of the western line of the southeast 1/4 of said Section 31 with the southern right of way line of Camino Tassajara (50' wide), said point being on the arc of a curve concave to the north having a radius of 263.76 feet, a radial through said point bears South 61° 13' 13" East; thence along said southern line southwesterly and westerly 411.48 feet along said curve through an angle of 89° 23' 09"; thence continuing along said line the following courses and distances North 61° 50' 04" West 231.54 feet to the beginning of a curve concave to the southwest having a radius of 1407.50 feet; thence northwesterly 162.95 feet along said curve through an angle of 6° 38' 00"; thence North 68° 28' 04" West 206.16 feet to the beginning of a curve concave to the southwest having a radius of 548.00 feet; thence northwesterly 193.16 feet along said curve through an angle of 20° 11' 44" to the southern right of way line of Camino Tassajara (proposed 128' wide); thence along said line North 85° 25' 03" East 189.45 feet to a point on the northern right of way line of Camino Tassajara (50' wide), said point being the beginning of a non-tangent curve concave to the southwest having a radius of 598.00 feet; thence along said northern line southeasterly 19.07 feet along said curve through an angle of 1° 49' 39"; thence continuing along said northern line the following courses and distances South 68° 28' 04" East 206.16 feet to the beginning of a curve concave to the southwest having a radius of 1457.50 feet; thence southeasterly 168.74 feet along said curve through an angle of 6° 38' 00"; thence South 61° 50' 04" East 231.54 feet to the beginning of a curve concave to the northwest having a radius of 213.76 feet; thence southeasterly, easterly and northeasterly 389.98 feet along said curve through an angle of 104° 32' 00"; thence North 13° 37' 56" East 89.53 feet to the beginning of a curve concave to the southeast having a radius of 407.00 feet; thence northeasterly 3.48 feet along said curve through an angle of 0° 29' 24" to said western line to the southeast 1/4 of Section 31; thence along said line South 0° 31' 06" East 167.00 feet to the point of beginning.

PARCEL THREE:

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227009912-MN

Parcels "K", "L" and "N", as shown on the Map of Subdivision 7188, filed March 12, 1990 in Book 342 of Maps, Page 42, Contra Costa County Records, as amended by the Certificate of Correction, recorded May 18, 1990 in Book 15867, Page 312, Official Records, under Recorder's Serial Number 90-103050.

Assessor's Parcel Numbers:

206-311-020 - Being Parcel One,
220-060-039 - Being Parcel Two,
220-060-019 - Being Parcel K of Parcel Three,
220-060-020 - Being Parcel L of Parcel Three,
220-060-022 - Being Parcel N of Parcel Three.

At the date hereof exceptions to coverage in addition to the Exceptions and Exclusions in said policy form would be as follows:

1. Taxes and assessments, general and special, for the fiscal year 2010 - 2011, as follows:

Assessor's Parcel No	:	206-311-020	
Bill No.	:	206372	
Code No.	:	16-005	
1st Installment	:	\$588.44	NOT Marked Paid
2nd Installment	:	\$588.44	NOT Marked Paid
Land Value	:	\$237,501.00	

2. Taxes and assessments, general and special, for the fiscal year 2010 - 2011, as follows:

Assessor's Parcel No	:	220-060-039	
Bill No.	:	234004	
Code No.	:	16-005	
1st Installment	:	\$517.93	NOT Marked Paid
2nd Installment	:	\$517.93	NOT Marked Paid
Land Value	:	\$296,879.00	
Exemption	:	\$296,879.00	

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227009912-MN

3. Taxes and assessments, general and special, for the fiscal year 2010 - 2011, as follows:

Assessor's Parcel No	:	220-060-019	
Bill No.	:	234002	
Code No.	:	66-122	
1st Installment	:	\$31,365.03	NOT Marked Paid
2nd Installment	:	\$31,365.03	NOT Marked Paid
Land Value	:	\$2,427,753.00	
Imp. Value	:	\$18,997,641.00	
Exemption	:	\$21,425,394.00	

4. Taxes and assessments, general and special for the fiscal year 2010-2011 as follows:

Assessors Parcel No	:	220-060-020
1 st Installment	:	None Due or Payable
2 nd Installment	:	None Due or Payable
Land Value	:	\$120.00

5. Taxes and assessments, general and special, for the fiscal year 2010 - 2011, as follows:

Assessor's Parcel No	:	220-060-020	
Bill No.	:	234003	
Code No.	:	66-122	
1st Installment	:	\$58.69	NOT Marked Paid
2nd Installment	:	\$58.69	NOT Marked Paid
Land Value	:	\$120.00	
Exemption	:	\$120.00	

6. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Section 75, et seq., of the Revenue and Taxation Code of the State of California.

7. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument	:	Grant of Easement
Granted To	:	Pacific Gas and Electric Company
For	:	Right to erect, construct, maintain and use two independent lines of towers with such wires and cables for the transmission of electrical energy
Recorded	:	May 13, 1959 in Book 3372 of Official Records, Page 431 under Recorder's Serial Number 30848
Affects	:	Westerly portion of Parcel Two described herein

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0227009912-MN

And as modified by that certain instrument entitled "Grant of New Right of Way and of Additions to Existing Right of Way", executed by and between Jerry Bettencourt et ux and Pacific Gas and Electric company, recorded on May 27, 1977, in Book 8350 of Official Records, Page 95, under Recorder's Serial Number 70322.

Upon the terms and conditions contained therein.

8. 30 foot setback line as shown on Parcel Map M.S. 67-68, filed October 22, 1968, in Book 6 of Parcel Maps, Page 9, affecting the Northerly 30 feet of Parcel One described herein.

9. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument : Grant Deed
Granted To : Pacific Gas and Electric Company
For : Access purposes
Recorded : May 27, 1977 in Book 8350 of Official Records, Page 91 under Recorder's Serial Number 70321
Affects : A 50' Strip of land affecting a portion of Parcel Three described herein.

Upon the terms and conditions contained therein.

10. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument : Grant of New Right of Way and of Additions to Existing Right of Way
Granted To : Pacific Gas and Electric Company
For : Electrical and gas conveyance facilities
Recorded : May 27, 1977 in Book 8350 of Official Records, Page 95 under Recorder's Serial Number 70322
Affects : A portion of Parcels Two and Three described herein.

Upon the terms and conditions contained therein.

11. Covenants, Conditions and Restrictions which do not contain express provision for forfeiture or reversion of title in the event of violation, but omitting any covenants or restriction if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Title 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons, as provided in an instrument.

Entitled : Declaration of Covenants Regarding Water System
Executed by : Realty Factors, Inc., Land Factors, Inc., C.M. Block, Inc. and Bill Hayes (Developers)
Recorded : June 26, 1980 in Book 9892 of Official Records, Page 693 under Recorder's Serial Number 80-76986

12. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument : Grant of Easement
Granted To : Central Contra Costa Sanitary District
For : Sewer purposes
Recorded : March 20, 1984 in Book 11704 of Official Records, Page 94 under Recorder's Serial Number 84-37827
Affects : A portion of Parcel Three described herein.

Upon the terms and conditions contained therein.

13. Agreement for : Development
Executed By : Live Oak Associates II, a California limited partnership
and Between : The Town of Danville

On the terms, covenants and conditions contained therein,

Recorded : May 5, 1987 in Book 13663 of Official Records, Page 635 under Recorder's Serial Number 87-111417

Said matters affect Parcel One described herein.

14. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument : Easement
Granted To : Pacific Gas and Electric Company
For : Electrical facilities
Recorded : November 18, 1987 in Book 14025 of Official Records, Page 294 under Recorder's Serial Number 87-244464
Affects : A portion of Parcel Three described herein

Upon the terms and conditions contained therein.

15. Recitals shown or noted upon a map as follows:

Map Entitled : Final Map Subdivision 6736 "Vista Tassajara"
Filed On : February 21, 1989 in Book 330 of Maps, at Page 42
Which Says : "The area designated as Parcel "A" shall be an interim open space
subject to future dedication or disposition"

Said matters affect Parcel One as described herein.

16. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as shown on the filed map.

For : Landscape Maintenance Easement
Affects : As shown on Subdivision Map 6736 (described in Parcel One herein)

For : Public Utility Easement
Affects : As shown on Subdivision Map 6736 (described in Parcel One herein)

17. Release and relinquishment of abutter's or access rights to Camino Tassajara, over the Northern boundary line of premises, as set forth on the filed Map of said land.

As shown on Subdivision Map 6736 (described in Parcel One herein)

18. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument : Grant of Easement
Granted To : Pacific Bell
For : Communication facilities
Recorded : June 13, 1989 in Book 15128 of Official Records, Page 274 under
Recorder's Serial Number 89-109233
Affects : Western 5.00 feet of Parcel One described herein

Upon the terms and conditions contained therein.

19. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument : Grant Deed
Reserved By : Standard Pacific L.P., a Delaware limited partnership
For : An easement for installation, maintenance, repair, replacement and reconstruction of the landscaping and landscaping irrigation with in the Landscape Maintenance Area
Recorded : June 20, 1989 in Book 15141 of Official Records, Page 889 under Recorder's Serial Number 89-114056
Affects : The exact location is not defined of record.

Upon the terms and conditions contained therein.

Said matters affect Parcel One, described herein.

20. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument : Easement Grant Deed
Granted To : Standard Pacific, L.P., a Delaware limited partnership
For : An exclusive subsurface easement and non-exclusive surface easement and the right to construct, alter, operate, maintain and repair such sewer line or lines and appurtenances thereto
Recorded : June 20, 1989 in Book 15141 of Official Records, Page 893 under Recorder's Serial Number 89-114057
Affects : A portion of Parcel One described herein.

Upon the terms and conditions contained therein.

21. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument : Grant of Easement
Granted To : Central Contra Costa Sanitary District
For : Sewer purposes
Recorded : July 24, 1989 in Book 15215 of Official Records, Page 486 under Recorder's Serial Number 89-137891
Affects : A portion of Parcel Three described herein.

22. Conditions contained and/or referred to in an instrument,

Entitled : Declaration of Establishment of Conditions, Covenants and Restrictions
By : U.S. Army Corps of Engineers
Recorded : November 6, 1989 in Book 15461 of Official Records, Page 398 under Recorder's Serial Number 89-224258

Said matters affect Parcels Two and Three described herein.

23. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as shown on the filed map.

For : Storm Drainage Easement
Affects : Portion of Parcels Two and Three as shown on Subdivision Map 7188

24. The rights reserved in that certain "Vacation of Public Street Right of Way" executed by the Town of Danville, recorded on May 1, 1995, in Official Records, under Recorder's Serial Number 95-070093, as follows:

"Reserving therefrom: that portion of Camino Tassajara Street right of way (50 feet wide) lying within and coincident with Parcel "N" as said parcel is shown on said Map (342 PM 42);

Also reserving therefrom, the right of the public to utilize said Camino Tassajara (50 feet wide) for public utility purposes"

Said matters affect Parcel Two described herein.

25. Terms and conditions as contained in that certain "Regulatory Agreement" dated June 15, 1997, executed by and between Home for Jewish Parents, ABAG Finance Authority for Nonprofit Corporations, a California joint exercise of powers authority, which recorded on July 8, 1997, in Official Records under Recorder's Serial Number 97-116936.

26. Deed of Trust with Fixture Filing and Security Agreement, to secure and indebtedness in the amount stated below:

Amount : \$12,555,000.00
Trustor : Home for Jewish Parents, Inc., a California nonprofit public benefit corporation
Trustee : Commonwealth Title Company, as trustee for the benefit of the Office of the Statewide Health Planning and Development of the State of California
Beneficiary : ABAG Finance Authority for Nonprofit Corporations, a joint powers authority organized and operating under the laws of the State of California
Dated : June 15, 1997
Recorded : July 8, 1997, in Official Records, under Recorder's Serial Number 97-116937

27. A financing statement given as additional security for the payment of the indebtedness secured by the Deed of Trust

Shown As : 97-116937 (shown above)
Debtor : Home for Jewish Parents, a California public benefit corporation
Secured Party : Harris Trust Company of California and Office of Statewide Health Planning and Development
Recorded : July 8, 1997 in Official Records under Recorder's Serial Number 97-116938

28. Offer of Dedication in an instrument,

Entitled : Irrevocable Offer of Dedication
To : Central Contra Costa Sanitary District
For : Sewer Purposes
Dated : August 21, 1997
Recorded : August 28, 1997 in Official Records under Recorder's Serial Number 97-156366
Affects : A 15.00 foot strip affecting the Northerly portion of Parcel One described herein. See Map attached thereto.

In Connection therewith:

A Resolution Accepting An Offer of Dedication executed by the Central Contra Costa Sanitary District recorded on June 28, 2000, in Official Records, under Recorder's Serial Number 2000-136677.

29. A financing Statement recorded in the office of the County Recorder, showing
- Debtor : Home for Jewish Parents, a California nonprofit public benefit corporation
- Secured Party : The Bank of New York Trust Company, N.A.
- Recorded : August 24, 2006 in Official Records under Recorder's Serial Number 2006-268852
30. Any unrecorded and subsisting leases.
31. Rights and claims of parties in possession.
32. The requirement that this Company be provided with an opportunity to inspect the land. The Company reserves the right to make additional exceptions and/or requirements upon completion of its inspection.
33. The requirement that this company be provided with a suitable Owner's Affidavit from the Seller (form ORT 174). The Company reserves the right to make additional exceptions and/or requirements upon review of the Owner's Affidavit.
34. Satisfactory evidence furnished to this Company as to the due formation and continued existence of Home for Jewish Parents as a legal entity under the laws of California; and documents from its board of directors authorizing this transaction and specifying the officers who shall to execute on behalf of the corporation.

----- **Informational Notes** -----

- A. The applicable rate(s) for the policy(s) being offered by this report or commitment appears to be section(s) 3.1 Major Projects Rate.

Title 11, Cal. Admin. Code, § 999.5(d)(2)(E)

Joint Venture Transactions

This section of the Application is not applicable because the proposed transaction is not a joint venture.