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**56**  
ROB BONTA  
Attorney General of California  
RENU R. GEORGE  
Senior Assistant Attorney General  
EMILIO VARANINI (SBN 163952)  
NELI N. PALMA (SBN 203374)  
Supervising Deputy Attorneys General  
MELISSA HAMILL (SBN 221332)  
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*Attorneys for the Attorney General  
of the State of California*

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF CALIFORNIA – FRESNO DIVISION

**In re:**  
  
**TWILIGHT HAVEN, A CALIFORNIA  
NON-PROFIT,**  
  
Debtor.

Case No.: 23-11332-B  
Sub Chapter V  
Chapter 11

**ORDER APPROVING JOINT  
STIPULATION TO APPROVE  
ATTORNEY GENERAL CONDITIONS  
PURSUANT TO SETTLEMENT**

Hearing: February 13, 2024  
Time: 9:30 a.m.  
Courtroom: 13  
Judge: Honorable René Lastreto II

The Court, having considered the Stipulation concerning the California Attorney General Conditions filed on February 8, 2024, and entered into by and between Twilight Haven, as debtor and debtor-in possession in this chapter 11 case; the California Attorney General; and Bayshire Central Valley LLC, and good cause appearing,

**IT IS HEREBY ORDERED** that:


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- 1. The Stipulation is APPROVED;
- 2. Pursuant to the written agreement of the parties, the Court enters this order approving the Attorney General Conditions attached hereto as **Exhibit A**; and
- 3. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

IT IS SO ORDERED.

Dated:

By the Court

  
 René Lastrero II, Judge  
 United States Bankruptcy Court

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**54**  
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UNITED STATES BANKRUPTCY COURT  
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**In re:**  
**TWILIGHT HAVEN, A CALIFORNIA  
NON-PROFIT,**  
  
Debtor.

Case No.: 23-11332-B  
Sub Chapter V  
Chapter 11  
**JOINT STIPULATION TO:**  
**1) APPROVE ATTORNEY GENERAL  
CONDITIONS PURSUANT TO  
SETTLEMENT; and**  
**2) ENTER ORDER**  
  
Hearing: February 13, 2024  
Time: 9:30 a.m.  
Courtroom: 13  
Judge: Honorable René Lastreto II

The undersigned Parties hereby stipulate as follows:

WHEREAS, these proceedings concern Twilight Haven, a California Non-Profit Corporation, which owns a licensed Residential Care Facility for the Elderly (RCFE) and skilled

1 nursing facility located at 1717 S. Winery Avenue, Fresno, California 93727 and 4999 E. Heaton  
2 Avenue, Fresno, California, 93727;

3 WHEREAS, on October 20, 2023, the Debtor's Motion For Authority To Enter Into  
4 Transaction seeking entry of an order authorizing Debtor to enter into the transaction with an  
5 entity referred to as "Jericho Care Group LLC, a California limited liability company" so that it  
6 can sell its assets to this entity, ECF Nos. 252-257, including the skilled nursing facility (the  
7 "Motion");

8 WHEREAS, Paragraph 8 of the Second Amendment to Purchase and Sale Agreement  
9 dated December 21, 2023, clarifies that the "Purchaser" as used in the Purchase and Sale  
10 Agreement executed on October 6, 2023 (see Exhibit B to Exhibits to Motion for Authority to  
11 Enter into Transaction Pursuant to §§ 105, 362, 363, 364 and 365, ECF No. 257) and the First  
12 Amendment to Purchase and Sale Agreement dated October 19, 2023 is Bayshire Central Valley  
13 LLC, a California limited liability company;

14 WHEREAS, pursuant to 28 U.S.C.A. § 959 (b), a debtor in possession in bankruptcy  
15 proceedings shall manage and operate the property in his or her possession according to the  
16 requirements of the valid laws of the State in which such property is situated, and in the same  
17 manner that the owner or possessor would be bound;

18 WHEREAS the Attorney General is an interested party in these proceedings in his  
19 constitutional role as chief law enforcement officer of the state pursuant to California Constitution  
20 Article V, §13 and in a regulator capacity due to the statutory oversight authority of transactions  
21 involving nonprofit health facility transactions pursuant to Corporations Code sections 5914 et  
22 seq., and in determining whether to deny, consent or conditionally consent to a transaction, the  
23 Attorney General is required to follow certain processes and to weigh several factors, including  
24 whether the transaction may create a significant effect on the availability or accessibility of  
25 healthcare services to the affected community, and whether the transaction is in the public  
26 interest. Cal. Corp. Code § 5917(i)-(j);

27 ///

28 ///

1 WHEREAS, the Attorney General asserts that, pursuant to 11 U.S.C. § 362 (b) (4), the  
2 Attorney General’s regulatory actions fall within the scope of the police and regulatory power  
3 exception to an automatic stay;

4 WHEREAS, pursuant to 11 U.S.C. § 105 (a), the bankruptcy court “may issue any order,  
5 process, or judgment that is necessary or appropriate to carry out the provisions of” the  
6 Bankruptcy Code;

7 WHEREAS, pursuant to 11 U.S.C. § 1107, subject to limitations, the debtor in possession  
8 shall have all the rights, functions and duties of the trustee serving in a case under chapter 11 of  
9 the Bankruptcy Code;

10 WHEREAS, the undersigned parties, desiring to expeditiously effectuate the sale to ensure  
11 the continuation and resumption of care at the property, have reached a settlement of the Attorney  
12 General’s jurisdiction to review the purchase of Twilight Haven’s assets, and impose conditions,  
13 under California Corporations Code sections 5914, et seq., with the settlement involving the  
14 Attorney General approving the sale pursuant to the Motion subject to the Conditions attached as  
15 Exhibit A to the [Proposed] Order, and contemplates the Court entering the Order to effectuate  
16 the settlement;

17 WHEREAS, the undersigned parties, agree that this Stipulation and the Proposed Order  
18 shall have no precedential effect as to the Attorney General and the undersigned parties beyond  
19 the facts and circumstances of these chapter 11 cases; and

20 WHEREAS, the undersigned parties seek the Court’s approval of their settlement via this  
21 Joint Stipulation and [Proposed] Order, and the statutory predicate for the relief requested herein  
22 is provided in 11 U.S.C. §105. Rule 4001(d) of the Federal Rules of Bankruptcy Procedure, and  
23 Rule 9019-1 of the Local Bankruptcy Rules of the Eastern District of California.

24 NOW THEREFORE it is hereby stipulated and agreed by the undersigned parties that:

25 1. The Court has jurisdiction to approve the Attorney General Conditions attached as  
26 Exhibit A to the accompanying [Proposed] Order; and

27 2. This Court will have jurisdiction to enter the Order, including, for state law purposes,  
28 pursuant to California Code of Civil Procedure section 664.6.

1 SO STIPULATED.

2 Dated:

ROB BONTA  
Attorney General of California  
RENU R. GEORGE  
Senior Assistant Attorney General



NELI PALMA  
Supervising Deputy Attorney General  
*Attorneys for the Attorney General of  
the State of California*

9 Dated:

BAYSHIRE CENTRAL VALLEY LLC



SCOTT KIRBY  
*Manager*

14 Dated:

TWILIGHT HAVEN

KRISTINE WILLIAMS  
*Chief Executive Officer*

18 APPROVED AS TO FORM.

19 Dated:

WANGER JONES HELSLEY

RILEY C. WALTER  
*Counsel for Debtor*

23 Dated:

HANSON BRIDGETT LLP



ANTHONY DUTRA  
*Counsel for Bayshire Central Valley LLC*

28

1 SO STIPULATED.

2 Dated:

ROB BONTA  
Attorney General of California  
RENU R. GEORGE  
Senior Assistant Attorney General

6

NELI PALMA  
Supervising Deputy Attorney General  
*Attorneys for the Attorney General of  
the State of California*

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10 Dated:

BAYSHIRE CENTRAL VALLEY LLC

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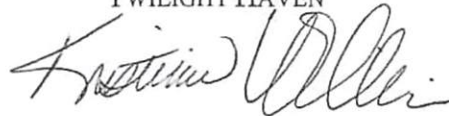
SCOTT KIRBY  
*Manager*

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14 Dated:

TWILIGHT HAVEN

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KRISTINE WILLIAMS  
*Chief Executive Officer*

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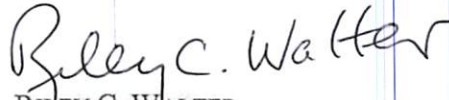
18 APPROVED AS TO FORM.

19 Dated:

*Feb. 3, 2024*

WANGER JONES HELSLEY

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RILEY C. WALTER  
*Counsel for Debtor*

22

23 Dated:

HANSON BRIDGETT LLP

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25

ANTHONY DUTRA  
*Counsel for Bayshire Central Valley LLC*

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1 APPROVED.

2 Dated:

A handwritten signature in black ink, appearing to read "Lisa Holder". The signature is fluid and cursive, with a large initial "L" and "H".

LISA HOLDER  
*Sub V Trustee*

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# **EXHIBIT A**

**Attorney General's Conditions to Proposed Sale of Twilight Haven, a California nonprofit corporation, to Bayshire Central Valley LLC, a California Limited Liability Company and Bayshire Central Valley LLC d/b/a Jericho Care Group, a California limited liability company.**

**I.**

These Conditions shall be legally binding on the following parties: Twilight Haven, a California nonprofit corporation; Bayshire Central Valley LLC, a California limited liability company; Bayshire Central Valley LLC d/b/a Jericho Care Group, a California limited liability company;<sup>1</sup> Bayshire LLC, a California limited liability company, 1717 Haven Holdings LLC, a California limited liability company; Haven Assisted Care LLC, a California limited liability company; Winery Skilled LLC, a California limited liability company; and any other subsidiary, parent, general partner, limited partner, member, affiliate, successor, successor in interest, assignee, or person or entity serving in a similar capacity of said entities or any entity succeeding thereto as a result of consolidation, affiliation, merger, or acquisition of all or substantially all of the real property or operating assets of the skilled nursing facility (SNF) or the real property on which the SNF is located; any and all current and future owners, lessees, licensees, or operators of the SNF and any and all current and future lessees and owners of the real property on which that facility is located. The facility is known as Twilight Haven and is located at 1717 S. Winery Avenue, Fresno, California, 93727 and 4999 E. Heaton Avenue, Fresno, California, 93727.

**II.**

The transaction conditionally approved by the Attorney General consists of the Purchase and Sale Agreement executed on October 6, 2023, by and between Twilight Haven, a California nonprofit corporation, and Bayshire Central Valley LLC's d/b/a "Jericho Care Group, LLC," and any and all amendments (including the First Amendment to Purchase and Sale Agreement dated October 19, 2023, and Second Amendment to Purchase and Sale Agreement dated December 21, 2023), agreements, or documents referenced in or attached as an exhibit or schedule to any of the foregoing agreements (collectively, the Agreement, attached hereto as Exhibit 1). Paragraph 8 of the Second Amendment to Purchase and Sale Agreement dated December 21, 2023, clarifies that the "Purchaser" as used in the Purchase and Sale Agreement executed on October 6, 2023, and the First Amendment to Purchase and Sale Agreement dated October 19, 2023, is Bayshire Central Valley LLC, a California limited liability company.

The entities listed in Condition I shall fulfill the terms of the Agreement including, but not limited to, any exhibits or schedules to the Agreement, and shall notify the Attorney General in writing of any proposed modifications or rescissions. Such notifications shall be provided at least sixty (60) days prior to their effective date in order to allow the Attorney General to consider whether they affect the factors set forth in Corporations Code section 5917 and require the Attorney General's approval.

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<sup>1</sup> Bayshire Central Valley LLC's d/b/a Jericho Care Group is referred to as "Jericho Care Group, LLC, a California Limited Liability Company" in the Purchase and Sale Agreement executed on October 6, 2023. Because, Jericho Care Group is not a Limited Liability Company registered with the California Secretary of State, these Conditions refer instead to Bayshire Central Valley LLC.

### III.

For five (5) years from the closing date of the Agreement, or for such longer period of time as determined by the resumption of SNF operations as specified in Condition VIII, the entities listed in Condition I, as applicable, shall be required to provide written notice to the Attorney General sixty (60) days prior to entering into any agreement or transaction to do any of the following:

- (a) Sell, transfer, lease, exchange, option, convey, or otherwise dispose of the SNF or any portion thereof.
- (b) Transfer control, responsibility, or governance of a material amount of the assets or operations of the SNF or portions thereof. The substitution, merger, or addition of a new member of the governing body, general partner, or limited partner of any of the entities listed in Condition I that transfers the control of, responsibility for, or governance of the SNF, or any portion thereof, shall be deemed a transfer for purposes of this Condition. The substitution or addition of one or more members of the governing body, general partner, or limited partners of any of the entities in Condition I or any arrangement, written or oral, that would transfer voting control of the members of the governing body, general partner, or limited partners of any of the entities listed in Condition I shall also be deemed a transfer for purposes of this Condition.

### IV.

For five (5) years from the closing date of the Agreement, or with respect to the SNF, for such longer period of time as determined by the resumption of SNF operations as specified in Condition VIII, the entities listed in Condition I, as applicable, shall offer employment to staff at the facility who are and remain in good standing. This condition is not intended to preclude staff changes as warranted for operational flexibility.

### V.

The entities listed in Condition I shall prohibit discrimination in their services and programs at the facility on the basis of any protected personal characteristic identified in state and federal civil rights laws, including section 51 of the California Civil Code and title 42, section 18116 of the United States Code. Categories of protected personal characteristics include:

- a) Gender, including sex, gender, gender identity, and gender expression;
- b) Intimate relationships, including sexual orientation and marital status;
- c) Ethnicity, including race, color, ancestry, national origin, citizenship, primary language, and immigration status;
- d) Religion;
- e) Age; and
- f) Disability, including disability, protected medical condition, and protected genetic information.

## VI.

For five (5) years from the closing date of the Agreement, or for such longer period of time as determined by the resumption of SNF operations as specified in Condition VIII, the entities listed in Condition I shall cause to be created and thereafter maintain a Community Advisory Board at the facility with which it shall consult on a quarterly basis. The Community Advisory Board shall consist of no fewer than 5-7 volunteer residents at the facility chosen by the residents of the facility. An existing resident advisory board will suffice if it meets the specifications in this Condition. The Community Advisory Board will provide feedback and comments on a quarterly basis on the quality of care and quality of life being provided to the residents and patients at the facility. The entities listed in Condition I shall provide a copy of each annual report described in Condition X to the Community Advisory Board. The Community Advisory Board may provide comments on all reports to the Attorney General regarding compliance with these Conditions and any such comments shall be included in the written report provided to the Attorney General pursuant to Condition X.

## VII.

The entities listed in Condition I, as applicable, shall assume all resident admission agreements, leases, and other agreements relating to the occupancy of the facility in place on the applicable closing date of the Agreement.

## VIII.

Within forty-five days (45) days from the closing date of the Agreement, the entities listed in Condition I, as applicable, shall apply for all approvals necessary to resume operations of the SNF, including approval from the California Department of Public Health, and reopen the SNF. To facilitate resumption of SNF services, the entities listed in Condition I, as applicable, shall reach out to local hospitals in the area to let them know that the facility will be reopening. Once the SNF has resumed operations and for five (5) years from resumption of SNF operations, the entities listed in Condition I, as applicable, shall operate and maintain the SNF with 50 skilled nursing beds and maintain the same licensure, types, and levels of services as was previously provided prior to April 14, 2023, including, but not limited to inpatient occupational therapy, physical therapy, and speech therapy.

Once the SNF has resumed operations, the entities listed in Condition I, as applicable, shall notify the Attorney General in writing about the date that SNF operations are resumed and thereafter not place all or any portion of the licensed-bed capacity or services in voluntary suspension or surrender its license for any SNF beds or services.

## IX.

For five (5) years from the closing date of the Agreement, or for such longer period of time as determined by the resumption of SNF operations as specified in Condition VIII, the entities listed in Condition I, as applicable, shall be certified to participate in the Medi-Cal and Medicare programs and have Medi-Cal and Medicare Provider Numbers (or provider numbers for any successors to Medi-Cal or Medicare) to provide the same types and levels of skilled nursing

services to Medi-Cal and Medicare beneficiaries (both Traditional and Managed Care) at the facility as required in these Conditions.

#### X.

For five (5) years from the closing date of the Agreement, or for such longer period of time as determined by the resumption of SNF operations as specified in Condition VIII, the entities listed in Condition I shall annually submit to the Attorney General, no later than four (4) months after each anniversary of the applicable closing date of the Agreement, a report describing in detail its compliance with each Condition set forth herein. The Chief Executive Officer or their equivalents for the entities listed in Condition I, any subsidiaries that own or operate any portion of the facilities, and any other operators or licensees of any portion of the facility shall certify that the report is true, accurate, and complete. The entities listed in Condition I shall ensure a copy of the report is provided to the Community Advisory Board or equivalent at the time of submission of the report to the Attorney General.

#### XI.

At the request of the Attorney General, the entities listed in Condition I shall provide such information as is reasonably necessary for the Attorney General to monitor compliance with these Conditions and the terms of the transaction as set forth herein. The Attorney General will, at the request of any entity listed in Condition I and to the extent provided by law, keep confidential any information so produced to the extent that such information is a trade secret or is privileged under state or federal law, or if the private interest in maintaining confidentiality clearly outweighs the public interest in disclosure.

#### XII.


Once the relevant portions of the Agreement have closed, the entities listed in Condition I are deemed to have explicitly and implicitly consented to the applicability of and compliance with each and every Condition and to have waived any right to seek judicial relief with respect to each and every Condition.

The Attorney General reserves the right to enforce each and every Condition set forth herein to the fullest extent provided by law. In addition to any legal remedies the Attorney General may have, the Attorney General shall be entitled to specific performance, injunctive relief, and such other equitable remedies as a court may deem appropriate for breach of any of these Conditions.

Pursuant to Government Code section 12598, the Attorney General shall also be entitled to recover its attorney fees and costs incurred in remedying each and every violation.

# **EXHIBIT 1**

**PURCHASE AND SALE AGREEMENT**

 This PURCHASE AND SALE AGREEMENT (this "Agreement") is made as of October 20, 2023 (the "Execution Date"), by and between TWILIGHT HAVEN, a California nonprofit public benefit corporation (the "Seller") and JERICHO CARE GROUP, LLC, a California limited liability company, or assigns ("Purchaser").

**RECITALS**

A. WHEREAS, Seller is a debtor in possession in a voluntary case under chapter 11 of the United States Bankruptcy Code (the "Case"), identified as In Re: Twilight Haven, that was commenced on June 22, 2023, is currently pending in the United States Bankruptcy Court for the Eastern District of California (Fresno Division) (the "Court"), and has been assigned Case Number 23-11332. No trustee has been appointed in the Case.

B. WHEREAS, Seller owns the applicable real property and improvements more particularly described in Exhibit A commonly known as "Twilight Haven," on which is housed a fifty (50) bed skilled nursing facility (the "SNF"), a thirty-three (33) bed assisted living facility (the "ALF") attached to the skilled nursing facility, a separate detached twenty-four (24) bed assisted living facility, and sixty (60) independent living units ("ILF") (collectively, the "Facility").

C. Seller is interested in selling the Real Property, the Facility and the operation thereof to Purchaser and Purchaser is interested in purchasing the Real Property (as defined herein), the Facility and the operations thereof from Seller (the "Transaction"); provided the Parties acknowledge that there shall be three (3) separate closings hereunder as follows:

1. The initial closing ("Initial Closing Date") shall take place on the date that is five (5) Business Days after the Court has approved the sale of the Real Property to Purchaser at which time (i) Purchaser shall purchase from Seller the Real Property and all improvements thereon, and the operations at the ILF, (ii) the ALF and SNF will be leased back to Seller and Seller shall retain all operations and control of the ALF and SNF; and (iii) prior to the Initial Closing Date, Purchaser will apply to the California Department of Social Services ("DSS") for approval to manage the ALF on behalf of Seller ("CHOM").

2. The second closing ("Second Closing Date") shall take place on the date that is five (5) Business Days after Purchaser receives approval from DSS of the CHOM for the ALF at which time (i) Purchaser takes over complete operational control of the ALF under the Leaseback Arrangement (as defined herein), and (ii) within five (5) Business Days of Purchaser's receipt of the CHOM approval, Purchaser shall submit to DSS and the California Department of Social Services ("CDPH") a change in ownership application (the "CHOW") for the ALF and the SNF, respectively.

3. The third and final closing ("Third Closing Date") shall take place on the date that is five (5) Business Days after Purchaser's receipt of the CHOW approvals from DSS and CDPH for the ALF and SNF respectively, and Purchaser has received any other regulatory agency



approvals required at which time, Purchaser shall take over operations at the ALF and SNF as the licensed operator and will assume full operational control as licensee and owner of the ALF and SNF; provided that in no event shall the Third Closing Date take place later than one (1) year after the Initial Closing Date.

D. The Initial Closing Date, Second Closing Date and Third Closing Date may each be referred to herein as a "Closing Date."

E. On the Execution Date, the Parties will enter into a consulting agreement ("**Consulting Agreement**") pursuant to which Purchaser can make certain recommendations to Seller with respect to the Facility operations.

F. The Parties are interested in documenting the terms and conditions on which the Transaction would occur.

## AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and provisions herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto (the "**Parties**" and each a "**Party**") hereby covenant and agree as follows:

### 1. **Purchase and Sale.**

1.1. **Seller's Assets to be Transferred on the Initial Closing Date.** On the terms and conditions set forth herein, on the Initial Closing Date, Seller shall sell to Purchaser and Purchaser shall purchase from Seller the following ("**Initial Closing Assets**"):

1.1.1. The Real Property, and all improvements thereon, together with all tenements, hereditaments, rights, privileges, interests, easements (both benefitting and burdening such Real Property) and appurtenances now or hereafter belonging or in any way pertaining thereto;

1.1.2. All fixtures attached or appurtenant to the Real Property;

1.1.3. All furnishings and equipment, including, but not limited to, tools, machinery, appliances, bed linens, inventory, food, housekeeping supplies, and all other tangible personal property located on or about the Real Property and related to the ILF which is owned by Seller which shall be sold free and clear of any leasing or financing arrangement;

1.1.4. Original and, to the extent in the possession of Seller or under the control of Seller, digital copies of all reports, drawings, plans, blueprints, studies, specifications, certificates of occupancy, building permits and grading permits relating to all or any part of the Real Property or the improvements thereon and all amendments, modifications, supplements, general conditions and addenda thereto;



1.1.5. All warranties, representations and guaranties with respect to the ownership and operation of the Real Property and the ILF, whether express or implied, which Seller now holds or under which Seller is the beneficiary;

1.1.6. All of Seller's legal and equitable claims, causes of action, and rights, if any, against the architects, engineers, designers, contractors, subcontractors, suppliers and materialmen and any other party who has supplied labor, services, materials or equipment, directly or indirectly, in connection with the design, planning, construction or ownership of all or any part of the Real Property or the ILF;

1.1.7. To the extent assignable, all of the permits, licenses, approvals, entitlements, certifications and other governmental and quasi-governmental authorizations including, without limitation, bed rights, certificates of occupancy and other similar permits relating to all or any part of the ILF, and all amendments, modifications, supplements, general conditions and addenda thereto, required in connection with the ownership and the operation of the ALF;

1.1.8. The Resident Agreements and the Assumed Operating Contracts (as defined herein) for the ILF;

1.1.9. All books, files and records related to the operation of the ILF including, but not limited to, original records for current residents and employees of the ILF;

1.1.10. All other intangible personal property of every kind and nature whatsoever owned by the Seller as of the date of this Agreement or hereafter acquired associated with the ILF, which can be legally transferred and which relate directly to the ownership and operation of the Real Property and the ILF;

1.1.11. The vehicles (the "Vehicles") described on Schedule 1.1.11 which shall be sold free and clear of any leasing and/or financing arrangements;

1.1.12. The goodwill associated with ILF, the current website(s) for the Facility, any Facility domain name, and Facility email addresses; and

1.1.13. All computer hardware and software which are located at the Facility, owned by Seller and used in connection with the operation of the ILF.

1.2. Seller's Assets to be Transferred on the Second Closing Date. On the terms and conditions set forth herein, on the Second Closing Date, Seller shall sell to Purchaser and Purchaser shall purchase from Seller the following ("Second Closing Assets"):

1.2.1. To the extent assignable, all of the permits, licenses, approvals, entitlements, certifications and other governmental and quasi-governmental authorizations including, without limitation, bed rights, certificates of occupancy and other similar permits relating to all or any part of the ALF, and all amendments, modifications, supplements, general conditions and addenda thereto, required in connection with the ownership and the operation of the ALF;



1.2.2. The Resident Agreements and the Assumed Operating Contracts (each as defined below) for the ALF;

1.2.3. All furnishings and equipment, including, but not limited to, tools, machinery, appliances, bed linens, inventory, food, housekeeping supplies, and all other tangible personal property located on or about the Real Property and related to the ALF which is owned by Seller which shall be sold free and clear of any leasing or financing arrangement;

1.2.4. All other intangible personal property of every kind and nature whatsoever owned by the Seller as of the date of this Agreement or hereafter acquired associated with the ALF, which can be legally transferred and which relate directly to the ownership and operation of the Real Property and the ALF;

1.2.5. All goodwill associated with ALF;

1.2.6. All computer hardware and software which are located at the Facility, owned by Seller and used in connection with the operation of the ALF; and

1.2.7. All books, files and records related to the operation of the ALF including, but not limited to, original records for current residents and employees of the ALF.

1.3. Seller's Assets to be Transferred on the Third Closing Date. On the terms and conditions set forth herein, on the Third Closing Date, Seller shall sell to Purchaser and Purchaser shall purchase from Seller the following ("**Third Closing Assets**"):

1.3.1. To the extent assignable, all of the permits, licenses, approvals, entitlements, certifications and other governmental and quasi-governmental authorizations including, without limitation, bed rights, certificates of occupancy and other similar permits relating to all or any part of the SNF, and all amendments, modifications, supplements, general conditions and addenda thereto, required in connection with the ownership and the operation of the SNF;

1.3.2. The Resident Agreements and the Assumed Operating Contracts for the SNF;

1.3.3. All furnishings and equipment, including, but not limited to, tools, machinery, appliances, bed linens, inventory, food, housekeeping supplies, and all other tangible personal property located on or about the Real Property and related to the SNF which is owned by Seller which shall be sold free and clear of any leasing or financing;

1.3.4. All other intangible personal property of every kind and nature whatsoever owned by the Seller as of the date of this Agreement or hereafter acquired associated with the SNF, which can be legally transferred and which relate directly to the ownership and operation of the Real Property and the SNF;

1.3.5. All goodwill associated with SNF;



1.3.6. All computer hardware and software which are located at the Facility, owned by Seller and used in connection with the operation of the SNF; and

1.3.7. All books, files and records related to the operation of the SNF including, but not limited to, original records for current residents and employees of the SNF (the "SNF Books and Records").

The Initial Closing Assets, Second Closing Assets and Third Closing Assets may be collectively referred to herein as "Seller's Assets."

1.4. Excluded Assets. Purchaser acknowledges and agrees that the Seller's Assets shall not include the following, all of which shall be and remain the property of Seller (the "Excluded Assets"): (i) Seller's cash, including petty cash, or accounts receivable of Seller arising from the operation of the Facility prior to any Closing Date; (ii) Seller's proprietary or organizational document and financial, accounting and/or tax records; (iii) any insurance policies in the name of either of the entities comprising Seller which are in effect on any Closing Date with respect to any or all of the Seller's Assets; (iv) Seller's deposits (but excluding any deposits from Residents), including utility deposits, and prepaid expenses accruing through the applicable Closing Date; (v) any claim, cause of action, or right of recovery or settlement held by Seller against third parties including vendors, relating to the ownership and/or operation of the Facility on or before any Closing Date; any and all proprietary and confidential materials; (vi) all contracts and agreements to which Seller may be a party in connection with the ownership and operation of the Facility which are not Assumed Operating Contracts; (vii) any indebtedness of Seller; (viii) any liability for Medicare or Medi-Cal recoupments or claims in connection with payments made to or for the benefit of Seller for dates of service prior the Third Closing Date; (ix) any liability, obligation or commitment of Seller that relates to, or that arises out of, the operations of any Facility and/or services rendered by or on behalf of Seller on or prior to the Closing Date (including claims of negligence, personal injury, elder abuse, workers' compensation, employer's liability or other claims); (x) any liabilities and obligations with respect to any stimulus/relief funds received by Seller; (xi) the historic church altar currently in the memorial building at the Facility and certain pictures to be identified by Seller prior to the Execution Date; (xii) any liability, obligation or commitment of Seller that relates to, or that arises out of, the employment or the termination of the employment with Seller of any employee or former employee of the Facility, including any liability, obligation or commitment of Seller as a result of (a) the transactions contemplated by this Agreement, and (b) that certain case identified as Jorge Castellanos v. Twilight Haven, that was commenced on January 18, 2023, is currently pending in the Superior Court of the State of California for the County of Fresno, and has been assigned Case Number VCU295240; and (xiii) the name "Twilight Haven" and any variation thereof, the Facility sign containing the name, as well as any related service marks, any associated logos or logo-types, any and all attendant state and/or federal service mark registrations, or other similar descriptive items.

Upon the Initial Closing Date until the date that is ninety (90) days after the Third Closing Date, Seller will grant to Purchaser a non-exclusive, nontransferable, fully paid up, royalty free, limited license to use the name "Twilight Haven" and all associated logos in connection with Purchaser's ownership and management of the Facility post-Closing. The



foregoing license provision shall survive each Closing. Seller shall retain all rights to use and exploit the name "Twilight Haven."

## 2. Purchase Price.

2.1. Purchase Price. The purchase price shall be payable by Purchaser to Seller as follows: (i) Five Million Five Hundred Thousand and No/100 Dollars (\$5,500,000.00) for the Initial Closing Assets ("**Initial Purchase Price**"); (ii) One Million Five Hundred Thousand and No/100 Dollars (\$1,500,000.00) for the Second Closing Assets ("**Second Purchase Price**"); and (iii) Three Hundred Twenty-Five Thousand and No/100 Dollars (\$325,000.00) for the Third Closing Assets (the "**Third Purchase Price**," and together with the Initial Purchase Price and Second Purchase Price collectively referred to herein as the "**Purchase Price**"). The Purchase Price shall be payable as follows:

2.1.1. Deposit. Within five (5) business days after the Execution Date, Purchaser shall deposit One Hundred Thousand and no/100 Dollars (\$100,000.00) (the "**Deposit**") with First American Title Insurance Company (the "**Escrow Agent**"). In the event the Initial Closing Date occurs, the Deposit shall be applied against the Initial Purchase Price. In the event the Initial Closing Date fails to occur, the Deposit shall be remitted to the Seller or to Purchaser as set forth more fully in **Section 11**. Notwithstanding anything to the contrary set forth herein, One Hundred Dollars (\$100.00) of the Deposit shall be non-refundable, independent consideration for the execution and delivery of this Agreement and shall be owed to Seller notwithstanding the termination of this Agreement for any reason.

2.1.2. Balance of Purchase Price. The balance of the Purchase Price (plus or minus any costs and prorations for which the Seller and/or Purchaser are responsible under the terms hereof) shall be paid by wire transfer of immediately available funds upon the applicable Closing Date.

2.2. Allocation of Purchase Price. The Purchase Price shall be allocated among the Seller's Assets in the manner provided by Purchaser prior to the Initial Closing Date.

2.3. Loan. As of the Execution Date, Purchaser agrees to loan up to Six Hundred Thousand and no/100 Dollars (\$600,000.00) ("**Loan**") to Seller for use by Seller between the Execution Date and the Initial Closing Date in order to: (a) fund operational needs; (b) fund investments in improvements to physical clinic infrastructure, quality and data systems, patient and community awareness, regulatory compliance, and any other needs required to achieve best practices at the Facility, and (c) any other costs or expenses related to the ownership and/or operation of the Facility as approved by Lender in its sole discretion, pursuant to the terms and conditions of that certain Senior Secured Superpriority Debtor-In-Possession Revolving Loan Agreement ("**Loan Agreement**") and Deed of Trust and Assignment of Rents ("**Deed of Trust**," and together with the Loan Agreement collectively referred to herein as the "**Loan Documents**") to be entered into by and between Seller and Purchaser as of the Execution Date. Seller agrees to provide Purchaser with satisfactory evidence, including a funds flow statement, invoices and any



other information reasonably requested by Purchaser, together with any request for disbursement of Loan Funds to Seller. Purchaser shall endeavor to disburse Loan funds to Seller within three (3) Business Days of Seller's request therefor. The Parties agree that Purchaser shall be entitled to a credit against the Purchase Price in the amount of any Loan funds disbursed to Seller at the Initial Closing Date. In the event this Agreement terminates for any reason, Seller shall repay to Purchaser any Loan funds disbursed to Seller within thirty (30) days of said termination. Further, in the event the Initial Closing Date has not occurred on or before March 30, 2024, Seller shall repay to Purchaser any Loan funds disbursed to Seller within thirty (30) days of Purchaser's request therefor.

### 3. Closing

3.1. Time and Place of Closings. Subject to the satisfaction or waiver of the closing conditions set forth in **Section 5** below, (i) the Initial Closing Date shall take place ninety (90) days after Seller's receipt of Court approval of the Transaction; (ii) the Second Closing Date shall take place five (5) Business Days after Purchaser's receipt of the CHOM approval for the ALF; and (iii) the Third Closing Date shall take place five (5) Business Days after Purchaser's receipt of CHOW approval for the SNF and ALF; provided that in no event shall the Third Closing Date take place later than one (1) year after the Initial Closing Date. In the event Purchaser has not received the CHOW approval for the SNF and ALF prior to the date that is one (1) year after the Initial Closing Date, the Parties agree that the Third Closing Date shall take place on such date and Purchaser shall pay the Third Purchase Price to Seller as of such date. All documents to be released for recording and the funds released by Purchaser to Seller on or before 3:00 PM (Pacific Time) and shall be effective at 12:01 am on the applicable Closing Date. In the event the Initial Closing Date has not taken place on or before March 30, 2024, Purchaser shall have the option of terminating this Agreement upon written notice to Seller and Escrow Agent in which case the Deposit plus all accrued interest shall be returned to Purchaser and neither Party shall have any further rights or obligations hereunder other than those rights and obligations, if any, which specifically survive termination of this Agreement.

3.2. Closing Process. The Closing shall occur through escrow and accordingly, at or prior to the Closing Date, the Parties shall deposit in escrow with the Escrow Agent all documents and monies necessary to close the transaction as herein provided. Closing shall occur in accordance with the procedures and instructions given by the Parties to the Escrow Agent prior to Closing.

### 4. Due Diligence; Title and Survey.

4.1. Due Diligence Investigation. The Parties acknowledge and agree that except as provided herein with respect to title and survey, Purchaser has conducted and completed its due diligence investigation of Seller's Assets prior to the Execution Date.

4.2. Due Diligence Materials. At any time prior to the Third Closing Date, Seller agrees to provide to Purchaser any additional due diligence documents and information requested by Purchaser if and to the extent they are in the possession or under the control of Seller, to be delivered within two (2) days of Purchaser's request therefor.



4.3. Title Matters. After the Execution Date, Purchaser will also conduct a review of the condition of title to the Real Property pursuant to the procedures outlined below:

4.3.1. Property Documents. After the Execution Date, to the extent not previously obtained, Purchaser shall obtain a title report or title commitment (the "**Title Commitment**") for a standard owner's title insurance policy with respect to the Property issued by First American Title Insurance Company (the "**Title Company**"), along with legible copies of all of the exception documents referenced therein. In addition, Purchaser shall have the right to obtain a zoning compliance letter, an ALTA survey with respect to the Real Property (the "**Survey**") prepared by a surveyor selected by Purchaser (the "**Surveyor**"), a Phase One Environmental Site Assessment (the "**Phase One**") and Property Condition Report (the "**PCR**"), and Seller agrees to work cooperatively with Purchaser and its lender to resolve any issues raised by any Survey, Phase One and/or PCR obtained by Purchaser's lender prior to the Initial Closing Date.

4.3.2. Title Objections.

(a) Prior to the Execution Date, Seller delivered to Purchaser that certain CLTA Guarantee Form No. 28 – Condition of Title issued by the Title Company dated August 9, 2023 ("**Title Guarantee**"). Notwithstanding any provision to the contrary contained herein, all monetary liens on the Real Property and Facility (other than for taxes and assessments not yet due and payable), including exceptions 7, 8, 9, 11, 15, 17 and 18, as shown on the Title Guarantee, shall be removed by Seller, at its sole cost and expense, prior to the Initial Closing Date. All other exceptions to title as shown on the Title Guarantee shall be deemed to be accepted by Purchaser and shall for purposes hereof be deemed to be the "**Permitted Exceptions**," provided that Seller agrees that Purchaser's lender has not had an opportunity to review title to the Property and Seller agrees to work cooperatively with Purchaser and its lender to resolve any title matters prior to the Initial Closing Date.

(b) If any update to the Title Guarantee or Title Commitment issued by the Title Company reveals any additional lien or encumbrance on the Real Property or Facility, Seller agrees to remove said items, at its sole cost and expense, prior to or at the then scheduled Closing Date.

4.4. Access to Employees. Seller agrees to provide Purchaser with access to all employees prior to any applicable Closing Date. Such meetings shall be conducted with prior notice to and approval by Seller.

5. Conditions to Closing.

5.1. Purchaser's Conditions. Purchaser's obligation to purchase Seller's Assets hereunder is subject to fulfillment of each of the following conditions, any one or all of which may be waived by Purchaser in writing:

5.1.1. Closing Deliveries for the Initial Closing Date. Seller shall have delivered to Purchaser or, if applicable, to the Escrow Agent to be held in escrow in accordance with the terms of this Agreement, on or before the Initial Closing Date the following:



(a) A Grant Deed in substantially the form annexed hereto as **Exhibit B** (the “**Deed**”) in proper form for recording, duly executed and acknowledged by Seller, sufficient to convey to Purchaser fee simple title to the Real Property, free and clear of all liens and encumbrances, other than the Permitted Exceptions;

(b) A bill of sale executed by Seller in substantially the form annexed hereto as **Exhibit C** (the “**Bill of Sale**”) sufficient to convey to Purchaser good and indefeasible title to the remainder of the Seller’s Assets, free and clear of all liens, encumbrances and security interests;

(c) An Assignment and Assumption Agreement in substantially the form attached hereto as **Exhibit D** duly executed by Seller with respect to the Initial Closing Assets;

(d) A certified copy of a final, non-appealable order of the Court approving the sale to Purchaser (“**Sale Order**”) free and clear of any interests in the Seller’s Assets pursuant to 11 U.S.C. § 363 on terms acceptable to Purchaser in its reasonable discretion;

(e) A certified copy of a final, non-appealable order of the Court approving the assumption of and assignment to Purchaser (“**ILF Assignment Order**”) of each of the Assumed Operating Contracts for the ILF pursuant to 11 U.S.C. § 365(f) on terms acceptable to Purchaser in its reasonable discretion;

(f) Such title affidavits and indemnities as may be reasonably required by the Title Company in connection with the issuance of the Title Policy (as defined below);

(g) A Foreign Investment in Real Property Tax Act affidavit duly executed by Seller in substantially the form annexed hereto as **Exhibit E**;

(h) A Form 1099-S identifying Seller’s gross proceeds and tax identification number, if required by the Escrow Agent;

(i) A certificate, in form and substance reasonably acceptable to Purchaser, of Seller to the effect that the representations and warranties of Seller set forth in this Agreement are true and complete in all material respects on and as of the Closing Date and that Seller has complied with all covenants of Seller set forth herein;

(j) A counterpart copy of the Seller’s “Closing Statement” prepared by the Escrow Agent and approved and signed by Seller;

(k) Written closing instructions directed to the Escrow Agent;

(l) Documentation, reasonably acceptable to the Title Company, confirming the authority of Seller to execute and deliver this Agreement and all of the documents described in this **Section 5.1.1** and to consummate the Transaction contemplated hereby;

(m) A then-current census by payor type certified by Seller as of the applicable Closing Date as true, complete and accurate in all material respects, which shall include such information for the residents of the applicable portion of the Facility as is reasonably acceptable to Purchaser;

(n) A then-current schedule of rents payable (prorated between Seller and Purchaser as provided herein) for the portion of the Facility being sold certified by Seller as of the Closing Date as true, complete and accurate in all material respects;

(o) Lease Agreement pursuant to which Purchaser will lease the ALF and SNF operations to Seller ("Lease");

(p) Consulting Agreement duly executed by Seller;

(q) Loan Documents duly executed and to the extent required, acknowledged by Seller; and

(r) Such other customary closing documents required from the sellers of real estate in the applicable city, state and county in which the Facility is located as Purchaser or the Title Company may reasonably require.

5.1.2. Closing Deliveries for the Second Closing Date. Seller shall have delivered to Purchaser or, if applicable, to the Escrow Agent to be held in escrow in accordance with the terms of this Agreement, on or before the Second Closing Date the following:

(a) An Assignment and Assumption Agreement in substantially the form attached hereto as **Exhibit D** duly executed by Seller with respect to the Second Closing Assets;

(b) A certified copy of a final, non-appealable order of the Court approving the assumption of and assignment to Purchaser ("**ALF Assignment Order**") of each of the Assumed Operating Contracts for the ALF pursuant to 11 U.S.C. § 365(f) on terms acceptable to Purchaser in its reasonable discretion;

(c) Management and Operations Transfer Agreement (the "**MOTA**") for the ALF, and all exhibits thereto, in the forms to be agreed upon by the Parties prior to the Initial Closing Date;

(d) An Interim Lease and Interim Management Agreement; and

(e) Such other customary closing documents as Purchaser or the Title Company may reasonably require.

5.1.3. Closing Deliveries for the Third Closing Date. Seller shall have delivered to Purchaser or, if applicable, to the Escrow Agent to be held in escrow in accordance with the terms of this Agreement, on or before the Third Closing Date the following:



(a) An Assignment and Assumption Agreement in substantially the form attached hereto as **Exhibit D** duly executed by Seller with respect to the Third Closing Assets;

(b) A certified copy of a final, non-appealable order of the Court approving the assumption of and assignment to Purchaser ("**SNF Assignment Order**") of each of the Assumed Operating Contracts for the ILF pursuant to 11 U.S.C. § 365(f) on terms acceptable to Purchaser in its reasonable discretion;

(c) If necessary, an OTA for the SNF and all exhibits thereto, in the forms to be agreed upon by the Parties prior to the Initial Closing Date; and

(d) Such other customary closing documents as Purchaser or the Title Company may reasonably require.

5.1.4. **Title Policy.** As of the Initial Closing Date, the Title Company shall be irrevocably committed to issue to Purchaser a standard, or if Purchaser has paid the additional cost thereof as contemplated by **Section 6.1.1**, an extended, coverage title insurance policy insuring Purchaser's title to the Real Property as of the Closing Date subject to no exceptions other than the Permitted Exceptions in an amount equal to the part of the Purchase Price allocated to the Real Property and Facility (the "**Title Policy**").

5.1.5. **Representations and Warranties.** The representations and warranties of Seller contained in this Agreement shall be true and complete in all material respects as of the applicable Closing Date and Seller shall be in compliance in all material respects with the terms and provisions of this Agreement, in each case subject only to exceptions permitted by this Agreement.

5.1.6. **Seller's Performance.** Seller shall have materially performed all of its obligations under this Agreement as of the applicable Closing Date that are required to be performed prior to or at the applicable Closing Date.

5.1.7. **Attorney General Approval.** Seller shall have (i) provided notice of the transaction contemplated by this Agreement to the Attorney General, and either (a) obtained the Attorney General approval of the Transaction and such approval does not impose any unreasonable and material conditions on the approval that are unacceptable to Purchaser (in its reasonable determination) or (b) Seller shall have provided evidence satisfactory to Purchaser (in its sole discretion) that the Attorney General has elected not to object to the Transaction contemplated by this Agreement, or (c) in the event the Attorney General objects to the Transaction contemplated by this Agreement, Seller shall provide evidence satisfactory to Purchaser (in its sole discretion) that the Attorney General has approved the Transaction and such approval does not impose any unreasonable and material conditions on the approval that are unacceptable to Purchaser (in its reasonable determination). The Parties acknowledge and agree that if the Attorney General objects to the Transaction, the Initial Closing Date shall be extended until the Attorney General has approved the Transaction or waived its objection thereto.



5.1.8. Financing Contingency. The Initial Closing Date shall be conditioned upon Purchaser's receipt of financing for the Transaction on terms and conditions acceptable to Purchaser in its sole discretion.

5.1.9. Termination of Leases. Seller agrees to terminate any existing leases and/or management agreements related to the existing operation and management of the Facility effective as of the applicable Closing Date, and to provide such documentation as may be requested by the Title Company to confirm that such leases and/or agreements have been terminated as of said date.

5.1.10. CHOM Approval. With respect to the Second Closing Date, Purchaser shall have received CHOM approval from DSS (as defined below).

5.1.11. ALF MOTA. With respect to the Second Closing Date, the closing of the transactions contemplated under the ALF MOTA shall occur simultaneously with the Second Closing Date.

5.1.12. CHOW Approval. With respect to the Third Closing Date, Purchaser shall have received CHOW approval from DSS and CDPH.

5.1.13. SNF OTA. With respect to the Third Closing Date, if necessary, the closing of the transactions contemplated under the SNF OTA shall occur simultaneously with the Third Closing Date.

5.2. Seller's Conditions. Seller's obligation to sell Seller's Assets hereunder is subject to the fulfillment of each of the following conditions, any one or all of which may be waived by Seller in writing:

5.2.1. Purchase Price. Purchaser shall have delivered to Escrow Agent the applicable Purchase Price due pursuant to Section 2.1 hereof on the applicable Closing Date.

5.2.2. Closing Deliveries for the Initial Closing Date. Purchaser shall have delivered to Seller or, if applicable, to Escrow Agent to be held in escrow in accordance with the terms of this Agreement, on or before the Initial Closing Date the following:

(a) A certificate, in form and substance reasonably acceptable to Seller, of Purchaser to the effect that the representations and warranties of Purchaser set forth in this Agreement are true and complete in all material respects on and as of the Closing Date and that Purchaser has complied with all covenants of Purchaser set forth herein;

(b) A counterpart copy of the Purchaser's "Closing Statement" prepared by the Escrow Agent and approved and signed by Purchaser;

(c) An Assignment and Assumption Agreement in substantially the form attached hereto as Exhibit D duly executed by Purchaser with respect to the Initial Closing Assets;

(d) The Lease duly executed by Purchaser;

(e) Consulting Agreement duly executed by Purchaser;

(f) Loan Agreement duly executed by Purchaser;

(g) Written closing instructions directed to the Escrow Agent;

(h) Documentation, reasonably acceptable to Seller and the Title Company, confirming the authority of Purchaser to execute and deliver this Agreement and all of the documents described in this Section 5.2.2 and to consummate the transaction contemplated hereby; and

(i) Such other customary closing documents required from the purchasers of real estate in the applicable city, state and county in which the Facility is located as Seller or the Title Company may reasonably require.

5.2.3. Closing Deliveries for the Second Closing Date. Purchaser shall have delivered to Seller or, if applicable, to the Escrow Agent to be held in escrow in accordance with the terms of this Agreement, on or before the Second Closing Date the following:

(a) An Assignment and Assumption Agreement in substantially the form attached hereto as **Exhibit D** duly executed by Purchaser with respect to the Second Closing Assets;

(b) MOTA for the ALF and all exhibits thereto, in the forms to be agreed upon by the Parties prior to the Initial Closing Date;

(c) An Interim Lease and Interim Management Agreement; and

(d) Such other customary closing documents as Seller or the Title Company may reasonably require.

5.2.4. Closing Deliveries for the Third Closing Date. Purchaser shall have delivered to Seller or, if applicable, to the Escrow Agent to be held in escrow in accordance with the terms of this Agreement, on or before the Third Closing Date the following:

(a) An Assignment and Assumption Agreement in substantially the form attached hereto as **Exhibit D** duly executed by Purchaser with respect to the Third Closing Assets;

(b) If necessary, an OTA for the SNF, and all exhibits thereto, in the forms to be agreed upon by the Parties prior to the Initial Closing Date; and

(c) Such other customary closing documents as Seller or the Title Company may reasonably require.

5.2.5. Representations and Warranties. The representations and warranties of Purchaser contained in this Agreement shall be true and complete in all material respects as of the



Closing Date and Purchaser shall be in compliance in all material respects with the terms and provisions of this Agreement, in each case subject only to exceptions permitted by this Agreement.

5.2.6. Purchaser's Performance. Purchaser shall have materially performed all of its obligations under this Agreement that are required to be performed prior to or at Closing.

5.3. Conditions Generally. The foregoing conditions are for the benefit only of the Party for whom they are specified to be conditions precedent and such Party may, in its sole discretion, waive any or all of such conditions and proceed with the Closing under this Agreement without any increase in, abatement of or credit against the Purchase Price.

6. Closing Costs and Prorations.

6.1. Costs and Expenses. All costs and expenses associated with the Transaction shall be allocated between the Parties as follows:

6.1.1. Seller shall pay all transfer and documentary stamp taxes, excise taxes and sales taxes, if any, due in connection with the Transaction contemplated by this Agreement.

6.1.2. Seller shall pay the cost of a standard coverage title insurance policy with respect to the Real Property in the amount of the Purchase Price and Purchaser shall pay the additional cost to secure extended coverage, as well as the cost of the Survey and any lender's title insurance policy which Purchaser may elect to obtain.

6.1.3. Seller shall be responsible for any and all costs and expenses associated with or incurred in connection with the existing Court action.

6.1.4. Each of the Parties shall each pay their own legal fees and expenses.

6.1.5. Purchaser and Seller shall share on a 50-50 basis all escrow fees.

6.1.6. Seller shall pay the cost of recording the Deed and all recording fees required to remove any exceptions from title other than the Permitted Exceptions and Purchaser shall pay any other recording fees.

6.1.7. Purchaser shall pay any and all filing fees and all other costs which may be due in connection with securing the CHOM approval and CHOW approval.

6.1.8. Seller will pay any and all broker's fees and commissions due in connection with the Transaction.

6.2. QA Fees. Seller shall pay any unpaid quality assurance fees ("QA Fees") owed for the Facility on or prior to the Third Closing Date (including any estimated amounts not yet billed by the applicable Governmental Entity (as defined below) with respect to periods of operations prior to the Third Closing Date) and Seller shall provide proof of same to Purchaser prior to the Third Closing Date. In the event any portion of the QA Fees remain unpaid as of the Third Closing



Date, Seller shall escrow 110% of the amount owed which amount may be used by Purchaser to pay any QA Fees due as of the Third Closing Date.

6.3. Prorations and Adjustments.

6.3.1. All of the revenues and expenses related to the ownership and operation of the Initial Closing Assets shall be prorated between Seller and Purchaser as of the Initial Closing Date, with Seller entitled to such revenues and responsible for such expenses for the period prior to the Initial Closing Date and with Purchaser entitled to such revenues and responsible for such expenses for the period from and after the Initial Closing Date. All of the revenues and expenses related to the ownership and operation of the Second Closing Assets shall be prorated between Seller and Purchaser as of the Second Closing Date, with Seller entitled to such revenues and responsible for such expenses for the period prior to the Second Closing Date and with Purchaser entitled to such revenues and responsible for such expenses for the period from and after the Second Closing Date. All of the revenues and expenses related to the ownership and operation of the Third Closing Assets shall be prorated between Seller and Purchaser as of the Third Closing Date, with Seller entitled to such revenues and responsible for such expenses for the period prior to the Third Closing Date and with Purchaser entitled to such revenues and responsible for such expenses for the period from and after the Third Closing Date. For the avoidance of doubt, any market rate fees due to any resident referral/placement agencies (the "Placement Fees") shall be the responsibility of Seller to the extent the applicable resident commenced occupancy at the Facility at any time prior to any Closing Date.

6.3.2. Real and personal property taxes shall be prorated as of the Initial Closing Date, with Seller responsible therefor for the period prior to the Initial Closing Date and with Purchaser responsible therefor for the period from and after the Initial Closing Date. Such proration shall be based on the most recently available tax bills and shall be subject to re-proration after Closing in accordance with the provisions of Section 6.3.4 below.

6.3.3. Prior to Initial Closing Date, Seller shall arrange for a final statement with respect to all utilities serving the Real Property and the Facility as of the Closing Date and shall pay all fees identified thereon and Purchaser shall arrange for all such utilities to be billed in its name from and after the Initial Closing Date and shall pay all fees due therefor as of the Initial Closing Date.

6.3.4. All amounts which are subject to proration under the terms of this Agreement and which require adjustment after the applicable Closing Date shall be settled within sixty (60) days after the applicable Closing Date or, in the event the information necessary for such adjustment is not available within said sixty (60) day period, then within ten (10) Business Days of receipt of information by either Party necessary to settle the amounts subject to proration and, unless otherwise set forth herein, any payment owed shall be made within fifteen (15) days of a Party's receipt of a request for payment. In the event of a disagreement regarding any item(s) (or the amount of any item(s)) subject to proration under the terms of this Agreement, Seller and Purchaser shall negotiate in good faith to resolve any such disagreement within ten (10) Business Days after either Party articulates to the other a basis for disagreement. If the Parties are unable to resolve such dispute within ten (10) Business Days, then the Parties shall appoint an independent



accounting firm of national or regional reputation as is mutually acceptable to the Seller and Purchaser and having no current relationship with either Seller or Purchaser or any affiliate thereof (an "**Independent Accounting Firm**"), which shall review the items then subject to disagreement and determine the appropriate proration within thirty (30) days after such appointment. The Parties agree to cooperate with the Independent Accounting Firm and provide it with such information as it reasonably requests to enable it to make such determination. The determination by the Independent Accounting Firm with respect to each item in dispute shall be conclusive and binding on the Parties hereto. All fees and expenses billed by the Independent Accounting Firm in connection with the resolution of disputes under this Section shall be borne one-half by Seller and one-half by Purchaser.

6.3.5. This Section 6 shall survive the Closing.

7. **Seller's Representations, Warranties and Covenants.** Seller does hereby warrant and represent to Purchaser as of the date of this Agreement and as of each Closing Date as follows:

7.1. **Organization and Authority.** Seller is a duly organized and validly existing California non-profit public benefit corporation. Seller has full power and authority to execute and deliver this Agreement and all related documents, and to carry out the Transaction contemplated herein and therein as and when due.

7.2. **Enforceability; Consents; No Conflict.** This Agreement is valid, binding and enforceable against Seller in accordance with its terms, except as such enforceability may be limited by creditors' rights laws or general principals of equity. The execution of this Agreement and the consummation of the Transaction contemplated herein in accordance with the terms hereof do not and will not result in a breach of the terms and conditions of nor constitute a default under or violation of the Seller's limited liability company documents, or of any law, regulation, court order, mortgage, note, bond, indenture, agreement, license or other instrument or obligation to which Seller is now a party or by which Seller or any of the assets of Seller may be bound or affected. With the exception of the CHOM and CHOW approvals, the Sale Order, ILF Assignment Order, ALF Assignment Order and SNF Assignment Order, no other consent, approval, license, permit, order or authorization of, or registration, declaration or filing with, any Federal, state, local or foreign government or any court of competent jurisdiction, administrative agency or commission or other governmental authority or instrumentality, domestic or foreign (a "**Governmental Entity**"), is required to be obtained or made by or with respect to Seller in connection with the execution, delivery and performance of the transactions contemplated by this Agreement.

7.3. **Litigation.** Except as provided on schedule 7.3 hereto, there is no pending or, to Seller's knowledge, threatened litigation, administrative investigation or other proceeding with respect to or affecting Seller or the Facility. Seller is not a party to, nor is Seller or the Facility bound by, any orders, judgments, injunctions, decrees or settlement agreements under which it may have continuing obligations as of the Closing Date and that are likely to materially restrict or affect the present business operations of the Facility. The right or ability of Seller to consummate the Transaction contemplated in this Agreement has not been challenged by any governmental



agency or any other person and Seller has no knowledge of the occurrence of any event which would provide a reasonable basis for any such litigation, investigation or other proceeding.

7.4. Compliance with Law.

7.4.1. Seller has received no written notice that the Facility and its operation and use are not now in compliance with all applicable municipal, county, state and federal laws, regulations, statutes, ordinances, standards and orders and all administrative rulings and with all health, building, land use, environmental and zoning laws and regulations, including, the rules and regulations of any Health Care Authority (defined hereafter) governing the licensure of assisted living or memory care facilities, where the failure to comply therewith would reasonably be expected to have a material adverse effect on the business, property, condition (financial or otherwise) or operation of the Facility as a licensed assisted living facility.

7.5. The Facility/The Residents. The Facility has the number of units described in the recitals above. Seller is the licensed operator of the ALF and SNF. True and correct copies of the current ALF and SNF licenses to operate the Facility, the form of Resident Agreements in use at the Facility (the “Resident Agreements”) and rent roll for the Facility (the “Rent Roll”) have been provided to Purchaser by Seller prior to the Execution Date. The Rent Roll and any other financial information reasonably requested by Purchaser shall be updated by Seller monthly, and immediately prior to the Closing Date.

7.6. Employees of the Facility; Unions. All of the employees of the Facility are the employees of Seller. None of the employees of the Facility are members of a labor union or subject to any collective bargaining agreement nor has Seller received any written notice that any such employees are engaged in any union organizing activities. Seller is not a party to any labor dispute or grievances with respect to the operations at the Facility. Subject to any applicable privacy laws, a true and correct schedule listing all of the employees of the Facility, their position held, their rate of pay and their accrued vacation benefits, if any, as of the Execution Date has been provided to Purchaser and will be updated prior to each Closing Date.

7.7. Condemnation; Reassessment. Seller has not received written notice of any (a) condemnation proceeding relating to the Real Property, (b) reclassification of any or all of the Real Property for local zoning purposes, or (c) reassessment or reclassification of any or all of the Real Property for state or local real property taxation purposes. To Seller’s knowledge, no such actions have been threatened.

7.8. Operating Contracts. A true and correct list and copies of all written operating contracts and equipment leases to which Seller is a party in connection with the ownership and/or operation of the Facility (collectively, the “Operating Contracts”) has been or will be provided to Purchaser by Seller. Each of the Operating Contracts is in full force and effect and none of the Operating Contracts has been modified or amended. Seller has no notice or knowledge that it or the Facility is in default of any obligations under the Operating Contracts nor is Seller aware of any default or any action which, with the passage of time or the giving of notice or both would constitute a default, under the Operating Contracts by any other party thereto.



7.9. Financial Statements. True and correct copies of the financial statements of the Seller with respect to the Facility for the calendar years ended 2020, 2021, 2022 and for the monthly periods of 2023 prior to each Closing Date (the “**Financial Statements**”) have been or will be provided to Purchaser. The Financial Statements fairly present, in all material respects, the financial position, assets and liabilities of the Facility as of the dates thereof and the revenues, expenses, results of operations and cash flows of the Facility for the periods covered thereby.

7.10. Executive Order 13224. None of Seller or the entities or individuals that constitute Seller, or that may own or control Seller, or that may be owned or controlled by Seller (in all cases, other than through the ownership of publicly traded, direct or indirect, ownership interests) are: (i) in violation of any laws relating to terrorism or money laundering, or (ii) among the individuals or entities identified on any list compiled pursuant to Executive Order 13224 for the purpose of identifying suspected terrorists or on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, <http://www.treas.gov/ofac/tlstdn.pdf> or any replacement website or other replacement official publication of such list which identifies an “Specially Designated National” or “blocked person.”

7.11. Tax Returns. All tax returns and reports required by law to be filed by Seller relating to the ownership and operation of the Facility prior to each Closing Date (collectively, “**Tax Returns**”) have been or will be properly and timely filed (subject to the right to extend or delay the filing thereof) and do, or at the time of the filing thereof will, correctly reflect the tax position of Seller and all taxes due under such Tax Returns have been or will be timely objected to, disputed and/or paid.

7.12. Hazardous Materials. To Seller’s knowledge, Seller has not used, generated, transported, treated, constructed, deposited, stored, disposed, placed, spilled or located at, on or under the Real Property or the Facility any flammable explosives, radioactive materials, hazardous or toxic substances, materials or wastes, pollutants or contaminants defined, listed or regulated by any local, state or federal environmental laws other than hazardous substances, materials and wastes which are used, stored and disposed of in the ordinary course of the business conducted at the Facility in accordance with all applicable local, state and federal hazardous substance laws.

7.13. Real Property. Seller has good and valid title to the fee interests in the real property and improvements housing each Facility, in each case free and clear of all liens, except for the Permitted Exceptions. Seller has not granted to any person any rights or options to acquire any interests in the Facility or Seller’s Assets.

7.14. Stimulus/Relief Funds. Seller did not obtain or receive any Stimulus/Relief Funds or any loan under the Paycheck Protection Program that has not been forgiven by the applicable Governmental Entity. Seller expressly agrees to indemnify, defend and hold Purchaser harmless from any Losses (as defined below) suffered by Purchaser arising from or related to any Stimulus/Relief Funds or any loan under the Paycheck Protection Program obtained or received by Seller.

7.15. Health Care Representations. To Seller’s knowledge, all material certifications, governmental licenses, permits, regulatory agreements or other agreements and approvals,



including certificates of operation, completion and occupancy, and state residential care facility licenses or other licenses required by Health Care Authorities (as defined below) for the legal use, occupancy and operation of the Facility (collectively, the "Licenses") have been obtained by the Seller, and are in full force and effect. Seller has not taken any action to rescind, withdraw, revoke, amend, modify, supplement or otherwise alter the nature, tenor or scope of any License or applicable provider payment program participation other than non-material alterations effected in the ordinary course of business consistent with past practice. Seller has not received written notice of any violation of any applicable provisions of the Applicable Laws, standards, policies, restrictions or rules of any Health Care Authority having jurisdiction over the ownership, use, occupancy or operation of the Facility. For purposes of this Agreement, "Health Care Authority/ies" shall mean any Governmental Entity or quasi-Governmental Entity or any agency, intermediary, board, authority or entity with lawful jurisdiction over Seller Parties and concerned with the ownership, operation, use or occupancy of the Facility as a licensed residential care facility for the elderly. Seller is in compliance with the requirements for participation in the Medicare and Medi-Cal programs with respect to the SNF that currently participates in such programs and Seller has a current provider agreement under Title XVIII and/or XIX of the Social Security Act which is in full force and effect. Seller has not had any deficiencies with respect to the Facility on its most recent survey (standard or complaint) that is reasonably expected to result in a denial of payment for new admissions. The Facility has not been designated as a Special Focus Facility or a candidate for Special Focus Facility (as such term is defined by the Centers for Medicare and Medicaid Services Special Focus Facility Program). Seller is not a participant in, or subject to any action, proceeding, suit, audit, investigation or sanction, nor to Seller's knowledge is Seller a target of any of the foregoing, by any Health Care Authority or any other administrative or investigative body or entity or any other third party payor or any resident (including whistleblower suits, or suits brought pursuant to federal or state False Claims Acts, and Medicare/Medi-Cal/State fraud/abuse laws) which may result, directly or indirectly or with the passage of time, in the imposition of a fine, penalty, alternative, interim or final sanction, a lower rate certification, recoupment, recovery, suspension or discontinuance of all or part of reimbursement from any Health Care Authority, third-party payor, insurance carrier or private payor, a lower reimbursement rate for services rendered to eligible residents, or any other civil or criminal remedy, nor has any such action, proceeding, suit, investigation or audit been threatened. there is no pending, or to Seller's knowledge, threatened revocation, suspension, termination, probation, restriction, limitation, or non-renewal affecting Seller, any Facility or provider agreement with any third-party payor, Medicare or Medi-Cal. All Medicare, Medi-Cal, and private insurance cost reports and financial reports submitted by or on behalf of each Facility are accurate and complete and have not been misleading. There are no current, outstanding, or to Seller's knowledge pending Medicare, Medi-Cal or other third-party payor programs reimbursement audits or appeals, (ii) there are no cost report years that are subject to audits, (iii) no cost reports remain "open" or unsettled, and (iv) there are no current or pending Medicare, Medi-Cal or other third-party payor programs recoupment efforts, in each case with respect to the Facility.

Upon Purchaser becoming aware (whether by notice from Seller or otherwise) of any fact which would adversely change any of the representations or warranties contained herein or would otherwise constitute a breach thereof by Seller, Purchaser shall as its sole and exclusive remedy have the option of: (a) waiving the breach of warranty or change, and proceeding with Closing without any change to the Purchase Price, or (b) terminating this Agreement within five (5)



Business Days after Purchaser becomes aware of such matter, in which event, the provisions of **Section 11** shall apply. If Purchaser elects to terminate this Agreement pursuant to clause (b) above, Seller may elect to cure the breach by providing written notice to Purchaser of such election within five (5) Business Days after receiving Purchaser's election to terminate this Agreement. If Seller cures the breach to the reasonable satisfaction of Purchaser within fifteen (15) Business Days thereafter (or such longer period of time as is reasonably necessary to cure such breach, not to exceed thirty (30) days, and the then applicable Closing Date will be extended as necessary to accommodate such cure), Purchaser's election to terminate this Agreement shall be null and void. For purposes of this **Section 7**, "Seller's knowledge" or similar phrase means: with respect to the current actual knowledge of Kristine Williams and Gary Karle without any duty of investigation or inquiry other than to make inquiry of the executive director and administrator of the ILF, ALF and SNF and without any personal liability with respect to any representation, warranty or other statement made in connection with this Agreement or the transactions contemplated hereby.

8. **Purchaser's Representations and Warranties.** Purchaser represents and warrants as follows:

8.1. **Organization and Authority.** Purchaser is a duly organized and validly existing California limited liability company. Purchaser has full power and authority to execute and deliver this Agreement and all related documents, and to carry out the Transaction contemplated herein and therein as and when due.

8.2. **Enforceability; No Conflict.** This Agreement is valid, binding and enforceable against Purchaser in accordance with its terms except as such enforceability may be limited by creditors' rights laws and general principles of equity. The execution of this Agreement and the consummation of the Transaction contemplated herein in accordance with the terms hereof do not and will not result in a breach of the terms and conditions of nor constitute a default under, or a violation of, Purchaser's limited liability company documents, or of any law, regulation, court order, mortgage, note, bond, indenture, agreement, license or other instrument or obligation to which Purchaser is now a party or by which any of the assets of Purchaser are bound or affected.

8.3. **Litigation.** The right or ability of Purchaser to consummate the Transaction contemplated herein has not been challenged by any governmental agency or any other person and Purchaser has no knowledge of the occurrence of any event which would provide a reasonable basis for any such litigation, investigation or other proceeding.

8.4. (a) **AS IS.** IT IS UNDERSTOOD AND AGREED THAT EXCEPT AS MAY BE EXPRESSLY SET FORTH IN THIS AGREEMENT, (A) SELLER'S ASSETS ARE BEING SOLD BY SELLER AND PURCHASED AND ACCEPTED BY PURCHASER 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 SELLER, OR ANYONE ACTING ON BEHALF OF SELLER EXCEPT THOSE REPRESENTATIONS, WARRANTIES AND AGREEMENTS SPECIFICALLY SET FORTH IN THIS AGREEMENT; (B) PURCHASER IS BEING GIVEN THE OPPORTUNITY TO THOROUGHLY INSPECT AND EXAMINE SELLER'S ASSETS TO THE EXTENT DEEMED NECESSARY BY



PURCHASER IN ORDER TO ENABLE PURCHASER TO EVALUATE THE PURCHASE OF THE SELLER'S ASSETS ON THE FOREGOING BASIS; AND (C) PURCHASER IS RELYING SOLELY UPON SUCH INSPECTIONS, EXAMINATION, AND EVALUATION OF SELLER'S ASSETS BY PURCHASER IN PURCHASING THE SELLER'S ASSETS ON AN "AS IS", "WHERE IS" AND "WITH ALL FAULTS" BASIS, WITHOUT REPRESENTATION, WARRANTY, AGREEMENT OR STATEMENT BY SELLER OR ANYONE ACTING ON BEHALF OF SELLER, EXPRESS OR IMPLIED, OF ANY KIND OR NATURE, EXCEPT AS MAY BE SET FORTH IN THIS AGREEMENT. SELLER MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER REGARDING ANY INTELLECTUAL PROPERTY RIGHTS. SELLER EXPRESSLY DISCLAIMS, WHICH PURCHASER HEREBY ACKNOWLEDGES AND ACCEPTS, ANY IMPLIED WARRANTY OF CONDITION, HABITABILITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OR USE.

**9. Pre-Closing Covenants/Risk of Loss.**

9.1. Conduct Pending Closing. Between the Execution Date and each Closing Date, Seller covenants as follows:

9.1.1. Seller will operate the Facility in the ordinary course of business, in compliance in all material respects with all applicable law, including, but not limited to, the rules and regulations of any Health Care Authority, and, unless consented to by Purchaser, will not sell or dispose of any of the Seller's Assets or enter into any contract, commitment or agreement affecting Seller's Assets except to the extent approved by Purchaser.

9.1.2. From time to time between the Execution Date and the Third Closing Date, Seller will provide to Purchaser such information as Purchaser may reasonably require in order to allow Purchaser to secure all licenses and approvals necessary for Purchaser to manage and operate the ALF and SNF.

9.1.3. Seller will cooperate in Purchaser's efforts to conduct any further due diligence investigation by Purchaser, including, but not limited to, providing Purchaser and its agents and employees with access to the Facility and to the books and records of the Facility.

9.1.4. Seller will maintain in force the existing hazard and liability insurance policies, or comparable coverage, for Seller's Assets.

9.1.5. Seller will maintain Seller's Assets in substantially the same condition as they are in as of the Execution Date, ordinary wear and tear excepted.

9.1.6. Unless this Agreement is terminated in accordance with the terms hereof, Seller shall not market the Seller's Assets or negotiate with any third party with respect to the sale of Seller's Assets or the equity interests in Seller.

9.2. Damage and Condemnation. Prior to the Initial Closing Date, the risk of physical loss to Seller's Assets shall be borne by Seller. Accordingly, it shall be a condition to Purchaser's obligation hereunder that prior to the Closing Date, no material (as defined in this Section 9.2)



portion of the Facility nor any material portion of any of Seller's Assets shall have been damaged or destroyed by fire or other casualty, or shall have been materially taken or condemned by any public or quasi-public authority under the power of eminent domain. Accordingly, in the event a material portion of the Seller's Assets is damaged, destroyed or taken prior to the Closing Date, Purchaser may elect to terminate this Agreement pursuant to Section 11. If, however, either (A) the damage to Seller's Assets is not material or (B) the damage to, or destruction of, the Seller's Assets is material, but Purchaser waives this condition, then Seller shall assign to Purchaser all of its rights to any insurance proceeds in the connection therewith. Further, if either (B) the taking or condemnation of Seller's Assets is not material or (B) a material portion of Seller's Assets shall be so taken or condemned prior to Closing but Purchaser waives this condition, then Seller shall pay or assign to Purchaser all Seller's right to the proceeds of any condemnation award in connection thereof. For the purposes of this Section 9.2, "material" damage, destruction or condemnation shall mean any damage or loss to or destruction or taking or condemnation of the Facility which would cost more than Two Hundred Thousand and No/100 Dollars (\$200,000.00) to repair.

#### 10. Operations Transfer Provisions.

10.1. Licensing. The Parties acknowledge and agree that Seller will continue to operate the ALF and SNF as of the Initial Closing Date and that the Parties will enter into the Lease pursuant to which Purchaser will lease the ALF and SNF operations to Seller as of the Initial Closing Date. Prior to the Initial Closing Date, Purchaser or Purchaser's manager shall submit (i) a CHOM with DSS pursuant to which Purchaser or Purchaser's manager will be named as the new manager of the ALF portion of the Facility on Seller's existing residential care facility for the elderly license. The parties acknowledge that the CHOM application must be approved by DSS prior to Second Closing Date. Within five (5) Business Days of the Second Closing Date, Purchaser shall file its CHOW applications for the ALF and SNF with DSS and CDPH respectively ("**Buyer ALF and SNF License**") to operate the ALF and SNF portion of the Facility. Purchaser will take and/or cause its manager or designee to take such actions as are a necessary to obtain the CHOM and CHOW approvals in a timely manner, including, without limitation, submitting any missing information required for Purchaser's licensing applications reasonably promptly following receipt thereof by Purchaser. Purchaser shall notify the Seller promptly following its submission of the CHOM and CHOW applications and shall keep Seller reasonably informed as to the status of the CHOM and CHOW applications. As of the Second Closing Date, the Parties will need to enter into an interim arrangement (the "**Leaseback Arrangement**") to allow Purchaser to manage the ALF under Seller's license. As of the Second Closing Date, the Parties shall enter into an Interim Lease ("**Interim Lease**") and Interim Management Agreement ("**Interim Management Agreement**"), to be negotiated and agreed upon in good faith prior to the Initial Closing Date.

#### 10.2. Employees.

10.2.1. At the Initial Closing Date, Seller shall terminate all of the ILF employees of the Facility and shall pay to them any wages and other benefits which are due as of the Closing Date under Seller's employment policies and applicable State law. At the Second Closing Date, Seller shall terminate all of the ALF employees of the Facility and shall pay to them any wages



and other benefits which are due as of the Closing Date under Seller's employment policies and applicable State law. At the Third Closing Date, Seller shall terminate any SNF employees of the Facility and shall pay to them any wages and other benefits which are due as of the Closing Date under Seller's employment policies and applicable State law. Purchaser, or its management agent, may conduct employee interviews at any time after the Execution Date provided any such meetings shall be conducted with prior notice to Seller. At least three (3) business days preceding the applicable Closing Date, Purchaser shall offer to employ after the applicable Closing Date substantially all of the applicable employees for the ILF, ALF and SNF portions of the Facility, as the case may be, on substantially similar terms and conditioned only on the occurrence of the applicable Closing Date and the satisfactory review or completion of background checks and drug screens (if applicable) of the employees (the "**Hired Employees**"). The parties hereto agree that, notwithstanding anything to the contrary contained in this Agreement, Purchaser shall hire that number or percentage of employees and upon such terms so as to avoid applicability of the Worker Adjustment Retraining and Notification Act (the "**WARN Act**") and any other applicable laws or regulations requiring notice prior to plant or facility closings or a mass layoff, due to the transaction contemplated hereby and by this Agreement.

10.2.2. To the extent permitted by applicable law, Seller shall deliver to Purchaser the file for all employees hired by Purchaser in Seller's possession including training records, licenses and certifications, criminal background check results, and other required documents. Seller shall segregate and remove from the Facility all records of former employees who are not hired by Purchaser.

10.2.3. Joint Meetings, aka Town Halls. Seller is required to provide written notice to (i) DSS and to Seller's ALF residents (or their legal representatives) at least thirty (30) days prior of a change in management of the ALF portion of the Facility (the "**CHOM Notice**"), and (ii) to CDPH at least ninety (90) days prior to the change of operations of the SNF portion of the Facility ("**CHOW Notice**"). Purchaser and Seller shall jointly approve the CHOM Notice and CHOW Notice and Seller shall distribute such CHOM Notice and CHOW Notice to Seller's residents and their families within the required applicable timeframes. In conjunction with providing the CHOM Notice and CHOW Notice to residents, Seller and Purchaser shall together hold separate meetings with residents/families and employees ("**Town Halls**") at the Facility to announce that the Facility will be transferred to the Purchaser. The Town Halls shall be scheduled at a date and time mutually convenient for Seller and Purchaser.

### 10.3. Accounts Receivable.

10.3.1. At least ten (10) days prior to the Initial Closing Date, Seller shall provide Purchaser with a detailed listing of Seller's accounts receivable with respect to the ILF portion of the Facility which arose from the provision of goods or services prior to the Initial Closing Date and are anticipated to be outstanding on the Initial Closing Date. At least ten (10) days prior to the Second Closing Date, Seller shall provide Purchaser with a detailed listing of Seller's accounts receivable with respect to the ALF portion of the Facility which arose from the provision of goods or services prior to the Second Closing Date and are anticipated to be outstanding on the Second Closing Date. At least ten (10) days prior to the Third Closing Date, Seller shall provide Purchaser with a detailed listing of Seller's accounts receivable with respect to the SNF portion of the Facility



which arose from the provision of goods or services prior to the Third Closing Date and are anticipated to be outstanding on the Third Closing Date. Seller shall provide Purchaser with updates to such schedules as of each applicable Closing Date as soon as possible post the applicable Closing.

10.3.2. From and after the Initial Closing Date, Purchaser, or its management agent shall assume responsibility for the billing for and collection of payments on account of services rendered or goods sold by Purchaser at the ILF portion of the Facility on and after the Initial Closing Date and Seller shall retain all right, title and interest in and to and all responsibility for the collection of its accounts receivable for services rendered or goods sold by Seller at the ILF portion of the Facility prior to the Initial Closing Date. From and after the Second Closing Date, Purchaser, or its management agent shall assume responsibility for the billing for and collection of payments on account of services rendered or goods sold by Purchaser at the ALF portion of the Facility on and after the Second Closing Date and Seller shall retain all right, title and interest in and to and all responsibility for the collection of its accounts receivable for services rendered or goods sold by Seller at the ALF portion of the Facility prior to the Second Closing Date. From and after the Third Closing Date, Purchaser, or its management agent shall assume responsibility for the billing for and collection of payments on account of services rendered or goods sold by Purchaser at the SNF portion of the Facility on and after the Third Closing Date and Seller shall retain all right, title and interest in and to and all responsibility for the collection of its accounts receivable for services rendered or goods sold by Seller at the SNF portion of the Facility prior to the Third Closing Date.

10.3.3. If any payments are received after an applicable Closing Date by either Party which either specifically indicate on the check or accompanying remittance advice, or if the Parties agree in their reasonable discretion, that they relate to provision of goods or services prior to an Closing Date, they shall either be retained by Seller if received by Seller, or if they have been received by Purchaser, they shall be remitted to Seller, along with the applicable remittance advice, promptly, but in no event more than five (5) Business Days, after receipt thereof.

10.3.4. If any payments are received after an applicable Closing Date by either Party which either specifically indicate on the check or accompanying remittance advice, or if the Parties agree in their reasonable discretion, that they relate to provision of goods or services from and after the Closing Date, they shall either be retained by Purchaser if received by Purchaser, or if they have been received by Seller, they shall be remitted to Purchaser, along with the applicable remittance advice, promptly, but in no event more than five (5) Business Days, after receipt thereof.

10.3.5. If any payments are received by Purchaser after an applicable Closing Date from residents with balances due for the periods both prior to and after the applicable Closing Date, which do not specifically indicate a period of time on the check or accompanying remittance advice and the Parties do not otherwise agree to which period they relate, such payments shall be applied first to then current amounts owed the Purchaser to reduce post-Closing Date balances and Purchaser shall remit to Seller any excess up the amount due Seller for pre-Closing Date balances within five (5) Business Days after receipt.



10.3.6. If any payments are received by Seller after an applicable Closing Date from residents with balances due for the periods both prior to and after the Closing Date, which do not specifically indicate a period of time on the check or accompanying remittance advice and the Parties do not otherwise agree to which period they relate, such payments shall be applied first to pre-Closing Date balances and Seller shall remit the excess, if any, to Purchaser to reduce any post-Closing Date balances within five (5) Business Days after receipt.

10.4. Access to Records.

10.4.1. From and after the Initial Closing Date, Purchaser shall allow Seller and their agents and representatives to have reasonable access to (upon reasonable prior written notice and during normal business hours), and to make copies of (at Seller's expense), the books and records and supporting material of the Facility relating to the period prior to the Closing Date which are in Purchaser's possession, to the extent reasonably necessary to enable Sellers to among other things investigate and defend malpractice, employee or other claims and to file or defend cost reports and tax returns.

10.5. Cooperation. Purchaser and Seller shall cooperate with each other, and shall cause their officers, employees, agents, auditors and representatives to cooperate with each other, for a period of one hundred eighty (180) days after the Closing to ensure the orderly transition of the Seller's Assets from Seller to the Purchaser and to minimize any disruption to the operations of Purchaser that might result from the transactions contemplated hereby.

10.6. Operating Contracts. Prior to the Initial Closing Date, Purchaser shall review the Operating Contracts and inform Seller which of such Operating Contracts Purchaser desires to assume effective as of the applicable Closing Date (the "**Designated Operating Contracts**"). Purchaser shall use commercially reasonable efforts to obtain any third party approvals or Court order required in connection with the assignment to Purchaser of the Designated Operating Contracts, it being understood and agreed that if a Designated Operating Contract requires a Court order, such Designated Operating Contract shall not be assigned unless and until the requisite Court order is received. Effective as of the applicable Closing Date, the Designated Operating Contracts that may be assigned hereunder shall be referred to herein as the "Assumed Operating Contracts." As of the applicable Closing Date, Seller shall (i) assign the Assumed Operating Contracts to Purchaser pursuant to a Court order, (ii) terminate any Operating Contracts which are not Assumed Operating Contracts hereunder pursuant to a Court order, and (iii) to the extent a Court has conditioned the Seller's assumption and assignment of any applicable Assumed Operating Contracts upon the Seller curing any default(s) under the applicable Assumed Operating Contracts, fully cure all such defaults.

11. Termination and Remedies.

11.1. Termination. This Agreement may be terminated as follows:

11.1.1. By mutual written agreement of Purchaser and Seller;



11.1.2. By Seller, if any of the conditions set forth in Section 5.2 are not fulfilled on the applicable Closing Date, unless resulting from a material breach by Seller of its obligations hereunder, and the same shall not have been waived in writing by Seller;

11.1.3. By Purchaser, if any of the conditions set forth in Section 5.1 are not fulfilled on the applicable Closing Date, unless resulting from a material breach by Purchaser of its obligations hereunder, and the same shall not have been waived in writing by Purchaser;

11.1.4. By Seller in the event of a material default by Purchaser of its obligations hereunder or by Purchaser in the event of a material default by Seller of its obligations hereunder; or

11.1.5. By Purchaser pursuant to any of Section 4.3 (Title and Survey) or Section 9.2 (Damage or Condemnation).

11.2. Opportunity to Cure. No Party to this Agreement may claim termination or pursue any other remedy referred to in this Section on account of a breach of a condition, covenant or warranty by the other Party, without first giving the other Party written notice of such breach and not less than ten (10) days within which to cure such breach. The Closing Date shall be postponed for up to ten (10) days if necessary to afford such opportunity to cure.

11.3. Seller's Remedies Upon Termination. In the event Seller has the right to terminate this Agreement under Section 11.1.2, or Section 11.1.4, Purchaser and Seller acknowledge and agree as follows:

SELLER SHALL BE ENTITLED TO TERMINATE THIS AGREEMENT AND TO RETAIN THE DEPOSIT AND ANY INTEREST ACCRUED THEREON AS SELLER'S SOLE AND EXCLUSIVE REMEDY AND ALL ACCRUED INTEREST THEREON AS LIQUIDATED DAMAGES, THE PARTIES ACKNOWLEDGING AND AGREEING THAT THE AMOUNT OF DAMAGES WHICH SELLER MAY INCUR AS A RESULT OF SUCH TERMINATION MAY BE DIFFICULT TO ASCERTAIN AND THAT THE DEPOSIT (OR SO MUCH THEREOF AS MAY, AT THE TIME OF TERMINATION, HAVE BEEN DELIVERED BY PURCHASER TO ESCROW AGENT IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT) IS A REASONABLE AND FAIR ESTIMATE THEREOF, AFTER WHICH THE PARTIES SHALL HAVE NO FURTHER RIGHTS OR OBLIGATIONS HEREUNDER OTHER THAN THOSE RIGHTS AND OBLIGATIONS, IF ANY, WHICH SPECIFICALLY SURVIVE TERMINATION OF THIS AGREEMENT.

  
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 SELLER'S INITIALS

  
 \_\_\_\_\_  
 PURCHASER'S INITIALS

11.4. Purchaser's Remedies Upon Termination. In the event Purchaser has the right to terminate this Agreement under Sections 11.1.3 or Section 11.1.5, Purchaser shall have the right either to (i) waive the condition or covenant or breach at issue and proceed with the Transaction



on the terms contemplated herein, or (ii) seek specific performance of Seller's obligations hereunder, or (iii) terminate this Agreement and secure the return of the Deposit and any accrued interest thereon, along with reimbursement for all actual, out of pocket, third party costs of Purchaser related to Purchaser's acquisition or financing of the Facility, not to exceed \$50,000.

11.5. Other Termination Provisions. In the event this Agreement is terminated pursuant to Sections 11.1.1 (mutual agreement) or Section 11.1.5 (due diligence, title and survey or damage or condemnation), then the Deposit and any accrued interest thereon shall immediately be refunded and returned to Purchaser.

11.6. Post-Termination. Following the conveyance of the amounts due to the appropriate Party under this Section 11, neither Party shall have any further rights or obligations hereunder other than those rights and obligations, if any, which specifically survive termination of this Agreement.

12. Notices. All notices, demands or other communications given hereunder shall be in writing and shall be given by (a) messenger or overnight express delivery service, (b) certified mail return receipt requested, postage prepaid, at a post office maintained by the United States Postal Service, or (c) by electronic transmission with confirmed receipt, addressed as follows:

If to Seller:

TWILIGHT HAVEN  
1717 S. Winery Avenue  
Fresno, CA 93727  
Attention: Kristine Williams and Gary Karle  
Email: [kristinew@twilighthaven.com](mailto:kristinew@twilighthaven.com);  
[garyk@twilighthaven.com](mailto:garyk@twilighthaven.com)

with a copy (which shall not constitute notice) to:

WANGER JONES HELSLEY PC  
265 E. River Park Circle, Suite 310  
Fresno, California 93720  
Attention: Riley C. Walter  
Email: [rwalter@wjhattorneys.com](mailto:rwalter@wjhattorneys.com)

If to Purchaser:

JERICO CARE GROUP, LLC  
111 Barstow Avenue  
Clovis, CA 93612  
Attention: Benjamin Carter  
Email: [benjamin.carter@JerichoCare.com](mailto:benjamin.carter@JerichoCare.com)

HANSON BRIDGETT LLP

with a copy (which shall not constitute notice) to:

425 Market Street, 26th Floor  
San Francisco, CA 94105  
Attention: Jennifer Berland, Esq.  
Email: [jberland@hansonbridgett.com](mailto:jberland@hansonbridgett.com)

Any notice sent in accordance with the provisions of this Section 12, shall be deemed received upon the actual receipt or refusal of receipt thereof regardless of the method of delivery used. Any Party may, by notice given as aforesaid, change the address or addresses, or designate an additional address or additional addresses, for its notices, provided, however, that no notice of a change of address shall be effective until actual receipt of such notice. Each Party covenants and agrees that simultaneously with sending any notice pursuant to this Section 12 it will use reasonable good faith efforts to send a copy of such notice to the addressee thereof by email, at the email address set forth above or such other email address as a Party may designate in writing given to the other parties pursuant to this Section 12; provided that in no event shall any notice sent by email be effective as a notice under this Agreement unless receipt is confirmed, and the failure of any Party to deliver any notice pursuant to email shall not affect the validity of any notice that is sent pursuant to this Section 12.

13. **Indemnities.**

13.1. **By Seller to Purchaser.** From and after the Initial Closing Date, Seller shall indemnify, defend and hold Purchaser harmless from and against any and all costs, losses, damages, liabilities, claims and obligations, including, but not limited to, reasonable attorneys' fees (the "Losses") arising from or related to: (a) the ownership and operation of the Seller's Assets prior to the Third Closing Date, including Losses incurred as a result of any liability to any third party related thereto, but not including Losses arising out of the actions of Purchaser; and (b) any material misrepresentation, breach of warranty or non-fulfillment of any agreement or covenant on the part of Seller under this Agreement.

13.2. **By Purchaser to Seller.** From and after the Initial Closing Date, Purchaser shall indemnify, defend and hold Seller harmless from and against any and all Losses arising from or related to: (a) the ownership and operation of the Seller's Assets from and after the Third Closing Date, including Losses incurred as a result of any liability to any third party related thereto, but not including Losses arising out of the actions of Seller or any affiliate of Seller; and (b) any misrepresentation, breach of warranty or non-fulfillment of any agreement or covenant on the part of Purchaser under this Agreement.

13.3. **Method of Indemnification.**

13.3.1. In the event that any claim for Losses (a "Claim") which is indemnified against by or under any term, provision, section or paragraph of this Agreement is made against or received by any indemnified party (hereinafter "**Indemnitee**") hereunder, said Indemnitee shall notify the indemnifying party (hereinafter "**Indemnitor**") in writing of Indemnitee's Claim and shall endeavor to do so reasonably promptly after becoming aware of the same; provided, however, that unless the Indemnitee's failure to timely notify the Indemnitor of Indemnitee's Claim



materially prejudices Indemnitor's ability to defend any such Claim as more particularly set forth below, Indemnitee's failure to timely notify Indemnitor of Indemnitee's Claim shall not impair, void, vitiate and/or invalidate Indemnitor's indemnity hereunder nor release Indemnitor from the same, which duty, obligation and indemnity shall remain valid, binding, enforceable and in full force and effect subject to the applicable terms hereof. If the Indemnitee fails to provide timely notice of Indemnitee's Claim, the Indemnitor will not be obligated to indemnify the Indemnitee with respect to such Claim to the extent (and only to the extent) that the Indemnitor's ability to defend such Claim has been materially prejudiced by such failure of the Indemnitee to timely notify Indemnitor of the same.

13.3.2. If the applicable Indemnitee Claim relates to a Claim made by a third party against Indemnitee, then the Indemnitor at its sole cost and expense shall defend, with counsel reasonably satisfactory to the Indemnitee, such Claim by all appropriate proceedings, which proceedings will be diligently prosecuted to a final conclusion or will be settled at the discretion of the Indemnitor (with the consent of the Indemnitee, which shall not be unreasonably withheld and which shall be deemed to be provided if such settlement provides a release to the Indemnitee without the payment of any amount or the taking of any action or admission of liability by the Indemnitee). The Indemnitee will cooperate in such defense at the sole cost and expense of the Indemnitor. Notwithstanding the foregoing, if the named parties to any proceeding include both the Indemnitee and the Indemnitor and, in the reasonable opinion of counsel to the Indemnitee, representation of both parties by the same counsel would be in conflict or otherwise inappropriate due to actual or potential differing interests between them, then the Indemnitee shall be entitled to retain separate counsel for the Indemnitee, at the expense of the Indemnitor (provided that the costs and expenses of such separate counsel are reasonable).

13.4. Survival. All covenants, indemnities, warranties and representations of Purchaser and Seller herein shall survive the Closing and shall continue in effect for a period of twelve (12) months after the Third Closing Date, after which they shall terminate and be of no further force or effect except with respect to claims made within such twelve (12) month period, in which case the applicable covenant, indemnity, warranty and/or representation shall survive until the full and final resolution thereof (the "**Survival Period**").

13.5. Escrow Holdback. At Closing, Seller, Purchaser and Title Company shall execute and deliver an escrow holdback agreement (the "**Escrow Holdback Agreement**"), the form of which shall be agreed upon by the Parties prior to the Initial Closing Date, under which Seller shall deposit with Escrow Agent, out of the Purchase Price, a sum equal to Three Hundred Fifty Thousand and no/Dollars (\$350,000.00) (with any interest thereon, the "**Escrow Holdback**"), to secure payment of any claim for any Indemnification Loss made in writing by Purchaser to Seller in good faith prior to the expiration of the Survival Period, or (b) any amount owing from Seller following reconciliation of the prorations pursuant to Section 6.3 above ("**Seller's Prorations**"). Seller and Purchaser shall authorize Title Company to release funds from the Escrow Holdback to Purchaser to pay any uncontested Indemnification Loss or Seller's Prorations. As of the expiration of the Survival Period, Title Company shall immediately release the Escrow Holdback (or the remainder thereof) to Seller, minus the reasonable estimated amount (a "**Specific Claim Amount**") necessary to satisfy any then-existing, good faith, unresolved claim for previously made in writing by Purchaser to Seller and Escrow Agent, less any amounts thereof for which an insurance



company has, in writing, accepted the obligation to pay or defend. Upon satisfaction of all claims for Indemnification Loss made in good faith in writing by Purchaser to Seller prior to the expiration of the Survival Period or any Seller's Prorations, any previous Specific Claim Amount withheld by Escrow Agent but not required to be paid to Purchaser shall be paid to Seller.

14. **Miscellaneous.**

14.1. **Entire Agreement.** This Agreement, including the Exhibits and Schedules attached hereto, constitute the entire agreement of the Parties with respect to the subject matter hereof and thereof, and supersede all prior discussions, negotiations or writings with respect to such subject matter. This Agreement may not be modified, amended or cancelled except pursuant to the terms hereof or an instrument in writing signed by the Parties. The Schedules and Exhibits annexed hereto are hereby incorporated herein by reference as fully as though set forth herein.

14.2. **Time is of the Essence.** Time is of the essence with respect to all terms, conditions, provisions and covenants of this Agreement.

14.3. **Waiver.** No waiver of any term, provision or condition of this Agreement shall be deemed to be or be construed as a further or continuing waiver of any such term, provision or condition of this Agreement. No failure to act shall be construed as a waiver of any term, provision, condition or rights granted hereunder.

14.4. **Public Announcements.** Except to the extent required by or in connection with the Court proceeding, each of the parties to this Agreement agrees not to make any public announcement or disclosure, and to issue no press release, concerning the execution of this Agreement or the transactions contemplated hereby prior to Closing without the prior written approval of the other party, except to the extent necessary to make regulatory filings or as required by law or as may be necessary for such party to reveal to such party's lenders or proposed lenders.

14.5. **Attorneys' Fees in the Event of Litigation.** Except as provided otherwise in this Agreement, in the event any dispute between the Parties results in litigation, the prevailing Party shall be reimbursed for all reasonable costs, including, but not limited to, reasonable attorneys' fees and consultants' fees and reimbursable costs and expenses, whether at trial, upon appeal or otherwise.

14.6. **Jurisdiction; Venue.** **THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO THE CONFLICTS OF LAWS RULES OF THE STATE OF CALIFORNIA. EACH OF THE PARTIES HERETO HEREBY CONSENTS AND SUBMITS TO THE JURISDICTION OF ANY LOCAL, STATE OR FEDERAL COURTS LOCATED WITHIN SAID STATE. EACH OF THE PARTIES HERETO HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE UPON SUCH PARTIES BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO SUCH PARTY, AT THE ADDRESS SET FORTH FOR NOTICE IN THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO TRANSFER OR CHANGE THE VENUE OF ANY**



**LITIGATION BROUGHT AGAINST SUCH PARTY IN ACCORDANCE WITH THIS SECTION.**

14.7. Waiver of Jury Trial. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTION CONTEMPLATED HEREBY, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. THE PARTIES AGREE THAT EITHER OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO WAIVE TRIAL BY JURY AND THAT ANY ACTION OR PROCEEDING WHATSOEVER BETWEEN THEM RELATING TO THIS AGREEMENT OR THE TRANSACTION SHALL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

14.8. Headings and Business Day. The headings of the various Sections of this Agreement have been inserted only for the purposes of convenience, are not part of this Agreement and shall not be deemed in any manner to modify, explain, qualify or restrict any of the provisions of this Agreement. Any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the laws of the State of California is defined herein as either "Business Day".

14.9. Counterparts. This Agreement may be executed in any number of counterparts and delivered by facsimile or electronic mail with the same effect as if all Parties had executed the same document. All such counterparts shall be construed together and shall constitute one instrument.

14.10. Successors and Assigns. This Agreement shall bind and inure to the benefit of the respective heirs, executors, administrators, personal representatives, successors and assigns of the Parties; provided however, that (i) Seller shall not assign this Agreement without the prior written consent of Purchaser, and (ii) Purchaser shall not assign this Agreement without the prior written consent of Seller, other than an assignment to an entity owned or controlled by or under common control with Purchaser or to an entity managed by Purchaser. Any assignment not permitted hereunder and undertaken without such prior written consent shall be deemed null and void.

14.11. Further Assurances. Between the Execution Date and the Closing Date, neither Seller nor Purchaser shall take any action which is inconsistent with its obligations under this Agreement. Further, whether prior to or after Closing, Seller and Purchaser shall provide to the other such further assurances as may reasonably be required hereunder to effectuate the purposes of this Agreement and, without limiting the foregoing, shall execute and deliver such affidavits, certificates and other instruments as may be so required hereunder so long as the same shall not materially increase the liability of the Party so executing and delivering said instrument.



14.12. Severability. If any term or provision of this Agreement shall to any extent be held invalid or unenforceable, the remaining terms and provisions of this Agreement shall not be affected thereby, but each term and provision shall be valid and be enforced to the fullest extent permitted by law.

14.13. Usage. All nouns and pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons, firm or firms, corporation or corporations, entity or entities or any other thing or things may require, "any" shall mean "any and all", "or" shall mean "and/or", and "including" shall mean "including without limitation".

14.14. No Strict Construction. The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any of the Parties.

14.15. Confidentiality. Purchaser and its parent, subsidiary and affiliate entities will obtain access to confidential information of Seller that could cause material and irreparable damage to the business prospects of the Seller in the event that such information is disclosed or otherwise used if the Transaction contemplated in this Agreement is not concluded. Purchaser shall maintain the confidentiality of any information concerning the Seller which it has obtained during its due diligence investigation.

14.16. Calculation of Time Periods. Unless otherwise specified, (a) in computing any period of time described herein, the day of the act or event on which the designated period of time begins to run shall not be included and the last day of the period so computed shall be included and (b) if the last day of any period or any date otherwise specified hereunder is a Saturday, Sunday or legal holiday, the period shall run until, or such date shall be automatically revised to, the next day which is not a Saturday, Sunday or a legal holiday. Further, unless otherwise specified, any reference to a specified number of days shall be deemed to refer to calendar days.

14.17. Exhibits and Schedules. If any exhibits or schedules are not attached hereto, the Parties agree to attach such exhibits and schedules as soon as reasonably practicable and that it shall be a condition to the non-preparing Party's obligations hereunder that any Exhibits and Schedules attached hereto after the Execution Date shall be subject to the review and approval of the non-preparing Party. The Parties hereto agree that the Party charged with providing an exhibit or schedule to this Agreement shall, to the extent necessary after delivery thereof (but subject to the following sentence) amend and/or supplement all exhibits and schedules in order for the same to be current, true and correct as of the Closing Date. In furtherance and not in limitation of the foregoing, Purchaser acknowledges and agrees that the pendency of the Transaction provided for in this Agreement may, from time to time, require Seller to amend and/or supplement the exhibits and schedules attached hereto, provided that no such amendment or supplement shall be effective or modify the representations and warranties herein unless approved by Purchaser in its reasonable discretion.

14.18. Third Party Beneficiary. Nothing in this Agreement express or implied is intended to and shall not be construed to confer upon or create in any person (other than the Parties) any



rights or remedies under or by reason of this Agreement, including without limitation, any right to enforce this Agreement.

14.19. Exclusivity. Unless this Agreement shall be terminated by Seller or Purchaser as provided herein, neither Seller nor any member, manager, officer, director, employee, authorized representative or agent of Seller shall, directly or indirectly, solicit, seek, enter into, conduct or participate in any discussions or negotiations, or enter into any agreement with any person or entity, regarding the sale, lease or other transfer of all or any portion of the Seller's Assets.

14.20. Non-Compete; Non-Solicitation. In part consideration for Purchaser's purchase of the Seller's Assets, Seller agrees, for a period of two years following the Third Closing Date and within a ten (10) mile radius of the Facility, not to compete with Purchaser in developing, owning, managing, or consulting with respect to the ownership, development, or management of, multi-family residential communities (i.e., more than four (4) units) providing "age restricted", "adult congregate care," "assisted living," "independent living," nursing home services, or similar services for senior residents; provided that Seller's CEO shall not be subject to the non-compete. For a period of two (2) years from the Closing Date, neither Seller nor any of its affiliates, including Seller's CEO shall, directly or indirectly, (a) solicit any person that is employed by Purchaser or Purchaser's designee to enter employment with Seller and/or its affiliates, (b) encourage any person employed by Purchaser or Purchaser's designee to terminate his or her employment with Purchaser or Purchaser's designee, (c) solicit or assist in any way in the solicitation of any tenant/resident of the Facility; or (d) solicit or encourage any supplier of products or services relating to the business at the Facility to modify or terminate its relationship with Purchaser or Purchaser's designee. The provisions of this **Section 14.21** shall survive the Closing.

14.21. Authorship. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

14.22. Brokerage Commissions. Each of the Parties hereby represents, covenants, and warrants to the other that each has employed no broker or finder in connection with the Transaction, which has been engaged by Seller and will be paid by Seller at Closing (the "Seller's Broker"). Each Party agrees to indemnify and hold harmless the other from and against all liability, claims, demands, damages or costs of any kind, including attorneys' fees, arising from or connected with any broker's commission or finder's fee or commission or charge claimed to be due any other person arising from the Party's conduct with respect to the Transaction. This **Section 14.23** shall survive Closing.

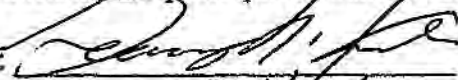
[Signatures on the following pages]



IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed as of the Execution Date.

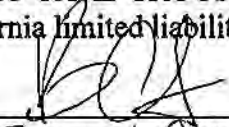
**SELLER:**

TWILIGHT HAVEN,  
a California nonprofit public benefit corporation

By:   
Name: Garry A. Karle  
Its: President, Board of Directors

**PURCHASER:**

JERICO CARE GROUP, LLC,  
a California limited liability company

By:   
Name: Benjamin Carter  
Its: Co-Owner

## **FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT**

**THIS FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT** (this "**Amendment**") is made and entered into as of October 19, 2023, by and between TWILIGHT HAVEN, a California nonprofit public benefit corporation (the "**Seller**"), and JERICHO CARE GROUP, LLC, a California limited liability company, or its assigns (the "**Purchaser**").

### **RECITALS**

A. WHEREAS, Purchaser and Seller entered into that certain Purchase and Sale Agreement dated October 6, 2023 (the "**Agreement**"), pursuant to which Purchaser agreed to acquire and Seller agreed to sell the Real Property and the remainder of Seller's Assets comprising the Facility located in Fresno, California and commonly known as "Twilight Haven," subject to the terms and conditions set forth in the Agreement and as each are further described therein.

B. WHEREAS, Purchaser and Seller now desire to amend the Agreement to, among other things, modify the Initial Closing Date, all upon the terms and conditions contained herein.

### **AGREEMENT**

NOW, THEREFORE, in consideration of the terms, conditions and covenants contained in the Agreement and in this Amendment, and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Purchaser and Seller agree as follows:

1. **Recitals Incorporated; Certain Defined Terms.** The foregoing recitals are true and correct. Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to such terms in the Agreement.

2. **Amendment of Initial Closing Date.** Purchaser and Seller hereby agree that the Initial Closing Date shall occur on or before the date that is ninety (90) days after the Execution Date of the Agreement, but only once all necessary contingencies are satisfied, including the receipt of a final, non-appealable Sale Order. All corresponding time periods, deadlines, and deliverables under the Agreement shall be adjusted according to this amendment of the Initial Closing Date.

3. **Title and Escrow Matters Relating to Initial Closing Date.** Upon delivery of the Deposit to the Escrow Agent, First American Title Insurance Company (hereinafter referred to as the "**Initial Escrow Agent**"), the Initial Escrow Agent shall open and manage an escrow account relating solely to the purchase and sale of the Initial Closing Assets. Upon the Initial Closing Date, the Initial Escrow Agent shall issue to Purchaser a Title Policy insuring the Initial Closing Assets.

4. **Escrow Matters Relating to Second Closing Date and Third Closing Date.** Following the Initial Closing Date, The Heritage Escrow Company (herein referred to as the "**Secondary Escrow Agent**") shall open and manage an escrow account relating to the purchase and sale of the Second Closing Assets and the Third Closing Assets. For the avoidance of doubt, the Secondary Escrow Agent shall manage all escrow matters following the Initial Closing Date and relating to the Second Closing Date and the Third Closing Date.

5. **Disposition of Escrow Holdback Funds.** Upon the Initial Closing Date, the Initial Escrow Agent shall transfer the Escrow Holdback funds to the Secondary Escrow Agent, which funds shall then be held and disbursed by the Secondary Escrow Agent pursuant to the terms and conditions of the Escrow Holdback Agreement.



6. Effect of Amendment. Except as amended and/or modified by this Amendment, the Agreement is hereby ratified and confirmed and all other terms of the Agreement shall remain in full force and effect, unaltered and unchanged by this Amendment. In the event of any conflict between the provisions of this Amendment and the provisions of the Agreement, the provisions of this Amendment shall prevail. Whether or not specifically amended by the provisions of this Amendment, all of the terms and provisions of the Agreement are hereby amended to the extent necessary to give effect to the purpose and intent of this Amendment.

7. Governing Law. This Amendment shall be governed by, construed and enforced in accordance with the laws of the State of California.

8. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together will constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by other parties to this Amendment attached thereto. This Amendment may also be executed by facsimile or PDF signatures, and each copy of this Amendment bearing the facsimile or PDF signature of any party's authorized representative shall be deemed to be an original. The parties hereto agree to exchange original signatures as soon as practical thereafter.

[SIGNATURES APPEAR ON THE FOLLOWING PAGES]

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

**SELLER:**

TWILIGHT HAVEN,  
a California nonprofit benefit corporation

By:   
Name: Gary A. Karle  
Title: President

**PURCHASER:**

JERICO CARE GROUP, LLC,  
a California limited liability company

By: \_\_\_\_\_  
Name: Benjamin Carter  
Title: Co-Owner



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

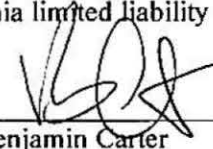
**SELLER:**

TWILIGHT HAVEN,  
a California nonprofit benefit corporation

By: \_\_\_\_\_  
Name: Gary A. Karle  
Title: President

**PURCHASER:**

JERICO CARE GROUP, LLC,  
a California limited liability company

By:  \_\_\_\_\_  
Name: Benjamin Carter  
Title: Co-Owner

## SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT

THIS SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT (this "Amendment") is made and entered into as of December 21, 2023, by and between TWILIGHT HAVEN, a California nonprofit public benefit corporation (the "Seller"), and BAYSHIRE CENTRAL VALLEY LLC d/b/a Jericho Care Group, a California limited liability company, or its assigns (the "Purchaser").

### RECITALS

A. WHEREAS, Purchaser and Seller entered into that certain Purchase and Sale Agreement dated October 6, 2023, as amended by that certain First Amendment to Purchase and Sale Agreement dated October 19, 2023 (collectively, the "Agreement"), pursuant to which Purchaser agreed to acquire and Seller agreed to sell the Real Property and the remainder of Seller's Assets comprising the Facility located in Fresno, California and commonly known as "Twilight Haven," subject to the terms and conditions set forth in the Agreement and as each are further described therein.

B. WHEREAS, Purchaser and Seller now desire to amend the Agreement to, among other things, modify the Closing Date and clarify the obligations of the Parties following the Closing, all upon the terms and conditions contained herein.

### AGREEMENT

NOW, THEREFORE, in consideration of the terms, conditions and covenants contained in the Agreement and in this Amendment, and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Purchaser and Seller agree as follows:

1. Recitals Incorporated; Certain Defined Terms. The foregoing recitals are true and correct. Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to such terms in the Agreement.

2. Definition of Real Property. The term "Real Property" as used herein and in the Agreement shall mean the real property and improvements more particularly described in Exhibit A to the Agreement.

3. Amendment of Closing Date. Purchaser and Seller hereby agree that the Initial Closing Date and the Second Closing Date shall be merged into a single "Closing Date", which shall occur on or before the date that is ninety (90) days after the Execution Date of the Agreement, but only once all necessary contingencies are satisfied, including the receipt of a final, non-appealable Sale Order and the approval of Purchaser's CHOM application by the DSS. Upon the Closing Date, Purchaser shall deliver to Escrow Agent (as defined below) by wire transfer: (i) all funds previously required pursuant to the Initial Purchase Price and the Second Purchase Price, which shall amount to a total purchase price of Seven Million and No/100 Dollars (\$7,000,000.00) (the "Total Purchase Price"); and (ii) an additional sum certain of Three Hundred Twenty-Five Thousand and No/100 Dollars (\$325,000.00) (the "Final Payment"). The Total Purchase Price shall be disbursed to Seller upon the Closing Date, so long as all conditions to Closing have been satisfied. The Final Payment shall be disbursed to Seller pursuant to Section 3 of this Amendment. Purchaser's deposit of the Total Purchase Price and Final Payment into escrow shall relieve Purchaser of any previous obligations to pay any of the Initial Purchase Price, the Second Purchase Price, or the Third Purchase Price. All corresponding time periods, deadlines, and deliverables under the Agreement shall be adjusted according to this amendment of the Closing Date such that all previous time



periods relating to deadlines and deliverables associated with the Initial Closing Date and the Second Closing Date all correspond with the Closing Date under this Amendment.

4. Removal of Third Closing Date. All previous references to the "Third Closing Date" and "Third Purchase Price" shall be hereafter deleted and removed from the Agreement and the Transaction. No later than five (5) business days after the Closing Date, Purchaser shall submit CHOW applications to the DSS and CDPH for the ALF and SNF, respectively. No later than ten (10) business days after Purchaser's submission of both CHOW applications, Purchaser shall submit a CHOW Notice to the CDPH and to all residents of the SNF. Following the execution of this Amendment, all time periods, deadlines, and deliverables corresponding to the Third Closing Date shall be adjusted such that they each correspond to the date that Purchaser receives its CHOW approval for the ALF and SNF (the "**CHOW Approval Date**"). Upon the CHOW Approval Date: (i) Escrow Agent shall disburse the Final Payment to Seller; and (ii) Purchaser shall offer employment to all Hired Employees of the SNF. In the event that Purchaser has not received CHOW approval for both the ALF and SNF by the date that is one (1) year after the Closing Date, Escrow Agent shall deliver the Final Payment to Seller upon this date. For a period of ninety (90) days following the CHOW Approval Date, Seller shall permit Purchaser to use the name "Twilight Haven" in connection with its operation of the Facility.

5. Management of Title and Escrow Matters. First American Title Insurance Company (the "Escrow Agent"), shall manage an escrow account relating to the purchase and sale of the entirety of Seller's Assets. Upon the Closing Date, the Escrow Agent shall issue to Purchaser a Title Policy insuring the Real Property and all improvements thereon. For the avoidance of doubt, The Heritage Escrow Company will no longer handle or manage any funds related to the Agreement nor will it be involved in the Transaction in any capacity following the execution of this Amendment.

6. Disposition of Escrow Holdback Funds. Upon the Closing Date, the Escrow Agent shall hold and disburse all Escrow Holdback funds pursuant to the terms and conditions of the Escrow Holdback Agreement.

7. Elimination of References to Pre-CHOM Lease. The following provisions of the Agreement are hereby deleted in their entirety:

- a. Section 5.1.1(o);
- b. Section 5.2.2(d); and
- c. The first sentence of Section 10.1.

8. Ratification of Purchaser's Execution of Agreement. The term "Purchaser" as used in the Agreement shall have the same meaning as defined herein. The Parties ratify the execution of the Purchase and Sale Agreement dated October 6, 2023 and the First Amendment to Purchase and Sale Agreement dated October 19, 2023 by "Jericho Care Group, LLC" as if each were executed by Purchaser.

9. Effect of Amendment. Except as amended and/or modified by this Amendment, the Agreement is hereby ratified and confirmed and all other terms of the Agreement shall remain in full force and effect, unaltered and unchanged by this Amendment. In the event of any conflict between the provisions of this Amendment and the provisions of the Agreement, the provisions of this Amendment shall prevail. Whether or not specifically amended by the provisions of this Amendment, all of the terms and provisions of the Agreement are hereby amended to the extent necessary to give effect to the purpose and intent of this Amendment.

10. Conforming Revisions to Related Agreements. The Parties hereby agree to make any revisions to the MOTA, Consulting Agreement, Interim Lease, and Interim Management Agreement (the "**Related Agreements**") that are necessary to ensure that each of the Related Agreements conforms to and is consistent with the changes to the Agreement made herein.

11. Governing Law. This Amendment shall be governed by, construed and enforced in accordance with the laws of the State of California.

12. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together will constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by other parties to this Amendment attached thereto. This Amendment may also be executed by facsimile or PDF signatures, and each copy of this Amendment bearing the facsimile or PDF signature of any party's authorized representative shall be deemed to be an original. The parties hereto agree to exchange original signatures as soon as practical thereafter.

[SIGNATURES APPEAR ON THE FOLLOWING PAGES]



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

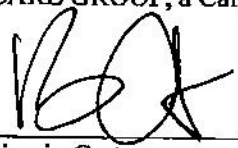
**SELLER:**

TWILIGHT HAVEN,  
a California nonprofit benefit corporation

By:   
Name: Gary A. Karle  
Title: President

**PURCHASER:**

BAYSHIRE CENTRAL VALLEY LLC, d/b/a  
JERICO CARE GROUP, a California limited liability  
company

By:   
Name: Benjamin Carter  
Title: Co-Owner