



C A L I F O R N I A

DEPARTMENT OF JUSTICE

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Attorney General

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Benjamin Sparks
Ensign Services, Inc.
29222 Rancho Viejo Rd #127
San Juan Capistrano, CA 92675
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Sent via email

RE: Attorney General's Conditional Consent to Sale of St. Elizabeth Care Center

Dear Ms. Busto and Mr. Sparks:

The Attorney General has considered the factors set forth in Corporations Code section 5914 and Code of Regulations, title 11, section 999.5, subdivision (f), and hereby conditionally consents to the sale of the assets and concurrent transfer of the operations of St. Elizabeth Care Center by Providence Health System – Southern California, a California nonprofit corporation, to Toluca Way Health Holdings LLC, a Nevada limited liability company, and West Star Healthcare LLC, a Nevada limited liability company, both of which are affiliates of The Ensign Group, Inc., a Delaware corporation, pursuant to the terms of the Asset Purchase and Sale Agreement, made and entered on December 16, 2024 (attached hereto as Exhibit 1 to the Attorney General Conditions). The Attorney General's consent is subject to the attached conditions, which are incorporated by reference herein.

Thank you for your cooperation throughout the review process.

Sincerely,

Heidi Lehrman

HEIDI L. LEHRMAN
Deputy Attorney General

For ROB BONTA
Attorney General

Summary List of Conditions

Condition I: Identifies the parties, entities, and facility that are legally bound by the Conditions: Providence Health System – Southern California, a California nonprofit religious corporation; Toluca Way Health Holdings, LLC, a Nevada limited liability company; West Star Healthcare LLC, a Nevada limited liability company; and The Ensign Group, Inc., a Delaware for-profit corporation.

Condition II: Identifies the transaction agreements and documents, and requires the entities listed in Condition I to fulfill their terms as well as provide ninety (90) days' advance notice of any modifications or rescissions, and at least sixty (60) days' advance notice of ordinary course and non-material modifications or rescissions to allow for Attorney General review.

Condition III: Within five (5) days of closing, requires the entities listed in Condition I to report to the Attorney General the closing date of the Asset Purchase and Sale Agreement.

Condition IV: For ten (10) years, requires sixty (60) days' notice of either a sale or transfer of control and governance of the facility as well as all real property on which the facility is located and sets forth that each and every one of the Conditions shall continue to be binding upon any transferees, the facility, and the real property for the duration of the time remaining on the Conditions at the time of the sale or transfer of control and governance.

Condition V: Requires the entities listed in Condition I to abide by all resident agreements in place on the closing date of the Asset Purchase and Sale Agreement.

Condition VI: For ten (10) years, requires the continuous operation and maintenance of the facility at the same types and levels of skilled nursing services provided as of the closing date of the Asset Purchase and Sale Agreement and requires reporting to an appointed Monitor, pursuant to Condition XVIII, to evaluate compliance with this Condition.

Condition VII: For seven (7) years, requires the entities listed in Condition I to continuously employ a full-time licensed nursing home administrator at the facility who will not be responsible to serve as the licensed administrator of any other skilled nursing facility; provides opportunity for the facility to request an exception based on the facility's sustained Overall star rating on CMS Care Compare at or above 3 stars.

Condition VIII: For seven (7) years, requires the entities listed in Condition I to offer continued employment of all staff who are and remain in good standing. This condition does not preclude staff changes for operational flexibility, so long as any staff change is consistent with all Conditions.

Condition IX: For seven (7) years, requires the entities listed in Condition I to create a quality advisory committee comprised of specific categories of staff to meet and consult with the management and administration of the facility quarterly regarding staffing and quality issues.

Condition X: For seven (7) years, requires the entities listed in Condition I to provide sufficient staffing of direct care and nursing staff to address the facility's patient acuity mix and to satisfy requirements under state and federal law and quarterly reports to the Monitor appointed pursuant to Condition XVIII.

Condition XI: For seven (7) years, requires adherence to state education and training requirements for the facility's nursing staff and specifically in association with health care deficiencies and plans of correction.

Condition XII: For seven (7) years, requires quarterly reports to the appointed Monitor of all correspondence regarding compliance with state licensing or federal certification requirements for the facility received from or submitted to the California Department of Public Health and the Centers for Medicare and Medicaid Services.

Condition XIII: For ten (10) years, requires the continuation of Medicare and Medi-Cal participation.

Condition XIV: For ten (10) years, requires a minimum of forty (40) percent skilled nursing beds to be reserved for Medi-Cal beneficiaries with ten (10) percent variance allowed.

Condition XV: For seven (7) years, requires continuous compliance with safe resident transfer and discharge requirements.

Condition XVI: For seven (7) years, requires compliance with resident living space requirements unless CDPH has granted a waiver, which must remain current and up to date.

Condition XVII: For seven (7) years, requires the entities listed in Condition I to create and maintain a Community Advisory Board at the facility, to which it will provide copies of the annual compliance reports required by Condition XXIII upon submission of the reports to the Attorney General and notify each member of the Community Advisory Board, verbally and in writing, that they may provide written comments to the Attorney General regarding the Annual Report.

Condition XVIII: For ten (10) years, requires a Monitor, selected by the Attorney General and with specified powers and duties, to monitor compliance with all Attorney General Conditions; sets forth the obligations of the entities listed in Condition I to cooperate with and report information to the Monitor and Attorney General.

Condition XIX: Prohibits discrimination on the basis of protected personal characteristics.

Condition XX: For ten (10) years, requires the entities listed in Condition I to seek Attorney General approval for any annual rent increases in excess of two and one-half (2.5) percent.

Condition XXI: For ten (10) years, requires the entities listed in Condition I to not incur or obligate the facility with debts that would cause risk of financial instability or insolvency or that would cause a reduction in direct care staffing.

Condition XXII: For ten (10) years, prohibits payment of service (or similar) fees in excess of five (5) percent of gross revenues to any affiliated entities.

Condition XXIII: For ten (10) years, requires annual reporting to the Attorney General on efforts to comply with all Conditions.

Condition XXIV: For seven (7) years, requires the entities listed in Condition I to promptly report to the Attorney General and Monitor of any known noncompliance with these Conditions, and plans to correct or cure the noncompliance, within thirty (30) days of the noncompliance.

Condition XXV: For ten (10) years, requires the entities listed in Condition I to submit to the Attorney General and Monitor any requested information necessary to monitor compliance.

Condition XXVI: For ten (10) years, upon any substantive change in state or federal law, regulation or the interpretation of either, that impacts compliance obligations under these Conditions, provide processes by which the Monitor shall review and recommend whether any of the Conditions impacted by the change should be waived or modified, for the entities listed in Condition I to object to the Monitor's recommendation, and for review by the Attorney General who, in their sole discretion, will adopt or reject the findings of the Monitor.

Condition XXVII: Deems the entities listed in Condition I to have consented to and waived any right to seek judicial relief regarding these Conditions. The Attorney General reserves the right to enforce each and every Condition and to recover fees and costs associated with enforcement, and to seek and impose all available remedies, and further to seek and impose tolling of the applicable time periods of these Conditions for material noncompliance with the terms set forth herein.

Attorney General’s Conditions to the Proposed Sale and Change in Control and Governance of St. Elizabeth Care Center, a skilled nursing facility owned by Providence Health System – Southern California, a California nonprofit religious corporation, to Toluca Way Health Holdings LLC, a Nevada limited liability company, West Star Healthcare LLC, a Nevada limited liability company, and The Ensign Group, Inc., a Delaware for-profit corporation

I.

These Conditions shall be legally binding on the following parties: Providence Health System – Southern California (Providence), a California nonprofit religious corporation; Toluca Way Health Holdings LLC (Toluca), a Nevada limited liability company; West Star Healthcare LLC (West Star), a Nevada limited liability company; Standard Bearer Healthcare REIT (Standard Bearer); Flagstone South, LLC, a California limited liability company; Ensign Services Inc., a California for-profit corporation; The Ensign Group, Inc. (Ensign), a Delaware for-profit corporation; 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 St. Elizabeth Care Center¹ skilled nursing facility (SNF) or the real properties on which the SNF is located; any and all current and future owners, lessors or lessees,² licensees, or operators of the SNF and any and all current and future owners, lessors or lessees, licensees, or operators of the real property on which the facility is located.

II.

The transaction conditionally approved by the Attorney General consists of the Asset Purchase and Sale Agreement made and entered on December 16, 2024, by and between Providence and Toluca, and all disclosure schedules thereto; the Operations Transfer Agreement made and entered on December 16, 2024, by and between Providence and West Star, and all disclosure schedules

¹ Throughout this document, the terms “St. Elizabeth Care Center” and “facility” shall refer to and include reference to the facility located at 10425 Magnolia Boulevard, North Hollywood, California, 91601, and shall include the 52-bed skilled nursing facility (SNF) with California Department of Public Health facility license number 920000070.

² Throughout this document, the terms “lessor” and “lessee” refer without limitation to any lessor or lease of the facility or the real property on which the facility is located, or the “lessor” or “lessee” of any “leaseback” agreement or arrangement for which all or part of the assets or operations of the SNF or the real property on which the facility is located are leased or leased back to any party, entity, or person listed in Condition I, or to any affiliates, representatives, employees, agents, managers, or operators of any party, entity, or person listed in Condition I, including without limitation to any arrangement or agreement for a triple-net lease for the SNF or for the real property on which the facility is located and including without limitation those agreements or arrangements referred to in Condition XX.

thereto; the Side Letter to the Asset Purchase and Sale Agreement by and between Providence and Toluca, made and entered on June 1, 2025; and the Interim Management Agreement by and between Providence and West Star, made and entered on April 23, 2025 (collectively, “Agreement,” attached hereto as Exhibit 1).

For ten (10) years, 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 modification(s) or rescission(s). Such notifications shall be provided ninety (90) days prior to their proposed effective date, unless waived by the Attorney General in their sole discretion after a sufficient showing that exigent circumstances require a shorter notice period, to allow the Attorney General to consider whether the proposed modification(s) or rescission(s) implicate the factors set forth in Corporations Code section 5917 requiring the Attorney General’s approval. Ordinary course, non-material modifications or rescissions to the Agreement may become effective sixty (60) days after the entities in Condition I provide written notice to the Attorney General of the ordinary course, non-material modifications or rescissions to the Agreement.

Other than for ordinary course, non-material modifications or rescissions to the Agreement that the entities listed in Condition I have provided at minimum sixty (60) days’ advance written notice to the Attorney General, the entities listed in Condition I shall not act to modify or rescind the Agreement in any circumstance without first notifying and receiving the Attorney General’s approval, and in the event any modifications or rescissions are undertaken by the entities listed in Condition I without such prior notification and approval, the Attorney General may seek all legal remedies available including penalties, and may enforce both procedural and substantive compliance with this and all other Conditions, including seeking an extension of the term applicable to this and all other Conditions to ensure the objectives of the Conditions are met in the public interest.

This Condition shall not affect the obligation of the entities listed in Condition I to follow the amendment process set forth in California Code of Regulations, title 11, section 999.5, subdivision (h), as necessary, unless the Attorney General in their sole discretion grants a waiver upon a sufficient showing of good cause.

III.

The entities listed in Condition I shall notify the Attorney General of the closing date of the Agreement within five (5) days of closing and provide to the Attorney General the names, titles, and contact information for the individuals in their employ who are responsible for reporting on compliance with these Conditions.

IV.

For ten (10) years from the closing date of the Agreement, the entities listed in Condition I shall provide sixty (60) days’ advance written notice to the Attorney General 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 real property or operating assets of the facility or the real property on which the facility is located, or any portion thereof.
- (b) Transfer control, responsibility, or governance of a material amount of the assets or operations of the facility or any portion thereof. The substitution, merger, or addition of a new member, 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 facility or any portion thereof, shall be deemed a transfer for purposes of this Condition. The substitution, merger, or addition of one or more members, general partners, 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, general partners, or limited partners of any of the entities listed in Condition I shall also be deemed a transfer for purposes of this Condition. The merger of the entities listed in Condition I into another corporation, or the consolidation of two or more corporations resulting in the creation of a new corporation, shall be deemed a transfer for purposes of this Condition. The lease of all or part of the assets or operations of the facility or all or any portion of the real property on which the facility is located shall be deemed a transfer for purposes of this Condition.

Notwithstanding the closing of any agreement or transaction described in subdivision (a) or (b) of this Condition, which occurs prior to the expiration of any time period for which Conditions I through XXVII are in effect, each and every one of the Conditions shall continue to be binding upon any transferee, the facility, and the real property on which the facility is located, for the full duration of the Conditions.

V.

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

VI.

For ten (10) years from the closing date of the Agreement, the entities listed in Condition I shall continuously operate and maintain a SNF at the facility with 52 licensed skilled nursing beds, and shall continuously maintain and provide the same health facility licensure by the California Department of Public Health (CDPH), and types and levels of services for residents, including physical, occupational, and speech therapy; social services; rehabilitation services; and activities and recreational therapy, and shall continuously and safely operate the SNF in full compliance with all state licensing and federal certification requirements and regulations, including but not limited to, continuously maintaining and providing all required staff, services, space, equipment,

and supplies to safely care for all residents according to their individualized acuity levels and health care needs.

VII.

For seven (7) years from the closing date of the Agreement, the entities listed in Condition I shall continuously appoint and employ, at minimum, at least one licensed Nursing Home Administrator to work in the facility and in the capacity of a full-time Administrator of the facility who, upon appointment, shall regularly serve in that capacity for at least forty hours and five days per week, and who shall not, at any time throughout the duration of their appointment and employment at the facility, serve at or in any other skilled nursing facility as an Administrator. For this Condition, any licensing exceptions under California Code of Regulations, title 11, section 72513, subdivisions (a)(1) and (2), shall expressly not apply. Nothing in this section shall be interpreted to preclude the facility from appointing and employing additional licensed Nursing Home Administrators at the facility, or requiring any additional hours required by the California Department of Public Health pursuant to California Code of Regulations, title 11, section 72513, subdivision (b).

The entities listed in Condition I may request flexibility pursuant to the licensing exceptions under California Code of Regulations, title 11, section 72513, subdivisions (a)(1) and (2) at such time as the facility has maintained an Overall 3-star rating on CMS Care Compare for at least a 24-month period. The Attorney General shall grant the request upon a confirmation of the facility's Overall 3-star rating and a determination that no other compliance issues exist that require, in the opinion of the Attorney General, the attention of a full-time administrator. At any time after such flexibility is granted, the flexibility may be revoked if the facility falls below an Overall 3-star rating.

VIII.

For seven (7) years from the closing date of the Agreement, the entities listed in Condition I shall offer continued employment to all 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, so long as any staff change is consistent with all Conditions, including but not limited to Conditions VI, VII, IX, X, XI.

IX.

For seven (7) years and within thirty (30) days of the closing date of the Agreement, the entities listed in Condition I shall establish a Quality Committee composed of licensed clinical nurses, Certified Nurse Assistants (CNAs), housekeepers, and dietary staff employed at the facility, and shall meet and consult with the members of the Quality Committee on quality of care and staffing issues on a quarterly basis.

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X.

For seven (7) years from the closing date of the Agreement, the entities listed in Condition I shall continuously maintain and provide at the facility sufficient staffing, training, and supervision of all staff directly related to resident care that includes, but is not limited to, direct caregivers as defined in Health and Safety Code section 1276.65, subdivision (a)(2), and that are necessary to assure resident safety and to attain or maintain the well-being of each resident, including consideration of the acuity and nursing care needs of the facility's residents. Further, the entities listed in Condition I shall continuously maintain and provide at the facility the minimum staffing, training, and supervision of all direct care staff required by federal and state laws, whether current or later amended, including requirements under any state law that may be more restrictive than federal law, including, but not limited to, all the following:

- A. 3.5 hours per patient day of direct care pursuant to Health and Safety Code section 1276.65, subdivision (c)(1)(B);
- B. 2.4 hours of care by Certified Nurse Assistants (CNA) per patient day pursuant to Health and Safety Code section 1276.65, subdivision (c)(1)(C);
- C. Minimum sufficient nursing staff pursuant to 42 C.F.R. sections 483.35 and 483.71;
- D. A qualified person providing services pursuant to 42 U.S.C. sections 1395i-3, subdivision (b)(4)(B), and 1396r, subdivision (b)(4)(B);
- E. 24-hour nursing service and a Registered Nurse (RN) onsite for eight consecutive hours a day, seven (7) days a week, pursuant to 42 C.F.R. section 483.35, subdivision (b), and 42 U.S.C. sections 1395i-3, subdivision (b)(4)(C) and 1396r, subdivision (b)(4)(C)(i);
- F. Competent nurse aides pursuant to 42 C.F.R. section 483.35, subdivision (c), and 42 U.S.C. sections 1395i-3, subdivision (b)(5), and 1396r, subdivision (b)(5);
- G. Outside resources for services not provided pursuant to 42 C.F.R. section 483.70, subdivision (f); and
- H. Training and supervision of all direct care staff on the individualized patient care plans of residents, pursuant to 22 C.C.R. section 72311, 42 C.F.R. section 483.21, and 42 U.S.C. sections 1395i-3, subdivision (b)(2), and 1396r, subdivision (b)(2).

For seven (7) years from the closing date of the Agreement, the entities listed in Condition I, upon request from the Monitor, appointed and described in Condition XVIII, shall provide any information that the Monitor determines is necessary to evaluate and determine compliance with this Condition including, but not limited to, copies of any documents, records, materials, and staffing data maintained, utilized, or created by the facility, and shall further provide the Monitor with access to any of the facility's systems that store any of the requested information, whether in physical, electronic, or other format.

For seven (7) years from the closing date of the Agreement, the entities listed in Condition I, on a quarterly basis, shall provide to the Monitor, appointed and described in Condition XVIII, reports

that detail the efforts to comply with this Condition. The quarterly reports to the Monitor shall include, but shall not be limited to, a description and explanation of the following for the preceding quarter:

- A. the projected and actual total nursing, RN, and CNA staffing hours per patient day;
- B. direct care patient hours (including by staff);
- C. the total amount of expenditures on nursing staff labor;
- D. the total average census of residents;
- E. the average percentage of residents covered under Medicare and Medicare Managed-Care plans, and the average percentage of residents covered by Medicaid for the facility;
- F. the number of facility-reported incidents and reports involving alleged abuse submitted to CDPH;
- G. copies of the meeting minutes of the following:
 - 1. the quality assurance and performance improvement committee, as defined under 42 C.F.R. section 483.75;
 - 2. the Quality Committee established under Condition IX;
 - 3. the Community Advisory Board established under Condition XVII;
 - 4. and any resident council committees, as defined under Health and Safety Code sections 1418.2 and 1569.157; and
- H. list and description of any facility-initiated resident transfers or discharges.

XI.

For seven (7) years from the closing date of the Agreement, the entities listed in Condition I shall continuously adhere to the state requirements that pertain to education and training of the facility's nursing staff. All staff education and training associated with health deficiencies and plans of correction shall be implemented and strictly adhered to.

XII.

For seven (7) years from the closing date of the Agreement, the entities listed in Condition I shall quarterly provide to the appointed Monitor, as described and set forth in Condition XVIII, all correspondence regarding compliance with state licensing or federal certification requirements for the facility received from or submitted to CDPH and the Centers for Medicare and Medicaid Services (CMS) including, but not limited to, the following:

- A. statements of deficiencies;
- B. plans of correction;
- C. survey and recertification reports (annual, bi-annual, and revisits);
- D. citations (AA, A, and B);
- E. civil monetary penalties;

- F. financial penalties, fines, or imposition of remedies, including denial of payment for new admissions issued by CDPH or CMS;
- G. licensing flexes and applications for licensing flexes;
- H. waivers of licensing requirements and applications for waivers of licensing requirements;
- I. suspensions or revocations of licenses for the SNF;
- J. notices of, or petitions to terminate, revoke, or suspend the Medicare and Medi-Cal participation agreements; and
- K. notices of, or petitions to appoint a Temporary Manager or Receiver, or Order for Temporary Suspension, issued by CDPH.

XIII.

For ten (10) years from the closing date of the Agreement, the entities listed in Condition I shall continuously maintain certification and participation in Medi-Cal and Medicare, and shall maintain 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.

XIV.

For ten (10) years from the closing date of the Agreement, the entities listed in Condition I shall reserve a minimum forty (40) percent of the 52 licensed skilled nursing beds for Medi-Cal beneficiaries on an annual basis with an allowed variance of ten (10) percent. The percentage shall be calculated in terms of patient days at the SNF based on the type of payor (e.g., Medi-Cal, Medicare, commercial insurance, private pay). The entities listed in Condition I shall include with the annual compliance report as required by Condition XXIII, annual census data sufficient to calculate the payor mix percentages at the facility to the Monitor, appointed as described and set forth in Condition XVIII, or any other information the Monitor determines, in their sole discretion, is necessary to carry out their duties in this Condition.

XV.

For seven (7) years from the closing date of the Agreement, the entities listed in Condition I shall continuously maintain compliance with state and federal requirements that pertain to safe resident transfers and discharges.

XVI.

For seven (7) years from the closing date of the Agreement, the entities listed in Condition I shall continuously maintain compliance with state and federal requirements that pertain to resident living space requirements of 80 square feet per bed, unless CDPH has granted a waiver, which must remain current and up to date.

XVII.

For seven (7) years and within thirty (30) days from the closing date of the Agreement, the entities listed in Condition I shall create and thereafter maintain a Community Advisory Board at the facility and shall meet and consult with the Community Advisory Board quarterly thereafter. The Community Advisory Board shall consist of three (3) to five (5) volunteer residents and resident family members chosen by the residents. An existing resident advisory board will suffice if it meets the specifications in this Condition. The Community Advisory Board will provide feedback and comments to the entities listed in Condition I regarding the quality of care and the quality of life of the residents of the facility. Within (30) days from the closing date of the Agreement, the entities listed in Condition I shall provide copies of these Attorney General Conditions to all members of the Community Advisory Board. The entities listed in Condition I, upon submission of the annual reports to the Attorney General described in Condition XXIII, shall concurrently provide copies of the annual report to each member of the Community Advisory Board and notify each member of the Community Advisory Board, verbally and in writing, that they may provide written comments to the Attorney General regarding the annual report required by Condition XXIII. The members of the Community Advisory Board may submit comments by email to HealthTransactions@doj.ca.gov, or by mail to:

Healthcare Rights and Access Section
Health Facilities Unit
1300 I Street
Sacramento, CA 95814

XVIII.

The Attorney General shall have the power to appoint and will promptly appoint a person as described in this Condition (the “Monitor”) to monitor and evaluate compliance with all Attorney General Conditions. As used in this Condition, “Monitor” shall also mean the Monitor, and the Monitor’s staff.

For ten (10) years, from the execution of an agreement with the Monitor as described and set forth in this Condition, the Monitor shall monitor compliance with all Attorney General Conditions.

- A. *Selection:* The Attorney General has the sole discretion to select the Monitor subject to consultation with the entities listed in Condition I. To be qualified to serve as a Monitor, a candidate must disclose to the Attorney General and to the entities listed in Condition I any actual or potential conflict of interest, and must be experienced with the management and operations of SNFs, with competition and access concerns that can involve this type of facility, with state and federal laws and regulations governing this type of facility, with how payors (whether operating in a managed care capacity or otherwise) contract with this type of facility (to the extent they do so), with how providers and others refer patients and

others to this type of facility, and with compliance with federal certification and state licensing regulations for the operation of this type of facility within the state of California.

The entities listed in Condition I may propose candidates to serve as the Monitor to the Attorney General and the Attorney General will disclose to the entities listed in Condition I the candidates under consideration to serve as the Monitor. The Attorney General shall consider diversity, equity, and inclusion in selecting the Monitor. The Attorney General will give due consideration to any candidates proposed by the entities listed in Condition I and their input regarding candidates under consideration by the Attorney General. Within ninety (90) days from the closing date of the Agreement, the Attorney General will select the Monitor.

Not later than thirty (30) days after the Attorney General's selection of the Monitor, the entities listed in Condition I and the Attorney General shall execute an agreement with the Monitor that, subject to the prior approval of the Attorney General, confers on the Monitor those rights, powers, and authorities necessary to permit the Monitor to perform their duties and responsibilities described in the Conditions. The entities listed in Condition I may require the Monitor, and each of the Monitor's staff and experts, to sign a customary confidentiality agreement; provided however, that such agreement shall not restrict the Monitor from providing any information to the Attorney General.

- B. *Payment:* The entities listed in Condition I will be solely responsible for the actual, reasonable, and direct expenses and costs of the selected Monitor, including staff and experts retained by the Monitor, in performing the services described in the Conditions, and in monitoring ongoing compliance with the terms and Conditions of the transaction, as mandated by Corporations Code section 5919, subdivision (d)(3).
- C. *Powers:* The Monitor shall have the following powers to the extent necessary to monitor compliance with all Attorney General Conditions by the entities listed in Condition I:
 - 1. to investigate compliance with all Attorney General Conditions and to take complaints from individuals, payors, and providers;
 - 2. to make observations of staff sufficiency markers including, but not limited to, call bell response time, residents calling out, odors, unattended residents who need assistance, and percentage of residents left in bed;
 - 3. to access all physical, electronic, or digital records created, stored, or

maintained at the facility, and their related entities, including, but not limited to, any electronic data management system that houses real-time or historical staffing data, and the general ledger;

4. to inspect records and compel disclosure of confidential documents subject to any demonstrated legally recognized privilege and appropriate confidentiality protections;
5. to visit the facility, including on an unannounced quarterly basis to ensure ongoing compliance with the Attorney General Conditions and report observations and findings of abuse and neglect to the proper authorities as required by law;
6. to have reasonable access and ability to confidentially meet with the facility's residents and residents' representatives and ask about facility staffing levels and call bell response times among other issues;
7. to interview the members of committees, including the Quality Committee established under Condition IX and Community Advisory Board established under Condition XVII;
8. to interview witnesses, including employees of the facility and, if interviews are conducted with employees, those interviews will be subject to reasonable prior notice and the opportunity for the entities listed in Condition I to have counsel present;
9. to interview employees and officers of the entities subject to Condition I and if interviews are conducted with employees and officers, those interviews will be subject to reasonable prior notice and the opportunity for the entities listed in Condition I to have counsel present;
10. to interview the administrator and director of nursing, including about the plans of correction for each deficiency and citation issued by CDPH;
11. to interview payors who contract with any of the entities listed in Condition I or any providers or others who make referrals to the facility;
12. to audit or reconcile the reporting of staffing hours with Payroll Based Journal and timekeeping records;
13. to hire staff and experts; and
14. to make recommendations concerning enforcement, oversight, and surveillance to the Attorney General.

D. *Duty to Cooperate:* The entities listed in Condition I shall cooperate with the Monitor in the performance of the Monitor's work and shall take no action to interfere with or impede the Monitor's ability to monitor compliance with these Conditions.

- E. *Reporting:* The entities listed in Condition I shall submit annual reports to the Monitor and the Attorney General, pursuant to Condition XXIII, setting forth in detail, their efforts to comply with all Conditions. The annual reports shall be submitted to the Monitor and the Attorney General every year on the anniversary of the closing date for the duration of the Conditions.

The entities listed in Condition I shall submit the quarterly reports and information to the Monitor, as described in Conditions X, XIV, and XXII by the 15th day of the calendar month following each quarter.

Within a reasonable time from the date the Monitor receives any quarterly or annual report, the Monitor shall report in writing to the Attorney General all concerns, findings, and recommendations regarding the Monitor's evaluation of the performance of the respective obligations of, and compliance by, the entities listed in Condition I. As part of the written reports to the Attorney General, the Monitor shall evaluate the facility's total nursing hours per resident day and staffing hours by nursing type, using appropriate methodologies in the Monitor's discretion, both as reported and adjusted for resident case mix, including the needs of high-acuity patients.

XIX.

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.

XX.

In accordance with the Fourth Amendment to Master Lease (Pool 7), executed July 20, 2026, by and among Toluca, West Star, Ensign, and other Ensign-affiliated entities, as well as representations by Ensign's General Counsel, West Star, Standard Bearer Healthcare REIT, or current leaseholder will pay \$417,996.00 annual rent for the facility to Toluca. The Master Lease and amendments state that the rent will be increased on an annual basis in accordance with the

Adjusted CPI Increase, defined as “the Actual CPI Increase as of the date of determination, not to exceed two and one-half percent (2.5%). In no event shall the CPI increase be a negative number.”

For ten (10) years from the closing date of the Agreement, the entities listed in Condition I shall not increase rent amounts for the lease by more than two and one-half (2.5) percent per year. Should the entities seek to increase rent amounts for the lease by more than two and one-half (2.5) percent for a given year, they must submit the request to the Monitor for the proposed increase. The Monitor shall review the proposed increase, and after retaining a third-party appraiser, make a recommendation to the Attorney General as to whether the increased rent is commercially reasonable and does not place the continued operation of the facility in jeopardy or lead to rent increases to the residents that are not affordable, gradual, and predictable over time. The Attorney General shall have ninety (90) days from the submission of the proposed rent increase to make a decision. The entities listed in Condition I shall provide the Monitor with any information the Monitor requests for purposes of carrying out the duties in this Condition.

XXI.

For ten (10) years from the closing date of the Agreement, the entities listed in Condition I shall not encumber or obligate the facility with debt, or otherwise incur any liability that leads in whole or in part to a reduction in staffing directly related to resident care including, but not limited to, direct caregivers pursuant to Health and Safety Code section 1276.65, subdivision (a)(2), or to the extent that such an encumbrance or obligation would reasonably be likely to materially impair the short-term or long-term financial viability or operations of the facility.

XXII.

For ten (10) years from the closing date of the Agreement, the entities listed in Condition I shall not require the payment on behalf of the facility of service fees, consulting fees, management fees, or any other similar fees in excess of five (5) percent of the facility’s gross revenue to any of the entities in Condition I, including Ensign, Toluca, Ensign Services Inc., West Star, Standard Bearer Healthcare REIT, or 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 facility or the real properties on which the facility is located (“related party” or “related parties”). Direct care staffing, including the staffing of those direct caregivers defined in Health and Safety Code section 1276.65, subdivision (a)(2), shall not be reduced to increase the payment of any fees to a related party.

For ten (10) years from the closing date of the Agreement, the entities listed in Condition I, on a quarterly basis, shall provide to the Monitor, appointed and described in Condition XVIII, reports that detail the efforts to comply with this Condition. The quarterly reports to the Monitor shall include, but shall not be limited to, a description and explanation of the following for the

preceding quarter: the amounts of any service fees, consulting fees, management fees, or any other similar fees paid by any of the entities in Condition I on behalf of the facility to any related party; a description of each type of fee paid on behalf of the facility to any related party; and the facility's total gross revenue.

XXIII.

For ten (10) years from the closing date of the Agreement, the entities listed in Condition I shall annually submit to the Attorney General a report describing, in detail, efforts to comply with all Conditions. The annual reports shall be submitted to the Attorney General every year on the anniversary of the closing date for the duration of the Conditions. Representatives of Ensign and West Star, Standard Bearer, or current facility operator shall certify that the report is true, accurate, and complete.

XXIV.

For ten (10) years from the closing date of the Agreement, the entities listed in Condition I shall promptly and within thirty (30) days report in writing to the Attorney General, and to the Monitor appointed and described in Condition XVIII, any known occurrence or event, whether planned or unplanned, that has resulted, or that is reasonably foreseeable to result, in a deviation from or failure by the entities listed in Condition I to comply with any of the Conditions. The report shall include, but not be limited to, a description of the occurrence or event, the timing of the occurrence or event, the reasons for any noncompliance, documents and records supporting any facts or reasons set forth in the report, efforts taken to mitigate the noncompliance, and any information regarding any plan or timeline for restoring compliance with the Conditions. This report shall be supplemented with updates to the Monitor as they become available.

This Condition shall not affect the obligation of the entities listed in Condition I to follow the amendment process set forth in California Code of Regulations, title 11, section 999.5, subdivision (h), as necessary, unless the Attorney General in their sole discretion grants a waiver upon a sufficient showing of good cause.

XXV.

At the request of the Attorney General, the entities listed in Condition I shall provide such information that the Attorney General determines reasonably necessary to monitor compliance with these Conditions and the terms of the Agreement as set forth herein. The entities listed in Condition I may request and shall have the sole burden of designating, at the time of its submission of information to the Attorney General, any specific information that the entities in Condition I believe should be treated as confidential and the reasons therefor. Information and materials submitted to the Attorney General under this Condition are deemed official records of investigation of the Attorney General. The Attorney General is not restricted by this Condition from using the information for any law enforcement purpose including, but not limited to, sharing the information with the Monitor, pursuant to Condition XVIII. Further, the Attorney General may

use the information in any matter or proceeding to enforce the Conditions as described in Condition XXVII, subject to any demonstrated legally recognized privileges invoked by the entities listed in Condition I, or a protective order.

XXVI.

For ten (10) years, in the event of a substantive change in state or federal law, regulation, or the interpretation of either, that affects compliance obligations under the Conditions, the Monitor shall review such change(s) and issue a report and recommendation with all deliberate speed on whether any of the obligations are waived or should be modified. The entities listed in Condition I may submit an objection to the Monitor's report and recommendation within thirty (30) days of receiving it.

Upon receipt of the Monitor's report and recommendation, or objection (if any), the Attorney General shall have ninety (90) days to review it and in their sole discretion, determine whether to adopt the Monitor's report and recommendation in whole, in part, or as modified. The entities listed in Condition I may request a waiver or shortening of the timelines in these Conditions, upon request to the Attorney General, who in their sole discretion shall review the request for waiver or shortening of the timelines and grant it upon a sufficient showing of the exigent circumstances.

XXVII.

Upon the closing date of the Agreement, 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 set forth herein 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 including, but not limited to, all remedies available under Corporation Code section 5926. 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, including tolling of the Conditions for each and every period of noncompliance, as a court may deem appropriate for noncompliance with any of the 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. Material, uncured noncompliance of these Conditions shall toll the term of the relevant Condition(s), such that the term of the relevant Condition(s) shall be extended beyond the expiration date by the period of the material, uncured noncompliance.

EXHIBIT 1

**PURCHASE AND SALE AGREEMENT AND
DISCLOSURE SCHEDULES**

ASSET PURCHASE AND SALE AGREEMENT

THIS ASSET PURCHASE AND SALE AGREEMENT (the “**Agreement**”) is dated as of December 16, 2024 (the “**Effective Date**”), by and among Providence Health System – Southern California, a California nonprofit corporation, Providence Health & Services – Oregon, an Oregon nonprofit corporation, and Providence Health & Services – Washington, a Washington nonprofit corporation (individually and collectively “**Seller**”) and Lilac City Health Holdings LLC, Sun Mountain Health Holdings LLC, Squak Valley Health Holdings LLC, Stevens Health Holdings LLC, Toluca Way Health Holdings LLC, Lynx Canyon Health Holdings LLC, Strong Creek Health Holdings LLC, and Silver Falls Health Holdings LLC, each a Nevada limited liability company (individually and collectively “**Buyer**”).

RECITALS

A. Seller is the owner of the skilled nursing facilities and assisted living facilities identified on **Exhibit A** attached hereto and incorporated herein (each individually, a “**Facility**” and collectively the “**Facilities**”), together with all transferable Licenses, certifications, Provider Agreements, Personal Property, Inventory and other assets owned, leased, held or used by Seller exclusively in connection therewith.

B. The entities identified on **Exhibit B** attached hereto and incorporated herein (individually and collectively, “**Current Operator**”) lease the Facilities from Seller and are the licensed operators of the Facilities.

C. Seller desires to sell to Buyer and Buyer desires to purchase from Seller, on the terms and subject to the conditions of this Agreement, all of Seller’s right, title and interest in and to the Real Property (as defined below) associated with the Facilities, and all of the other assets located therein, appurtenant thereto or held or used in connection therewith and located at the Facilities, as described in this Agreement with each Buyer entity acquiring the Real Property of each Facility owned by each applicable Seller entity as set forth on **Exhibit A**.

D. Concurrently with Buyer’s acquisition of the Real Property, each Buyer entity intends to lease the Real Property to the operating entities identified on **Exhibit B** (individually and collectively “**New Operator**”).

E. At Closing, Buyer will assign to New Operator certain assets other than the Real Property, and Current Operator will enter into an Operations Transfer Agreements (as defined below) with New Operator with respect to the transfer of Current Operator’s right, title and interest in and to the business operations of the applicable Facility.

F. Seller and Buyer desire to document certain terms and conditions relevant to the purchase and sale of the Facilities.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements hereinafter contained, the parties agree as follows:

TERMS AND CONDITIONS

ARTICLE 1. PURCHASE AND SALE OF ASSETS

1.1 Purchase and Sale. Subject to the terms and conditions of this Agreement, Seller agrees to sell, convey, transfer, assign and deliver to Buyer free of all leases, liens, encumbrances, and security interests (other than Permitted Exceptions (as defined below) with respect to the Real Property), and Buyer agrees to purchase from Seller, all of Seller's right, title and interest in and to the following assets, as such assets shall exist on the applicable Closing Date with respect to the operation of the Facilities (whether or not such assets are essential to the operation of the Facilities), all of which are referred to herein collectively as the "Assets".

(i) "Real Property," which means (a) the land as described in Exhibit 1.1(i), including all easements and other rights, interests and appurtenances thereto which are or will be owned or used by Seller in connection therewith, and (b) all buildings, structures, furnishings, fixtures and other improvements located in, on, at, under or above or attached to such land, in each case, which shall be transferred to Buyer in its "as is, where is" condition;

(ii) "Operating Assets," which means, to the extent owned by Seller and used in connection with the Facilities, (a) all inventory used or held for use at the Facilities (the "Inventory"), (b) all furniture, fixtures, equipment, tools, machinery, vehicles and all other tangible personal property owned by Seller, located at the Facilities, and used in connection with the Facilities owned by Seller (the "Personal Property"); (c) to the extent assignable or transferable, all personal property leases with respect to ownership of the Facilities; and (d) to the extent assignable or transferable, all general intangibles related to the ownership, possession, lease or use of the Assets of the Facilities, including without limitation, lien waivers, surety agreements, bonds, warranties, guaranties, utility use agreements, covenants, commitments, permits, certificates, regulatory approvals and entitlements owned or employed by Seller in conjunction with the ownership of the Facilities (the "Intangible Property");

(iii) "Other Assets," which means all of such other and additional rights as Seller may have in and to the Real Property and the driveways, parking lots and related amenities or otherwise serving the Real Property, including the pharmacy located onsite at the applicable Facility in Alaska.

Buyer hereby designates its affiliates, New Operator, to receive an assignment of certain of the Operating Assets other than the Real Property, subject to and in accordance with the terms of the Operations Transfer Agreements (as defined below). For purposes of this Agreement, "affiliate" means, with respect to any entity, at the time of determination, any other entity directly or indirectly controlling or controlled by, or under direct or indirect common control with, such specified entity. For the purposes of this definition, "control," when used with respect to any specified entity, means the power to direct the management and policies of such entity directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

1.2 Excluded Assets. Notwithstanding anything to the contrary in Section 1.1, Seller shall retain all of the following assets owned directly or indirectly by it (or any of Seller's

affiliates), and such assets below shall not be included in the Assets to be transferred to Buyer (collectively, the “**Excluded Assets**”):

- (a) cash, cash equivalents and short-term investments of Seller;
- (b) all accounts receivables, accounts, notes, interest and other receivables of Seller, including but not limited to, other rights to payment generated from the operation of the Facilities prior to the applicable Closing Date (including accounts receivable arising from rate adjustments which relate to periods prior to the applicable Closing Date even if such adjustments occur after the applicable Closing Date) (collectively, the “**Accounts Receivable**”), and all claims, rights, interests and proceeds related thereto;
- (c) all intercompany receivables of Seller with any of Seller’s affiliates;
- (d) systems, computer hardware, software and programs;
- (e) assets owned and provided by vendors of services or goods to the Facilities;
- (f) all claims, rights, interests and proceeds with respect to state or local tax refunds (including but not limited to property tax) resulting from periods prior to the Effective Time, and the right to pursue appeals of same;
- (g) all of Seller’s organizational record books and minute books, and Seller’s email records;
- (h) all bank accounts of Seller;
- (i) all rights, claims and choses in action of Seller and its affiliates with respect to periods prior to the Effective Time, and any payments, awards or other proceeds resulting therefrom;
- (j) all writings and other items that are protected from discovery by the attorney-client privilege, the attorney work product doctrine or any other cognizable privilege or protection;
- (k) all of Seller’s interest in and to the Rejected Contracts (as defined in the Operations Transfer Agreements);
- (l) all of Seller’s intellectual property, including but not limited to any proprietary software and the name “Providence” or variations thereof;
- (m) national contracts for the Providence system that cover more than the Facilities;
- (n) Insurance policies and proceeds thereof (except to the extent related to a casualty loss, or condemnation, as may otherwise be provided herein);

(o) Nontransferable licenses and permits or other nontransferable Intangible Property; and

(p) all equipment and tangible property located at the Facilities but not owned by Seller, or subject to an equipment lease or vehicle lease or software license that is not an Assumed Contract (as defined in the Operations Transfer Agreements); and

(q) all items specifically listed on **Schedule 1.2(q)**.

1.3 **EXCLUDED LIABILITIES.** THIS AGREEMENT EXCLUDES, AND BUYER AND NEW OPERATOR DO NOT ASSUME, ANY LIABILITIES OF SELLER NOT EXPRESSLY ASSUMED BY BUYER OR NEW OPERATOR IN WRITING IN THIS AGREEMENT OR IN ANY OTHER AGREEMENT RELATING TO THE TRANSFER OF THE FACILITIES FROM SELLER TO BUYER AND NEW OPERATOR INCLUDING, BUT NOT LIMITED TO THE FOLLOWING (COLLECTIVELY, THE “**EXCLUDED LIABILITIES**”): ALL COSTS, EXPENSES AND OTHER LIABILITIES AND OBLIGATIONS ARISING FROM THE OWNERSHIP, MANAGEMENT OR OPERATION OF THE FACILITIES PRIOR TO THE EFFECTIVE TIME, INCLUDING WITHOUT LIMITATION, ACCOUNTS PAYABLE; ANY LIABILITY FOR OVERPAYMENT RELATING TO THE FACILITIES WITH RESPECT TO SERVICES PERFORMED PRIOR TO THE EFFECTIVE TIME; ANY RESIDENT-RELATED CLAIM ARISING FROM ACTIONS OR OMISSIONS OCCURRING PRIOR TO THE EFFECTIVE TIME; ANY EMPLOYMENT CLAIMS OR ANY OTHER OBLIGATIONS UNDER ANY EMPLOYMENT AGREEMENT, PENSION OR RETIREMENT PLAN, PROFIT-SHARING PLAN, STOCK PURCHASE OR STOCK OPTION PLAN, MEDICAL OR OTHER BENEFITS OR INSURANCE PLAN, COMPENSATION OR BONUS AGREEMENT, VACATION OR SEVERANCE PAY PLAN OR AGREEMENT OR ANY OTHER EMPLOYEE BENEFIT PLAN OR COLLECTIVE BARGAINING AGREEMENT, IN EACH CASE, RELATING TO THE EMPLOYEES PRIOR TO THE EFFECTIVE TIME; OR ANY COSTS, EXPENSES, OR OBLIGATIONS ARISING UNDER ANY CONTRACTS NOT ASSUMED BY NEW OPERATOR.

1.4 **The Escrow.** The purchase and sale of the Assets shall be consummated through the establishment of an escrow (the “**Escrow**”) with First American Title Insurance Company or such other escrow agent reasonably acceptable to the parties (“**Escrow Agent**”). Upon its deposit with the Escrow Agent, this Agreement shall constitute the parties’ joint escrow instructions to the Escrow Agent. The Escrow Agent shall act in accordance with this Agreement. The parties agree to execute the general escrow instructions as may be requested by Escrow Agent, provided that in the event of any conflict between the provisions of such general escrow instructions and the provisions of this Agreement, the provisions of this Agreement shall control. Escrow Agent shall notify both Buyer and Seller in writing of the date of receipt of this Agreement.

1.5 **The Closing.**

(i) The Closing Date anticipated with regard to each of the Facilities is set out on **Schedule 1.5(i)**. The “**Initial Closing Facilities**” and “**Subsequent Closing Facilities**” shall have the meanings set out on such Schedule.

(ii) Provided that all of the conditions to Closing set forth in Articles 7 and 8 have been satisfied or waived for the Assets and Real Property related to the Initial Closing Facilities, the Escrow and the initial closing of the transactions contemplated hereby shall close (referred to herein interchangeably as the “**Initial Close of Escrow**,” the “**Initial Closing**,” the “**Initial Closing Date**” or by similar words or phrases) at the offices of Escrow Agent or such other location as the parties may agree upon at 10:00 A.M. Pacific Time the first day of the month following receipt of all applicable regulatory approvals, the conclusion of the Due Diligence Period, and receipt of all Closing Documents. The parties acknowledge and agree that the Subsequent Closing Facilities may close on a separate date from the Initial Closing Facilities. The Initial Closing shall be deemed to be effective as between the parties as of 12:01 A.M. Pacific Time on the Initial Closing Date (the “**Effective Time**”, which term shall also mean, with regard to any Subsequent Closing, 12:01 A.M. Pacific Time on the Subsequent Closing Date). On the applicable Closing Date, Title Insurer (as defined below) shall: (a) issue and deliver to Buyer the Title Policy (as defined below) or, alternatively, be irrevocably committed to issue the Title Policy for the Real Property for the applicable Facilities (such Title Policy shall be effective as of the Effective Time), (b) deliver to Seller by wire transfer of immediately available funds to the account or accounts designated by Seller the Purchase Price allocated to the applicable Facilities (as adjusted by Seller and Buyer pursuant to a settlement statement executed by Seller and Buyer at Closing), and (c) deliver to Buyer and Seller such other agreements, documents and instruments as the parties instruct in the escrow instructions. Immediately following the applicable Closing, Escrow Agent shall cause the special warranty deeds (or local equivalent) for the Real Property for the applicable Facilities and any other documents which the parties mutually designate, to be recorded in the Official Records in each county where the applicable Facilities are located.

(iii) Following the Initial Closing, the parties hereto shall have a subsequent closing (a “**Subsequent Closing**”, and together with the Initial Closing, the “**Closing**” or **Closings**”) on the first day of the next month in which the Subsequent Closing Facilities meet all the criteria for Closing under Section 1.5(ii) as if they were Initial Closing Facilities (the “**Subsequent Closing Date**” and together with the Initial Closing Date, the “**Closing Date**”); *provided, however*, that such Subsequent Closing shall be a month where the parties have adequate assurance on or prior to the twentieth (20th) day of the prior month that any required third party consent will be obtained on or prior to such Subsequent Closing. The logistics for such Subsequent Closing Facilities shall be the same as for Initial Closing Facilities under Section 1.5(ii).

(iv) Except as otherwise specifically set out in this Agreement, matters pertaining to a Closing or a Closing Date shall be read and deemed to be related to: (a) prior to such anticipated Closing Date, the Facilities and related Assets which are anticipated to be or qualified to be part of the Closing on such Closing Date, and (b) after such anticipated Closing Date, the Facilities and related Assets that were part of the Closing as of such Closing Date.

1.6 Purchase Price. The “**Purchase Price**” for the Assets shall be NINETY MILLION and 00/100 U.S. Dollars (\$90,000,000.00). The Purchase Price shall be allocated to the Facilities as set forth on Schedule 1.6 and payable as follows:

(i) Deposit. Within two (2) business days after the mutual execution of this Agreement, Buyer shall deliver ONE MILLION SIX HUNDRED SIXTY-EIGHT THOUSAND and 00/100 U.S. Dollars (\$1,668,000.00) (such amount and any interest accrued thereon, the

“Deposit”) to Escrow in the form of a wire transfer or other immediately available funds. The Deposit shall be deposited in an interest-bearing account for Buyer’s benefit in a segregated account at the bank at which the Escrow Agent maintains its principal depository relationship. If an Initial Closing occurs, fifty percent (50%) of the Deposit shall be credited toward the Purchase Price. If an Initial Closing does not occur, the Deposit shall be paid to the party entitled to the Deposit pursuant to the terms of this Agreement. If the Subsequent Closing occurs, the remaining fifty percent (50%) of the Deposit shall be credited toward the Purchase Price. If a Subsequent Closing does not occur, the remaining amount of the Deposit shall be paid to the party entitled to the Deposit pursuant to the terms of this Agreement. Interest shall follow the Deposit. Notwithstanding anything herein to the contrary, unless otherwise agreed to by the parties: (a) the effectiveness of this Agreement and the rights and obligations of the parties hereto, including any right to make any filing, disclosure or communication with respect to the transactions contemplated hereby, are contingent upon the receipt by the Escrow Agent of the Deposit and such filings, disclosures and communications shall not be made until such receipt and (b) in the event that the Escrow Agent does not timely receive the Deposit, this Agreement shall be null and void of no effect.

(ii) **Closing Funds.** On or before the Initial Closing Date and the Subsequent Closing Date, Buyer shall cause to be deposited with Escrow Agent an amount equal to the Purchase Price of the Facilities being acquired at such Closing (the **“Transferred Facilities”**) (minus the portion of Deposit to be applied in connection with such Closing) in cash or other immediately available funds (the **“Cash Due at Closing”**). If the Purchase Price is adjusted for any reason, or Escrow Agent’s balancing of the credits and debits due to Buyer and Seller at such Closing results in a change in the net amount due to Seller hereunder, any difference shall be reflected in the Cash Due at such Closing.

ARTICLE 2. REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer that, as of the Effective Date, the applicable Closing Date and the applicable Effective Time:

2.1 **Organization and Standing.** Providence Health & Services – Washington is a Washington nonprofit corporation duly organized and validly existing under the laws of the state of its formation and authorized to do business in the states in which the Facilities owned by Providence Health & Services – Washington are located. Providence Health & Services – Oregon is an Oregon nonprofit corporation duly organized and validly existing under the laws of the state of its formation and authorized to do business in the states in which the Facilities owned by Providence Health & Services – Oregon are located. Providence Health System – Southern California is a California nonprofit corporation duly organized and validly existing under the laws of the state of its formation and authorized to do business in the state in which the Facility owned by Providence Health System – Southern California is located.

2.2 **Capacity; Authority; Consents.** Seller has full power, legal capacity and authority to execute and deliver this Agreement, to consummate the transactions contemplated hereby and to perform its obligations under this Agreement and will, prior to the applicable Closing, have all requisite power and authority to enter into the closing documents hereunder (the **“Closing Documents”**) to which it is a party and to consummate the transactions contemplated by this

Agreement. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and the performance of the obligations hereunder have been duly authorized by Seller's directors, members or managers, as applicable, and no other proceedings by Seller are necessary. This Agreement constitutes, and each other instrument to be executed and delivered by Seller pursuant to the terms of this Agreement will constitute, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms. The individual(s) executing and delivering this Agreement on Seller's behalf are duly authorized and empowered to bind the Seller as contemplated hereby.

2.3 No Violation. Neither the execution and delivery by Seller of this Agreement nor the consummation of the transactions contemplated hereby nor compliance with any of the material provisions hereof by Seller will violate, conflict with or result in a breach of any material provision of the formation, bylaws or other organizational documents of Seller. To Seller's knowledge, Seller is not in violation of any statute, rule, regulation or order of any court or Federal, state or local governmental agency or instrumentality having jurisdiction over it, the Facilities or the Assets, the violation of which would have a Material Adverse Effect on the ownership or operation of the Facilities. To Seller's knowledge, Seller is not in default with respect to any of its material obligations or liabilities pertaining to the Real Property. Without limiting the foregoing, to Seller's knowledge, any easements or other agreements constituting Permitted Exceptions are free from material default by Seller and, to Seller's knowledge, by any other party thereto. Except as set out on Schedule 2.3, to Seller's knowledge, there are no pending survey deficiencies alleging that the Facilities is not in compliance with any material provision of the Life Safety Code. For purposes of this Agreement, "Seller's knowledge" shall mean the actual knowledge of Dianna Reely, Chief of Residential Services; Jeremy Dibble, Vice President, Real Estate; Catherine Gonzalez, Chief Financial Officer; Hanna Kamaric, Executive Director, Corporate Development; and Michael Koger; Executive Director, Integrations, Mergers + Acquisitions.

2.4 Environmental Compliance. To Seller's knowledge following Seller's reasonable investigation, except as disclosed in any environmental assessment reports furnished by Seller to Buyer: (a) no hazardous material has in the past three (3) years been stored or exists in, on, under or around the Real Property other than asbestos, PCBs, if any, and lead emanating from lead-based paint except in compliance with applicable environmental laws, rules and regulations; and (b) in the past three (3) years Seller has not caused or suffered any hazardous materials to be used, released, discharged, placed or disposed of at, on or under the Real Property or any real property adjacent thereto except in compliance with applicable environmental laws, rules and regulations. To Seller's knowledge, and except as disclosed in any environmental assessment reports furnished by Seller to Buyer or on Schedule 2.4, no underground storage tanks are located on the Real Property and no portion of the Real Property has ever been used as a dump for waste material. To Seller's knowledge, except for matters which were previously brought into compliance and except as disclosed to Buyer, Seller has not received any written notice from any governmental authority or any written complaint from any third party with respect to its alleged noncompliance with, or potential liability under, any applicable environmental laws, rules or regulations involving the Real Property or the Facilities, nor does it have a reasonable basis to expect the issuance of such a notice or complaint.

2.5 Litigation; Condemnation. Except as set forth on Schedule 2.5 attached hereto, to Seller's knowledge, there are no material actions, suits or proceedings pending or threatened before

or by any judicial, administrative or union body, any arbiter or any governmental authority, against or affecting the Real Property or any portion thereof. To Seller's knowledge, there is no existing, and Seller has not received written notice of any proposed or threatened, eminent domain or similar proceeding that would affect the Real Property.

2.6 Title. Seller will convey good and indefeasible title to, and the entire right, title, and interest in the Assets, free and clear of any and all liens, encumbrances, or other liabilities, subject only to the Permitted Exceptions.

2.7 Bankruptcy. No insolvency proceedings of any character, including without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting Seller (other than as creditor), or any the Assets, are pending or being contemplated by Seller, or, to Seller's knowledge, are being threatened against Seller by any other person or entity, and Seller has not made any assignment for the benefit of creditors or taken any action in contemplation of or that would constitute the basis of the institution of such insolvency proceedings.

2.8 Brokers. Neither Seller nor any affiliate of Seller has engaged any broker, finder or other similar agent in connection with the transactions contemplated hereby, excepting that Seller has engaged on a commission basis B.C. Ziegler and Company, for consulting and assistance in this transaction. This commission or fee shall be the sole obligation of the Seller, and Seller acknowledges that the Buyer shall have no responsibility for any such fee or commission from B.C. Ziegler and Company. Seller agrees to indemnify, defend and hold harmless Buyer and any affiliate of Buyer from and against any claims arising out of any breach of Seller's representations, warranties or covenants set forth in this Section 2.8.

2.9 No Other Contracts. Seller is not a party to any other contracts for the sale of the Assets, and except as set out on Schedule 2.9, there do not exist any rights of first refusal or options to purchase the Assets. Further, except with respect to the Permitted Exceptions, there are no agreements, contracts, leases, subleases, service contracts or any other agreements or instruments affecting the Assets to which Seller is a party.

2.10 Executive Order 13224. None of Seller nor the entities or individuals that own or control Seller, or that may be owned or controlled by Seller as of the applicable Closing Date (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."

2.11 Tax Returns. All federal and state tax returns and material reports required by law to be filed by Seller relating to the ownership and, to the best of Seller's knowledge, by Current Operator with respect to the operation of the Facilities prior to the applicable Closing (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, to the best of Seller's knowledge, Current Operator and all taxes due under such Tax Returns have been or will be timely objected to, disputed and/or paid.

2.12 Full Disclosure. All of the Seller's warranties, representations and covenants in this Agreement: (i) constitute a material part of the consideration hereunder; (ii) are true and complete, current and accurate as of the date hereof (except to the extent that such representations and warranties are qualified by the term "material," in which case such representations and warranties (as so written, including the term "material"); (iii) shall be true and complete, current and accurate as of the applicable Closing Date and the applicable Effective Time; and (iv) and shall survive the applicable Closing Date and delivery of the Assets to Buyer. To Seller's actual knowledge, none of the statements, representations or warranties of Seller misstates or omits any fact which would make such statements, representations or warranties incomplete, misleading or incorrect in any material respect. Seller shall inform Buyer if any statement, representation or warranty becomes incorrect, misleading or incomplete subsequent to the date hereof.

ARTICLE 3. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller that, as of the Effective Date, the applicable Closing Date and the applicable Effective Time:

3.1 Organization and Standing. Buyer is a limited liability company duly formed, validly existing, and in good standing under the laws of the State of Nevada and is qualified to do business under the laws of the states where the Facilities are located. Buyer has the requisite power and authority to own and operate the Assets in the manner in which they are presently being operated.

3.2 Capacity; Authority; Consents. Buyer has full power, legal capacity and authority to execute and deliver this Agreement, to consummate the transactions contemplated hereby and to perform its obligations under this Agreement and will, prior to the applicable Closing, have all requisite power and authority to enter into the Closing Documents to which it is a party and to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and the performance of Buyer's obligations hereunder have been duly authorized by Buyer's sole member or board of directors, as applicable, and no other proceedings on the part of Buyer are necessary in connection therewith. This Agreement constitutes, and each other instrument to be executed and delivered by Buyer will constitute, valid and binding obligations of Buyer, enforceable against Buyer in accordance with their respective terms. The individual(s) executing and delivering this Agreement on Buyer's behalf are duly authorized and empowered to bind the Buyer as contemplated hereby.

3.3 No Violation. Neither the execution and delivery by Buyer of this Agreement, nor the consummation of the transactions contemplated hereby nor compliance with any of the material provisions hereof by Buyer will violate, conflict with or result in a breach of any material provision of the articles of organization, operating agreement or other organizational documents of Buyer.

3.4 No Brokers or Finders. Neither Buyer nor any affiliate of Buyer has engaged any finder, broker, or similar agent in connection with the transactions contemplated hereby. Buyer agrees to indemnify, defend and hold harmless Seller and any affiliate of Seller from and against

any claims arising out of any breach of Buyer's representations, warranties or covenants set forth in this Section 3.4.

3.5 Ability to Perform; Solvency. Buyer has the ability to obtain funds in cash in amounts equal to the Purchase Price by means of credit facilities or otherwise and will at the applicable Closing have immediately available funds in cash, which are sufficient to pay the Purchase Price and to pay any other amounts payable pursuant to this Agreement and to consummate the transactions contemplated by this Agreement. After giving effect to the guarantee by the Guarantor, immediately after giving effect to each of the transactions contemplated by this Agreement and the Operations Transfer Agreements, and the payment of the Purchase Price and all related fees and expenses payable by Buyer or New Operator, as applicable, assuming satisfaction of the conditions to Buyer's and New Operator's obligations to consummate the Closing as set forth herein, each of Buyer and New Operator (together with their respective subsidiaries, each taken as a whole) (a) as of the applicable Closing Date will be able to pay its debts generally as they become due and shall own property having a present fair saleable value greater than the amounts required to pay its debts (including a reasonable estimate of the amount of all contingent liabilities) as they become absolute and mature in accordance with their stated terms; and (b) shall not have, as of the applicable Closing Date, unreasonably small capital to carry on any businesses in which it is engaged. For purposes of this Section 3.5, (1) "fair saleable value" means the amount that may be realized if the aggregate assets (including goodwill) are sold as an entirety with reasonable promptness in an arm's length transaction under present conditions for the sale of comparable business enterprises, and (2) "not have, as of the applicable Closing Date, unreasonably small capital to carry on any businesses in which it is engaged" means that Buyer and New Operator (together with their respective subsidiaries, each taken as a whole) will be able to generate enough cash from operations, asset dispositions or refinancing, or a combination thereof, to meet its obligations as they become due.

3.6 "AS-IS, WHERE-IS" Condition of the Assets Buyer acknowledges and agrees that:

(i) Buyer has conducted or shall continue to conduct during the Due Diligence Period, or waive its right to conduct, such due diligence as Buyer has deemed or shall deem necessary or appropriate.

(ii) BUYER IS PURCHASING THE ASSETS IN THE PRESENT "AS-IS, WHERE-IS" CONDITION WITH ALL FAULTS, WITH NO RIGHT OF SETOFF OR REDUCTION IN THE PURCHASE PRICE, AS OF THE EFFECTIVE TIME AND WITHOUT ANY REPRESENTATION OR WARRANTY REGARDING THEIR CONDITION, FITNESS FOR ANY PARTICULAR PURPOSE, MERCHANTABILITY, OR COMPLIANCE WITH GOVERNMENTAL LAWS, ORDINANCES OR REGULATIONS, OR WITH ANY OTHER WARRANTY, EXPRESS OR IMPLIED BY LAW OR OTHERWISE. BUYER ACKNOWLEDGES AND AGREES THAT, EXCEPT AS OTHERWISE SET FORTH IN THIS AGREEMENT, SELLER IS NOT MAKING ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER WITH RESPECT TO THE ASSETS, INCLUDING BUT LIMITED TO, THE ACCURACY AND COMPLETENESS THEREOF, OR THE RESULTS OF BUYER'S DUE DILIGENCE. BUYER WARRANTS AND REPRESENTS THAT IT HAS NOT RELIED UPON AND WILL NOT RELY ON, EITHER DIRECTLY OR

INDIRECTLY, ANY WARRANTY OR REPRESENTATION OF SELLER NOT EXPLICITLY SET FORTH IN THIS AGREEMENT. BUYER HEREBY WAIVES AND DISCLAIMS ANY WARRANTIES CONCERNING HABITABILITY, FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY, AND ANY WARRANTIES RELATED TO THE WORKMANLIKE CONSTRUCTION, HABITABILITY, DESIGN, CONDITION OR QUALITY AS TO THE REAL PROPERTY AND/OR TO ANY IMPROVEMENTS LOCATED THEREON, THE FACILITIES OR THE ASSETS.

(iii) Buyer shall independently confirm to its satisfaction all information that it considers material to its purchase of the Real Property or the Assets.

3.7 Executive Order 13224. None of Buyer nor the entities or individuals that own or control Buyer, or that may be owned or controlled by Buyer (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/tllsdn.pdf> or any replacement website or other replacement official publication of such list which identifies an “Specially Designated National” or “blocked person.”

3.8 Full Disclosure. All of Buyer’s warranties, representations or covenants in this Agreement: (i) constitute a material part of the consideration hereunder; (ii) are true and complete, current and accurate in all material respects as of the date hereof (except to the extent that such representations and warranties are qualified by the term “material,” in which case such representations and warranties (as so written, including the term “material”) shall be true, correct and complete in all respects); (iii) shall be true, complete, current and accurate as of the applicable Closing Date and applicable Effective Time (including the same qualifier as to materiality contained in the prior subsection); and (iv) shall survive the applicable Closing Date and delivery of the Assets to Buyer. To Buyer’s actual knowledge none of the statements, representations or warranties of Buyer misstates or omits any fact which would make such statements, representations or warranties incomplete, misleading or incorrect in any material respect. Buyer shall inform Seller if any statement, representation or warranty becomes incorrect, misleading or incomplete subsequent to the date hereof.

ARTICLE 4. MUTUAL COVENANTS

4.1 General Covenants. Following the execution of this Agreement, Seller and Buyer agree, and, where applicable, Buyer shall cause New Operator:

(i) Subject to Section 4.2, to cooperate fully with each other in preparing, filing, prosecuting, and taking any other actions which are or may be reasonable and necessary to obtain the consent of any governmental instrumentality or any third party, to accomplish the transactions contemplated by this Agreement;

(ii) To deliver such other instruments of title, certificates, consents, endorsements, assignments, assumptions and other documents or instruments, in form reasonably

acceptable to the party requesting the same and its counsel, as may be reasonably necessary to carry out and/or to comply with the terms of this Agreement and the transactions contemplated herein; and

(iii) To confer on a regular basis with the other, report on material operational matters and promptly advise the other orally and in writing of any change or event having, or which, insofar as can reasonably be foreseen could have, a Material Adverse Effect on such party or which would cause or constitute a material breach of any of the representations, warranties or covenants of such party contained herein.

4.2 Licensing. Buyer shall cause New Operator to use commercially reasonable efforts to obtain prior to the applicable Closing Date (or as soon thereafter as practicable): (i) all consents, approvals and licenses necessary to permit the consummation of the transactions contemplated by this Agreement including, but not limited to, such licensure and certification approval as may be necessary to enable New Operator to lawfully operate the Facilities as operated by Current Operator (“**Regulatory Approvals**”); and (ii) all consents required for the transfer or assignment of the Designated Contracts (as defined in the Operations Transfer Agreements) which will be assigned and transferred by Current Operator to New Operator pursuant to the terms of the Operations Transfer Agreements. Seller shall cooperate in all reasonable respects with Buyer and New Operator in their efforts to obtain such consents, approvals and licenses.

4.3 Public Announcements. The parties may not issue any press release or any written statement with respect to this Agreement or the transactions contemplated hereby; *provided, however*, that nothing herein shall be construed as prohibiting (i) public disclosures in connection with securing any licensing or certification approvals, or complying with regulations promulgated by the Securities and Exchange Commission or other government agencies; (ii) private disclosures to the employees, shareholders, agents, contractors, consultants, attorneys, accountants, lenders and affiliates of the disclosing party, as reasonably necessary to carry out the obligations hereof; or (iii) pursuant to public announcements (including, without limitation, press releases) made with the prior written approval of Seller and Buyer.

4.4 Utilities. To the extent not addressed in the Operations Transfer Agreements, Buyer and Seller shall cooperate to take all steps necessary to transfer all utilities related to the operation of the Facilities including without limitation electric service, gas service, telephone service, sewage, water and trash removal, into Buyer’s or New Operator’s names, as directed by Buyer, effective as of the Effective Time.

ARTICLE 5. COVENANTS

5.1 Covenants of Seller.

(i) Seller Information. To the extent in Seller’s possession, Seller shall deliver such reasonable due diligence materials as Buyer has requested in the document attached as **Exhibit 5.1** and copies of any other materials relating to the transfer of Assets as may be reasonably requested by Buyer, without any representation or warranty as to the accuracy of such materials (collectively the “**Seller Information**”). If prior to the applicable Closing Date, Seller receives, discovers or becomes aware of any material change in the Assets or any matter affecting the Assets

which would render any of the materials previously given false or misleading, then Seller shall disclose such changes in writing to Buyer and deliver any additional related materials in Seller's possession to Buyer as soon as reasonably possible after such receipt or discovery.

(ii) Operations Transfer Agreements. Seller shall cause each Current Operator to execute the Operations Transfer Agreements (the "**Operations Transfer Agreements**"), on or before the Effective Date.

(iii) Indemnity Escrow Amount. On or before the Effective Time, the Escrow Agent, Seller, Current Operator, Buyer and New Operator shall enter into an escrow agreement in the form and substance to be mutually agreed to between the parties. From and after the Effective Time, the Escrow Agent shall hold back from the Purchase Price an amount equal to FIVE MILLION and no/100 U.S. Dollars (\$5,000,000.00) (the "**Indemnity Escrow Amount**") in an account specified by the Escrow Agent. The Escrow Agent shall hold the Indemnity Escrow Amount for a period of Twenty-Four (24) months following the Effective Time as additional security for the satisfaction of the indemnification obligations of Current Operator as more specifically described in Article V of the Operations Transfer Agreements.

5.2 Covenants of Buyer

(i) Operations Transfer Agreements. Buyer shall cause New Operator to enter into the Operations Transfer Agreements on or before the Effective Date.

(ii) Confidentiality. In addition to the Confidentiality Agreement previously entered into by the Parties or their affiliates, all information furnished by Seller to Buyer pursuant to this Agreement shall be treated as the property of Seller and shall be kept confidential by Buyer and New Operator until the applicable Closing Date. In the event the Closing shall not occur, Buyer and New Operator, upon request, shall return to Seller all documents and other materials containing, reflecting or referring to such information, shall keep confidential all such information, and shall not directly or indirectly use such information for any competitive or other commercial purpose. Buyer's and New Operator's obligation to keep such information confidential and to not use such information shall continue for a period of five (5) years from the date the transactions contemplated by this Agreement are abandoned and shall extend to the officers, employees and agents of Buyer. The obligation to keep such information confidential shall not apply to any information which Buyer can demonstrate (a) was already in its possession prior to the disclosure thereof by Seller, (b) was then generally known to the public, (c) became known to the public through no fault of Buyer or any of its directors, managers, officers, partners, employees, affiliates or agents, (d) was disclosed to Buyer by a third party unaffiliated with Buyer who was not bound by an obligation of confidentiality to Seller, or (e) must be disclosed pursuant to any law or regulation or any order of a court of competent jurisdiction.

(iii) Mission and Core Values. Buyer acknowledges that Seller is a tax-exempt organization and conducts its activities consistent with the Roman Catholic moral tradition articulated in such documents as the Ethical and Religious Directives for Catholic Health Care Services issued by the United States Conference of Catholic Bishops and expressed in Providence's mission and values. Seller has provided to Buyer its "Mission and Core Values" statement. Buyer confirms that it will operate its business in a manner consistent with the shared

values of Seller and Buyer, as articulated in Buyer's community based superior care approach, which the parties believe is consistent with Seller's "Mission and Core Values" statement. Further, for the avoidance of doubt, Buyer and New Operators shall not provide for assistance in dying (i.e., assisted suicide) at the Facilities. This covenant shall survive Closing without an expiration date.

(iv) Third Party Operator. Seller hereby acknowledges Hill Valley Healthcare, LLC, and its affiliates, as acceptable third party operators.

(v) Future Auction of the Assets. During the ten (10) year period following the Closing Date, Buyer shall endeavor to provide Seller prior notice if Buyer or its applicable affiliate commences an auction to sell or dispose of any of the Facilities; provided, that failure to provide such prior notice shall not constitute a default under this Agreement.

(vi) Buyer Guarantor. Prior to Closing, an entity affiliated to Buyer, mutually agreeable to Buyer and Seller, shall execute a guaranty (the "**Guaranty**") of Buyer's obligations hereunder, in substantially equivalent terms as apply under the applicable guarantor provisions of the Operations Transfer Agreements.

ARTICLE 6. DUE DILIGENCE PERIOD; TITLE

6.1 Due Diligence Period. Buyer shall have until the Effective Date (the "**Due Diligence Deadline**," and the period ending on the Due Diligence Deadline, the "**Due Diligence Period**") to approve or disapprove, at its sole and absolute discretion and at its sole expense, the suitability of the Assets for Buyer's intended use (the "**Due Diligence Investigation**"). All due diligence shall be at Buyer's sole cost and expense and shall be conducted in accordance with applicable municipal, county, State or Federal statutes, codes, ordinances, laws, rules or regulations ("**Laws**"), including without limitation, Laws relating to worker safety and the proper disposal of discarded materials, and shall be subject to the rights of tenants occupying the Facilities pursuant to occupancy agreements. Buyer shall provide Seller with reasonably sufficient prior written notice, and shall coordinate with Seller, prior to and during each visit to the Property by any Buyer's Representatives and representatives of Seller may accompany Buyer's Representatives during each such visit. Buyer and Buyer's Representatives shall not have the right to enter into any dwelling unit of the Real Property without reasonably sufficient prior written notice to Seller whereupon Seller can arrange for an inspection of the unit with the applicable resident. Seller or its designated representative shall have the right to (i) be present for any physical inspections or testing of the Real Property, and (ii) no invasive or destructive testing of the Real Property shall be permitted without the prior written consent of Seller, to be granted or withheld in Seller's sole and absolute discretion. During the Due Diligence Period, Buyer shall restore the Assets to the same condition prior to conducting such due diligence, provided, that, for the avoidance of doubt, Buyer shall not be responsible for any existing conditions except to the extent exacerbated by Buyer. Subject to the foregoing, Buyer shall indemnify and hold Seller harmless from and against any and all (i) damage caused to the Assets, or any other property, by Buyer or its agents or contractors, (ii) loss, damage or injury to any person or property to the extent resulting directly from any hazard or other condition created by Buyer or its agents or contractors, and (iii) any injury to Buyer or any of its agents or contractors arising out of the exercise of Buyer's rights under this **Section 6.1**.

6.2 Due Diligence Materials. Buyer, at Buyer's sole expense, shall have the right to obtain such title reports, litigation and lien searches, non-invasive environmental reports, property appraisals, engineering and building condition reports, surveys, and other information and reports concerning the Assets, as Buyer may reasonably require (collectively, the "**Due Diligence Materials**"), and Seller agrees to use commercially reasonable efforts to cooperate with Buyer, at no expense to Seller, in locating and/or obtaining the Due Diligence Materials.

6.3 Termination Rights. If, during the Due Diligence Period, Buyer, at Buyer's sole discretion, determines for any or no reason whatsoever that the Assets are not suitable for Buyer's use, Buyer, by written notice given to Seller before the Due Diligence Deadline, shall have the right to terminate this Agreement. Any timely and proper termination of this Agreement pursuant to this Section 6.3 shall result in the automatic termination of the Operations Transfer Agreements. If this Agreement is terminated as provided in this Section 6.3: (i) the Deposit shall be returned to Buyer, and (ii) except as otherwise expressly provided in this Agreement, the parties shall have no further obligations hereunder.

6.4 Title Review Period. Escrow Agent shall promptly cause First American Title Insurance Company, attention Michael Arnett, having an address of 3281 E. Guasti Road, Suite 440, Ontario, CA 91761, or such other title insurer reasonably acceptable to the parties (the "**Title Insurer**") to issue to Buyer a current preliminary title report (the "**Title Report**"), together with readable copies of all instruments of record referred to therein. Buyer may, at Buyer's election, deliver to Escrow Agent and Title Insurer an ALTA survey of the Real Property and request that the Title Insurer issue an extended coverage owner's policy of title insurance, provided that issuance of such extended coverage shall not be a condition precedent to the Closing. Buyer shall have until the Due Diligence Deadline to notify Seller in writing of any objection to exceptions ("**Title Objections**") contained in the Title Report or on an ALTA/ACSM survey of the Real Property (the "**Survey**"). If Buyer fails to so make an objection by the Due Diligence Deadline, Buyer shall be deemed to have approved the condition of title to the Real Property as reflected in the Title Report and on the Survey and all such matters shown or listed on the Title Report and Survey shall be deemed Permitted Exceptions (provided that, nothing herein shall restrict Buyer's right to terminate on or before the Due Diligence Deadline. If Buyer timely objects to any exception(s) in the Title Report or on the Survey, Seller shall have the right, but not the obligation, to cause the removal of such exception to title or to cause the Title Insurer to commit to issuance of an endorsement reasonably acceptable to Buyer insuring against such exception to title. In the event Seller determines that it is unable or unwilling to remove any one or more of such exception(s) to title, Seller shall so notify Buyer in writing ("**Seller's Election to Not Correct Exceptions**") within ten (10) business days after it receives Buyer's notice of objection. Failure of Seller to so notify Buyer within such ten (10) business day period shall be deemed Seller's election not to remove such exceptions to title and/or not to cause the Title Insurer to commit to issuance of an endorsement reasonably acceptable to Buyer insuring against such exceptions to title. Buyer may, at its option, terminate this Agreement within three (3) business days after Buyer receives Seller's Election to Not Correct Exceptions or any time prior to closing if Seller fails to deliver notice of its election within the ten (10) business day period described above. If Seller is unable or unwilling to remedy all matters objected to by Buyer, Buyer will have the option of consummating the transaction contemplated hereby and accepting such title as Seller is so able or willing to convey without any reduction of or credit against the Purchase Price Upon such termination, Buyer shall be entitled to the return of the Deposit, and except as expressly provided

herein, the parties shall have no further liability under this Agreement. Notwithstanding anything contained herein to the contrary, Buyer shall not be required to object to monetary liens, judgments and security interests identified in the Title Report, it being agreed that all such liens, judgments, encumbrances and security interests shall be removed by Seller at or prior to the applicable Closing Date.

6.5 New Exceptions. If additional exception(s) to title are disclosed after the date of the Title Report, then Buyer's approval of such exception(s) to title shall be a condition precedent to Buyer's obligation to buy the Assets. Unless Buyer gives written notice to Seller that it disapproves any such additional exception(s) to title on or before the Due Diligence Deadline or the date that is three (3) business days after the disclosure of such additional exception(s), whichever is later, Buyer shall be deemed to have approved such additional exception(s). Seller shall have the right, but not the obligation, to cause the removal of such additional exception(s) to title or to cause the Title Insurer to commit to issuance of an endorsement reasonably acceptable to Buyer insuring against such exception(s) to title. In the event Seller determines that it is unable or unwilling to remove any one or more of such additional exception(s) to title, Seller shall so notify Buyer in writing ("**Seller's Election to Not Correct Additional Exceptions**") within three (3) business days after it receives Buyer's notice of objection. Failure of Seller to so notify Buyer within such three (3) business day period shall be deemed Seller's election not to remove such additional exception(s) to title and/or not to cause the Title Insurer to commit to issuance of an endorsement reasonably acceptable to Buyer insuring against such exception(s) to title. Buyer may elect in writing to either, at its option, (i) terminate this Agreement within three (3) business days after Buyer receives Seller's Election to Not Correct Additional Exception or immediately upon Seller's failure to deliver notice of its election within the 3-day period described above or (ii) waive such Title Objections and proceed to Closing without any reduction of or credit against the Purchase Price. Upon such termination, Buyer shall be entitled to the return of the Deposit and, except as expressly provided in this Agreement, the parties shall have no further liability under this Agreement. Notwithstanding the foregoing provisions, Seller covenants that they will not cause the creation of additional exception(s) to title after the Effective Date without the prior written consent of Buyer, which consent shall not be unreasonably withheld or delayed. Notwithstanding anything contained herein to the contrary, Buyer shall not be required to object to monetary liens, judgments, security interests and other matters identified in the Title Report, it being agreed that all such liens, judgments, encumbrances and security interests shall be removed by Seller at or prior to the Closing Date.

6.6 Title Policy. At each Closing, Seller will convey the Real Property to Buyer in such condition that Title Insurer is willing to issue to Buyer one or more ALTA standard owner's policies of title insurance (the "**Title Policy**") with liability equal to the Purchase Price allocated to the applicable Real Property, showing fee simple title to the applicable Real Property vested in Buyer, with such title coverages and endorsements or other assurances requested by Seller to cure Buyer's title or survey objection pursuant to Section 6.4 or Section 6.5, subject only to the following "**Permitted Exceptions**": (i) the lien of non-delinquent real property taxes and assessments; (ii) the matters approved or deemed approved as provided in Section 6.4 or Section 6.5; and (iii) such matters which have been created by or for the benefit of Buyer. The Seller shall pay for the Title Policy with standard title coverages, and the Buyer shall pay for any extended coverage, title endorsements, other assurances, surveys and other additions to the Title Policy or any survey, or any lender's title insurance, except that Seller shall pay for standard title coverages

and such title coverages, endorsements or other assurances obtained by Seller to cure Buyer's title or survey objection pursuant to Section 6.4 or Section 6.5. The willingness of the Title Insurer to issue any such additional coverages or endorsements (other than the ALTA standard owner's coverage and such additional coverages and endorsements obtained by Seller pursuant to Section 6.4 or Section 6.5 to cure Buyer's title or survey objection) is not a condition of Closing.

ARTICLE 7. CONDITIONS TO OBLIGATION OF BUYER TO PERFORM

The obligations of Buyer under this Agreement are subject to the satisfaction, on or before each Closing Date with regard to the Facilities subject to such Closing, of the following conditions (the "**Closing Conditions**"), each of which are for the sole benefit of Buyer and may be waived by Buyer at Buyer's sole option by delivery to Seller of a written notice of such waiver:

7.1 **Compliance with Agreement.** The material performance by Seller and Current Operator, as applicable, of each and every undertaking, covenant, condition and agreement required to be performed or satisfied by it under this Agreement and the Operations Transfer Agreements.

7.2 **Representations and Warranties.** Each representation and warranty made by Seller and Current Operator, as applicable, contained in this Agreement and the Operations Transfer Agreements shall be true and correct in all material respects on the Effective Date and on the applicable Closing Date (except to the extent that such representations and warranties are qualified by the term "material," in which case such representations and warranties (as so written, including the term "material") shall be true, correct and complete in all respects), except to the extent expressly made as of an earlier date, in which case as of such earlier date;

7.3 **Due Diligence.** Buyer shall be satisfied in its sole discretion with the results of its Due Diligence Investigation. If Buyer shall not be so satisfied and Buyer notifies Seller thereof in writing on or prior to the end of the Due Diligence Period, this Agreement shall be of no further force and effect and neither Seller nor Buyer shall have any further rights or obligations hereunder except with respect to those rights and obligations, if any, which specifically survive termination of this Agreement and other than the right of Buyer to secure the return of the Deposit from Escrow and the obligation of Escrow Agent to return the Deposit to Buyer. If Buyer fails to give such notice to Seller prior to the end of the Due Diligence Period, it shall be conclusively presumed that Buyer is satisfied with the results of its Due Diligence Investigation and this condition shall be deemed satisfied, and this Agreement shall continue in full force and effect.

7.4 **No Bankruptcy or Dissolution.** None of the following will have been done by, against or with respect to the other party: (A) the commencement of a case under Title 11 of the U.S. Code, as now constituted or hereafter amended, or under any other applicable federal or state bankruptcy law or other similar law; (B) the appointment of a trustee or receiver of any property interest; (C) an assignment for the benefit of creditors; (D) an attachment, execution or other judicial seizure of a substantial property interest; (E) the taking of, failure to take, or submission to any action indicating an inability to meet its financial obligations as they accrue; or (F) a dissolution or liquidation.

7.5 No Damage. Between the Effective Date and the applicable Closing Date, inclusive, no destruction of or damage from any cause whatsoever, will have occurred with respect to the applicable Facility that, according to Buyer's reasonable estimate, would cost, in the aggregate, more than One Hundred Fifty Thousand Dollars (\$150,000.00) to repair, restore and replace or would take longer than sixty (60) days to repair, restore and replace, in which event, Buyer may terminate this Agreement and be entitled to a return of the Deposit.

7.6 No Taking. Except as may be otherwise disclosed by Seller to Buyer, between the Effective Date and the applicable Closing Date, no taking, threatened taking (or consideration by a governmental authority of a taking) of the Property or any material part thereof by eminent domain will have occurred that would materially and adversely affect the value or use of the Property or portion thereof.

7.7 Operations Transfer Agreements. Current Operator and New Operator shall have entered into the Operations Transfer Agreements. All conditions to Closing under the Operations Transfer Agreements shall have been fulfilled or waived. All the terms and conditions of the Operations Transfer Agreements are incorporated by reference into this Agreement and the material performance of the obligations thereunder (for the Facilities subject to such Closing) that can be performed prior to Closing shall be a condition precedent hereof.

7.8 No Material Adverse Effect. There shall not have occurred any Material Adverse Effect; *provided, however*, that Seller will have thirty (30) days following notice from Buyer of such condition or conditions giving rise to the Material Adverse Effect to cure such condition. **"Material Adverse Effect"** means any change, development, event, state of facts or occurrence that has, or could reasonably be expected to have, in the aggregate, a material adverse effect on (i) the business, property, assets, operations, operating results, employees, vendor or third party payor relations or financial condition of the Facilities, taken as a whole (including, but not limited to, by reason of (A) the occurrence of a survey at the Facilities that results in or, after the exit interview conducted by the surveyors, is expected to result in any citations or deficiencies that rise to "harm-level" of "G" or higher, or (B) census at the Facilities drops at a rate of 8% or more between the Effective Date and the Closing Date) or (ii) Current Operator's ability to perform its obligations under this OTA or the consummation by Current Operator of the transactions contemplated hereby, taken as a whole; *provided, however*, that in no event shall any of the following occurring after the date hereof, alone or in combination, be deemed to constitute a Material Adverse Effect: (A) any effect that results from changes affecting the skilled nursing or senior housing industry or the United States economy generally, (B) any effect that results from changes affecting general worldwide economic or capital market conditions, (C) any effect resulting from compliance with the terms and conditions of this Agreement or the Operations Transfer Agreements, (D) any declaration of war, military crisis or conflict, civil unrest, act of terrorism, disaster, calamity, emergency, pandemic, or act of God, (E) the failure of a Facility to achieve internal or external financial forecasts or projections, provided that the events, changes, developments or occurrences underlying such failure shall not be excluded as a result of this clause (E), or (F) any breach by Buyer of this Agreement or the Operations Transfer Agreements; *provided, however*, that the exclusions provided in clauses (A), (B), or (D) shall not apply to the extent such change, development, event, state of facts or occurrence affects the Facilities in a disproportionately adverse manner relative to other Persons engaged in the industries in which the Facilities operate.

7.9 Delivery of Seller Closing Items. Seller shall have deposited in Escrow all of the Seller Closing Items (as defined below).

7.10 Delivery of Possession. Seller shall have irrevocably tendered possession of the Facilities to Buyer as of the Effective Time, subject to the rights of tenants occupying the Facilities pursuant to occupancy agreements, and such other residents who have been admitted to the Facilities in the ordinary course of business. Notwithstanding the foregoing, Seller shall not be obligated to evict, and it shall not be deemed a condition precedent to Closing for Seller to evict, any resident occupying the Facilities as of the Closing Date.

7.11 Unfavorable Action or Proceeding. On the applicable Closing Date, no orders, decrees, judgments or injunctions of any court or governmental body shall be in effect, and no claims, actions, suits, proceedings, arbitrations or investigations shall be pending or threatened, which challenge or seek to challenge, the consummation of the transactions contemplated in this Agreement.

7.12 Closing Certificate. Seller shall have delivered to Buyer a certificate of a duly authorized officer of Seller dated as of the applicable Closing Date stating that the conditions specified in Section 7.1 and Section 7.2 have been satisfied for all Facilities being transferred on such Closing Date.

7.13 ROFR Waiver. Seller shall have delivered to Buyer sufficient evidence, as determined by Buyer in its sole discretion, that any ROFR relating to any Facility or Assets, including but not limited to the Sisters of Providence's ROFR, has been terminated or otherwise resolved to Buyer's satisfaction.

ARTICLE 8. CONDITIONS TO OBLIGATION OF SELLER TO PERFORM

The obligations of Seller under this Agreement are subject to the satisfaction, on or before each Closing Date with regard to the Facilities subject to such Closing, of the following conditions, each of which may be waived by Seller by delivery to Buyer of a written notice of such waiver.

8.1 Compliance with Agreement. The performance by Buyer and New Operator, as applicable, of each and every undertaking, covenant, condition and agreement required to be performed or satisfied by them under this Agreement and the Operations Transfer Agreements.

8.2 Representations and Warranties. Each representation and warranty made by Buyer and New Operator, as applicable, contained in this Agreement and the Operations Transfer Agreements shall be true and correct in all material respects on the Effective Date (except to the extent that such representations and warranties are qualified by the term "material," in which case such representations and warranties (as so written, including the term "material") shall be true, correct and complete in all respects), except to the extent expressly made as of an earlier date, in which case as of such earlier date.

8.3 Delivery of Buyer Closing Items. Buyer shall have deposited in Escrow all of the Buyer Closing Items (as defined below).

8.4 Unfavorable Action or Proceeding. On the applicable Closing Date, no orders, decrees, judgments or injunctions of any court or governmental body shall be in effect, and no claims, actions, suits, proceedings, arbitrations or investigations shall be pending or threatened, which challenge or seek to challenge, or which could prevent or cause the rescission of, the consummation of the transactions contemplated in this Agreement.

8.5 No Bankruptcy or Dissolution. None of the following will have been done by, against or with respect to any party hereto: (A) the commencement of a case under Title 11 of the U.S. Code, as now constituted or hereafter amended, or under any other applicable federal or state bankruptcy law or other similar law; (B) the appointment of a trustee or receiver of any property interest; (C) an assignment for the benefit of creditors; (D) an attachment, execution or other judicial seizure of a substantial property interest; (E) the taking of, failure to take, or submission to any action indicating an inability to meet its financial obligations as they accrue; or (F) a dissolution or liquidation.

8.6 Operations Transfer Agreements. Current Operator and New Operator shall have entered into the Operations Transfer Agreements. All conditions to Closing under the Operations Transfer Agreements shall have been fulfilled or waived.

8.7 Closing Certificate. Buyer shall have delivered to Seller a certificate of a duly authorized officer of Buyer dated as of the applicable Closing Date stating that the conditions specified in Section 8.1 and Section 8.2 have been satisfied for all Facilities being transferred on such Closing Date.

8.8 Board Approval. Seller shall have received the approval of its Board of Directors to consummate the transactions contemplated by this Agreement and the Operations Transfer Agreements.

ARTICLE 9. RISKS AND REMEDIES

9.1 Remedies Prior to or on Closing.

(i) Termination. In the event of any material breach or default of any warranty, covenant, agreement, condition or other obligation of a party hereunder, the other party may at its option, subject to Section 9.2, terminate this Agreement by delivering written notice of termination to the defaulting party specifying with particularity the breach or default on which the notice is based. In the event of such a termination, subject to the notice and cure provisions set forth in Section 9.2 below, Escrow Agent shall immediately (i) disburse the Deposit to the non-defaulting party, (ii) cancel the Escrow, and (iii) charge any escrow cancellation or similar fee to the defaulting party. In the event that Buyer terminates this Agreement prior to the end of the Due Diligence Period pursuant to Section 6.3, Escrow Agent shall immediately disburse the Deposit to Buyer and cancel Escrow.

(ii) Default of Seller. In the event the Closing and the transactions contemplated hereby do not occur as provided herein by reason of the default of Seller, Buyer may elect, to (a) terminate this Agreement and receive the Deposit from the Escrow Agent, and in such event Seller shall not have any further liability whatsoever to Buyer hereunder, (b) waive the default or breach and proceed to Closing, or (c) pursue its equitable remedies, including, without

limitation, specific performance to require closing of this Agreement or the obligations of Seller hereunder, within sixty (60) days following delivery of the notice of default. Notwithstanding the foregoing, nothing contained herein shall limit Buyer's remedies at law or in equity, as to any breach of this Agreement by Seller. In the event the Initial Closing has occurred, Buyer shall be entitled to the remedy set forth in subsection (a) above for any Subsequent Closing Facilities only.

(iii) Default of Buyer. In the event the Closing and the transactions contemplated hereby do not occur as provided herein by reason of the default of Buyer, Seller may elect, to (a) terminate this Agreement and receive the Deposit from the Escrow Agent, and in such event, except as expressly provided in this Agreement, Buyer shall not have any further liability whatsoever to Seller hereunder, (b) waive the default or breach and proceed to Closing, or (c) pursue its equitable remedies, including, without limitation, specific performance to require closing of this Agreement or the obligations of Buyer hereunder within sixty (60) days following delivery of the notice of default. Notwithstanding the foregoing, nothing contained herein shall limit Seller's remedies at law or in equity, as to any breach of this Agreement by Buyer.

Notwithstanding anything to the contrary in this Section 9.1, the right to terminate this Agreement under this Section 9.1 shall not be available to any party hereto whose breach of representation or warranty or failure to fulfill in any material respect any covenants and agreements of such party set forth in this Agreement was a cause of the failure of the event or condition giving rise to the right to terminate the Agreement.

9.2 Notice of Default. Notwithstanding anything contained herein to the contrary, neither party to this Agreement may claim termination or pursue any other remedy (other than injunctive relief) on account of a breach of a condition, covenant or warranty by the other, without first giving such other party written notice of such breach and not less than ten (10) days within which to cure such breach. The applicable Closing Date and the applicable Effective Time, if necessary, shall be postponed if necessary to afford such opportunity to cure.

9.3 Risk of Loss. Until the applicable Closing Date, Seller (a) shall bear all risk of loss with regard to the Assets (whether or not insured), (b) shall cause to be maintained in full force and effect fire and extended coverage insurance in an amount equal to one hundred percent (100%) of the replacement cost of the Assets, and (c) shall comply with all requirements of all such insurance policies. Prior to the applicable Effective Time, Seller shall not reduce or cancel the amount of coverage of any insurance policy pertaining to the Assets. In the event that all or any part of the Assets are damaged or destroyed by fire, windstorm or any other casualty on or prior to the applicable Closing Date, Seller shall immediately notify Buyer of such damage or destruction. In the event that such damage or destruction is in the aggregate more than One Hundred Fifty Thousand Dollars (\$150,000), Buyer shall have the option to: (x) terminate this Agreement by written notice delivered to Seller within ten (10) days after Buyer's receipt of notice of such damage or destruction, in which case the parties shall have no further obligations hereunder, or (y) proceed with the transactions contemplated by this Agreement without abatement of the Purchase Price, in which case (i) all insurance proceeds shall be deemed to have been absolutely and irrevocably assigned to and be payable directly to Buyer, (ii) after the Close of Escrow, Buyer shall have the right to conduct all settlement proceedings with respect to the insurance claims, and (iii) Seller shall deliver to Buyer through Escrow an unconditional assignment of all insurance

proceeds. If this Agreement is not terminated, Seller shall not be obligated to repair any damage or destruction.

9.4 Condemnation. If condemnation or eminent domain proceedings or an agreement with or notice from a governmental agency in lieu of such proceedings should affect all or a portion of the land or of the improvements on the land constituting the Real Property prior to the Close of Escrow, Buyer may, at its option, either (i) terminate this Agreement by written notice to Seller, in which event the Deposit shall be returned to Buyer, and neither Buyer nor Seller shall have any further liability hereunder, or (ii) elect to consummate this transaction without abatement of the Purchase Price, in which event Seller shall assign to Buyer all of its right, title and interest in and to any award made or to be made in connection with such proceedings or agreement and shall permit Buyer to conduct all negotiations and enter into all agreements with respect thereto. Buyer's rights hereunder shall be cumulative, and Buyer shall have the foregoing rights in the case of each such condemnation or eminent domain proceeding.

9.5 Survival.

(i) All representations and warranties of Seller, on the one hand, and Buyer, on the other hand, contained in this Agreement, the Operations Transfer Agreements, or in any document to be executed and delivered pursuant hereto or thereto at a Closing (each, a "**Closing Document**"), and all indemnity obligations of the Parties, shall survive for the period of two (2) years following the applicable Closing (the "**Survival Period**"); provided that any representations, warranties, covenants and remedies arising out of or based on any Excluded Liability, or arising out of or based on Fraud shall survive the applicable Closing Date (and shall not be subject to the Survival Period). Except as otherwise set out in this Agreement, post-Closing covenants and obligations of the parties shall survive for the lesser of (i) the period contemplated by their terms or (ii) the Survival Period, and shall automatically terminate at such time without any action on the part of any Party hereto; *provided, however*, that non-monetary obligations for access and/or retention of records, confidentiality, general cooperation, delivery of property received belonging to the other party, and further assurances, shall survive for the applicable Closing Date for the period of the statute of limitations or the specific period set forth herein.

9.6 Seller Indemnification. Without limiting its other obligations and duties hereunder, Seller shall indemnify, defend and hold Buyer, New Operator, and their respective officers, directors, employees, shareholders and affiliates ("**Buyer Indemnified Parties**"), harmless for, from and against any and all claims, losses, expenses, damages, obligations, deficiencies, or liabilities of any kind (but excluding any punitive, incidental, consequential, special or indirect damages, including loss of future revenue or income, loss of business reputation or opportunity or diminution of value or any damages based on any type of multiple), including without limitation costs of investigation, interest, penalties, reasonable attorneys' fees, and any and all costs, expenses, and fees incident to any suit, action or proceeding, incurred, sustained or suffered (collectively, "**Losses**") by the Buyer Indemnified Parties which arise out of, result from or are related to any of the following:

(i) any misrepresentation of a material fact or breach of warranty on the part of Seller under this Agreement or the Operations Transfer Agreements, or from any misrepresentations in any certificate furnished or to be furnished to Buyer hereunder;

(ii) any breach of any covenant or agreement on the part of Seller under this Agreement or the Operations Transfer Agreements;

(iii) except as otherwise provided in this Agreement, any and all obligations and liabilities relating to the ownership of the Facilities by Seller that exist as of the applicable Effective Time; and for purposes of this Section 9.6 an obligation shall be deemed to “exist” as of the applicable Effective Time if it relates to events which occurred as a result of the acts or omissions of Seller prior to the applicable Effective Time, even if it is not asserted until after the Closing Date;

(iv) any claims against Seller, Current Operator, Buyer, New Operator or the Facilities (a) with respect to any Excluded Assets, (b) with respect to the ownership of the Facilities by Seller prior to the Effective Time, (c) with respect to the operation of the Facilities by Current Operator prior to the Effective Time, or (e) for any fees, fines or penalties assessed against the Assets of the Facilities and attributable to periods prior to the Effective Time; and

(v) any Excluded Liability.

Notwithstanding anything to the contrary contained in this Agreement, Seller shall have no liability or indemnification obligation to Buyer Indemnified Parties with respect to the condition of the Assets.

9.7 Buyer Indemnification. Without limiting its other obligations and duties hereunder, Buyer and/or Guarantor shall indemnify, defend and hold Seller and its respective officers, directors, employees, shareholders and affiliates (the “**Seller Indemnified Parties**” and together with the Seller Indemnified Parties, the “**Indemnified Parties**” and each, an “**Indemnified Party**”), harmless for, from and against any and all Losses sustained or suffered by the Seller Indemnified Parties which arise out of, result from or are related to any of the following:

(i) any misrepresentation of a material fact or breach of warranty on the part of Buyer or New Operator under this Agreement or the Operations Transfer Agreements, or from any misrepresentations in any certificate furnished or to be furnished to Seller hereunder or thereunder;

(ii) any breach of any covenant or agreement of the part of Buyer or New Operator under this Agreement or the Operations Transfer Agreements; and

(iii) Buyer’s or New Operator’s ownership and operation of the Facilities on and after the Effective Time.

9.8 Limitations on Liability.

(i) Neither Seller nor Buyer shall have any obligation to indemnify an Indemnified Party from and against any Loss pursuant to Section 9.6(i) or Section 9.7(i) unless and until the aggregate claims for such Losses with respect to such claim exceeds TWENTY-FIVE THOUSAND and 00/100 U.S. Dollars (\$25,000.00) (the “**Indemnification Threshold**”), at which time the Indemnified Parties shall be entitled to recover all such Losses greater than the Indemnification Threshold, subject to the Indemnification Cap.

(ii) Other than with respect to any Losses arising from an Excluded Liability, in no event shall the Indemnified Parties be entitled to recover Losses from Seller or Buyer, as applicable, pursuant to Section 9.6(i) or Section 9.7(i), as applicable, for an aggregate amount in excess of the Indemnity Escrow Amount (the “**Indemnification Cap**”).

(iii) Notwithstanding the limitations on indemnification set forth in this Section 9.8, such limitations shall not apply to any claim against Seller or Buyer, as applicable, for Fraud. For purposes of this Agreement, “**Fraud**” means, with respect to any party, an actual and intentional misrepresentation of a material existing fact with respect to any representation or warranty, made by such party with actual knowledge of its falsity and made for the purpose of inducing the other party to act, and upon which the other party justifiably relies with resulting Losses. For the avoidance of doubt, “**Fraud**” shall not include any claim for equitable fraud, constructive fraud, promissory fraud, unfair dealings fraud, fraud by reckless or negligent misrepresentation or any tort based on negligence or recklessness.

(iv) Any Losses for which any Indemnified Party would be entitled to indemnification under this Article 9 shall be reduced by the amount of insurance proceeds actually received or recovered in cash under any insurance policies for the benefit of such Indemnified Party (including any title policies) and any cash payments, setoffs or recoupment of any payments actually recovered by such Indemnified Party in respect of such Losses.

(v) Any indemnification payments made pursuant to this Agreement shall be treated as an adjustment to the Purchase Price (as determined for U.S. federal income tax purposes) and shall be reflected as an adjustment to the consideration allocated to a specific asset, if any, giving rise to the adjustment. In the event of a claim under this Article 9, an Indemnified Party shall have a duty to mitigate its Losses to the fullest extent required by applicable Law.

(vi) Seller shall not be required to pay duplicative damages.

9.9 Indemnification Procedures. Without limiting its other obligations and duties hereunder, Buyer and Seller agree that, upon receipt by either party of a claim in respect of which any indemnity may be sought hereunder, such party (the “**Claimant**”) shall give written notice (the “**Notice of Claim**”) to the other (the “**Indemnitor**”) within ten (10) days of receiving such claim. No indemnification shall be available to any Claimant who fails to timely give the required Notice of Claim if the Indemnitor was unaware of the claim and was prejudiced by the failure to timely receive the Notice of Claim. The Indemnitor shall be entitled at its own expense to participate in the defense of any claim or action against the Claimant. The Indemnitor shall have the right to assume the entire defense of such claim provided that (i) Indemnitor gives written notice of its desire to defend such claim (the “**Notice of Defense**”) to the Claimant within fifteen (15) days after Indemnitor’s receipt of the Notice of Claim; (ii) Indemnitor’s defense of such claim shall be without cost to Claimant or prejudice to Claimant’s rights; (iii) counsel chosen by Indemnitor to defend such claim shall be reasonably acceptable to Claimant, (iv) the Indemnitor shall bear all costs and expenses in connection with the defense of such claim; (v) Claimant shall have the right, at Claimant’s expense, to have Claimant’s counsel participate in the defense of such claim; and (vi) Claimant shall have the right to receive periodic reports from Indemnitor and Indemnitor’s counsel with respect to the status and details of the defense of such claim and shall have the right to make direct inquiries to Indemnitor’s counsel in this regard. Solely for purposes

of subsection (vi) above, the submission of reports by Indemnitor's counsel to Claimant, pursuant to subsection (vi) above, shall not be deemed a waiver by Indemnitor of the attorney-client privilege.

ARTICLE 10. CLOSING

10.1 Seller's Obligations at Closing. On or before the applicable Closing Date, Seller shall deposit into Escrow, or deliver or cause to be delivered directly to Buyer, all of the following, which are referred to herein as "**Seller Closing Items**":

(i) If Seller has received, prior to the applicable Closing Date, evidence of all required approvals authorizing the execution and performance of this Agreement;

(ii) All releases, waivers, and satisfactions reasonably necessary to deliver title and/or satisfy any requirements under Article 6 of this Agreement for issuance of the Title Policy;

(iii) A certificate of an officer of Seller certifying to Buyer (a) compliance with Seller's covenants set forth in this Agreement and (b) truth of all representations and warranties of Seller set forth in this Agreement as of the applicable Closing Date and the applicable Effective Time;

(iv) The Operations Transfer Agreements, executed by Current Operator, if not previously delivered to Buyer;

(v) All necessary instruments of transfer, properly executed by Seller acknowledged, conveying, transferring and assigning to Buyer all of Seller's right, title and interest in and to the Assets and any and all warranties or rights in connection therewith, all in form and substance reasonably satisfactory to Buyer and Seller, including without limitation:

(a) A Special Warranty Deed (the "**Deed**") or similar instrument in the state where the applicable Facility is located, from Seller conveying the Real Property, subject only to the Permitted Exceptions;

(b) A Bill of Sale, Assignment and Assumption of Resident Trust Funds, and Assignment and Assumption Agreement, each as defined in the Operations Transfer Agreements, from Seller or Current Operator, as applicable, to New Operator, which shall include the Assets other than the Real Property and the Assets to be conveyed to the New Operator pursuant to the Operations Transfer Agreements (the "**Asset Transfer Agreements**");

(c) The original titles to all motor vehicles transferred under the Operations Transfer Agreements; *provided that* Buyer may designate New Operator to take title to such motor vehicles;

(d) The leases and/or licenses with respect to the dining room, kitchen and chapel, each adjacent and connected to the Emilie Court Facility;

(e) The easement with respect to the ingress and egress in connection with the Mount Angel Benedictine Facility; and

(f) The easement with respect to the parking lot adjacent to the St. Joseph's Facility;

(vi) All keys and combinations for all locks on the Real Property and for all motor vehicles, which Seller or Escrow Agent shall immediately deliver to Buyer upon applicable Closing;

(vii) Such transfer tax forms as may be required as a condition to the recordation of the Deed or as may be required from Seller in connection with the transfer of the Real Property; and

(viii) Such other forms and documents as Buyer or Escrow Agent may reasonably request in order to effectuate the transactions contemplated hereby and close the Escrow.

10.2 Buyer's Obligations at Closing. On or before the applicable Closing Date, Buyer shall deposit in Escrow, or deliver or cause to be delivered directly to Seller the following, which are referred to herein as the "**Buyer Closing Items**":

(i) The Cash Due at the applicable Closing, plus other amounts required to be deposited by Buyer to pay for Buyer's share of costs and prorations, by wire transfer, cashier's check or other form of immediately available funds acceptable to Escrow Agent;

(ii) If Buyer has received, prior to the applicable Closing Date, evidence of all required approvals authorizing the execution and performance of this Agreement;

(iii) A certificate of an officer of Buyer certifying to Seller (a) compliance with Buyer's covenants set forth in this Agreement and (b) truth of all representations and warranties of Buyer set forth in this Agreement as of the applicable Closing Date and the Effective Time;

(iv) Countersignatures to the Asset Transfer Agreements, to the extent applicable;

(v) The Guaranty; and

(vi) Such other documents, forms, certifications, instructions or items as Seller or Escrow Agent may reasonably request to effectuate the transactions contemplated hereby and close the Escrow.

10.3 Costs and Prorations. To the extent not addressed in the Operations Transfer Agreements, the costs of the transaction and the expenses related to the ownership and operation of the Facilities shall be allocated between Seller and Buyer as follows:

(i) All items to be prorated shall be prorated (a) as of the Effective Time, with Seller responsible therefor or entitled thereto for the period prior to the Effective Time, and with Buyer responsible therefor or entitled thereto for the period from and after the Effective Time, (b) on the basis of actual days elapsed in the relevant accounting, revenue or expense period and, (c) if exact information is not available, shall be estimated based on the most recent information available. If, after netting together all credits due each party hereunder, there is a net credit due

(x) Buyer, such credit shall reduce, dollar-for-dollar, the Cash Due at the applicable Closing; or
(y) Seller, such credit shall increase, dollar-for-dollar, the Cash Due at the applicable Closing.

(ii) Seller shall pay any and all transfer, documentary stamp, recording fee, excise tax or other fee, tax, charge or assessment which may be imposed by any governmental agency on the sale or transfer of the Real Property to Buyer or the recording of the Deed to be delivered to Buyer as provided herein.

(iii) Seller shall pay any sales tax due on the transfer of title to the Assets to Buyer or New Operator.

(iv) Seller shall pay the equivalent cost of a standard ALTA Owner's Title Policy, and Buyer shall pay the excess cost of ALTA extended coverage and any endorsements which it elects to obtain.

(v) Real Property and Personal Property taxes, assessments and other impositions shall be prorated as of the Effective Time.

(vi) Seller and Buyer shall each pay their own attorneys' fees.

(vii) Buyer and Seller shall each pay one-half of any escrow fees.

(viii) To the extent Seller has affirmatively elected or is otherwise required by this Agreement to pay the same, Seller shall pay all costs associated with obtaining and recording any releases necessary to cause any monetary liens affecting the Real Property, any liens encumbering the motor vehicles of Seller and any lien, encumbrance or other security interest affecting any of the Assets to be discharged in accordance with the terms of this Agreement as of the applicable Closing. If acceptable arrangements are not otherwise made prior to or at the applicable Closing, Escrow Agent shall use Seller's Purchase Price proceeds to discharge any or all such encumbrances and obtain the corresponding releases through Escrow at the applicable Closing, pursuant to a Closing Statement to be agreed between the Parties.

(ix) Utility charges accrued as of the Effective Time shall be estimated based on prior charges, and shall be prorated between the parties as of the Effective Time.

(x) Personal Property lease payments, plus all other income and expenses which are normally prorated upon the sale of assets of a going concern, advance payments, prepayments, prepaid expenses and utility deposits shall be prorated as of the Effective Time.

(xi) Except as otherwise provided herein, each party represents and warrants to the other that no real estate sales or brokerage commissions or like commissions are or will be due from the other party in connection with this transaction. Further, each party agrees to indemnify, defend and hold harmless the other party for, from and against any and all liability, loss, cost, damage or expense, including without limitation court costs and reasonable attorneys' fees, resulting from any assertion of a right to a brokerage commission as a consequence of any act or omission of such indemnifying party.

10.4 Notwithstanding the foregoing provisions, there shall be no prorations under this Agreement for employment related matters, as such matters are governed by, and shall be prorated pursuant to, the terms of the Operations Transfer Agreements.

ARTICLE 11. GENERAL PROVISIONS

11.1 Notices. All notices, requests, demands and other communications required under this Agreement shall be in writing and shall be deemed duly given and received (i) if personally delivered, on the date of delivery, (ii) if mailed, three (3) days after deposit in the United States Mail, registered or certified, return receipt requested, postage prepaid and addressed as provided below, (iii) if by a courier delivery service providing overnight or “next-day” delivery, on the next business day after deposit with such service, or (iv) electronic mail, addressed as follows:

If to Buyer:

c/o Ensign Services, Inc.
29222 Rancho Viejo Road, Suite #127
San Juan Capistrano, CA 92675
Attn: General Counsel
Email: legal@ensignservices.net

If to Seller:

Anna Newsom
Chief Legal Officer
Providence St. Joseph Health
1801 Lind Ave SW
Renton, WA 98057
Email: anna.newsome@providence.org

Erik Wexler
Chief Operating Officer (shortly to be Chief Executive Officer)
Providence St. Joseph Health
1801 Lind Ave SW
Renton, WA 98057
Email: erik.wexler@providence.org

With a copy to (which shall not constitute notice):
Polsinelli
501 Commerce Street, Suite 1300
Nashville, TN, 37219
Attn: Bobby Guy, Esq.; John Wright, Esq.
Email: bguy@polsinelli.com;
jjwright@polsinelli.com

Any party may change its above-designated address by giving the other party written notice of such change in the manner set forth herein.

11.2 Effect of Termination. The termination of this Agreement shall operate to terminate the Operations Transfer Agreements and any other agreements and documents executed in connection with the transfer of the Assets to Buyer or New Operator; provided, that such termination shall not diminish a party's rights and remedies for a breach or default by another party.

11.3 Miscellaneous. This Agreement, and the Operations Transfer Agreements, constitute the entire agreement among the parties and supersedes all prior and contemporaneous agreements and undertakings of the parties with respect to the subject matter hereof. No supplement, modification or amendment of this Agreement shall be binding and enforceable unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision hereof (whether or not similar) nor shall such waiver constitute a continuing waiver, and no waiver shall be binding unless executed in writing by the party making the waiver. Exhibits referred to in this Agreement, whether attached hereto at the time of this Agreement's execution and delivery or thereafter, are hereby incorporated into this Agreement and made a part hereof. In the event an action, suit or arbitration proceeding is brought by any party hereto to enforce the terms of this Agreement, the prevailing party shall be entitled to the payment of its reasonable attorneys' fees and costs, as determined by the judge of the court or the arbitrator, as applicable. The invalidity or unenforceability of any particular provision, or any part thereof, of this Agreement shall not affect the other provisions hereof and this Agreement shall be continued in all respects as if such invalid or unenforceable provision were omitted. Except as otherwise provided herein, all provisions of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by and against the respective heirs, executors, administrators, personal representatives, successors and assigns of any of the parties to this Agreement. The parties hereto agree that each party and its counsel have reviewed this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply to the interpretation of this Agreement. Headings contained in this Agreement are inserted only as a matter of convenience and in no way define, limit, extend or describe the scope of this Agreement or of any provision hereof. Time is of the essence for all dates and time periods set forth in this Agreement and each performance called for in this Agreement.

11.4 Governing Law; Jurisdiction; Mediation.

(i) Except as expressly provided herein, this Agreement shall be construed in accordance with, and governed by, the laws of the state where the Facility is located, without regard to the application of conflicts of law principles. The parties agree that any legal suit, action or proceeding arising out of or relating to this Agreement must be instituted in a State or Federal court in the state and county where the Facility is located, and they hereby irrevocably submit to the jurisdiction of any such court.

(ii) Any controversy between the parties to this Agreement, involving the construction or application of any terms, provision, or conditions of this Agreement, including but not limited to, all claims, counterclaims, disputes or other matters, shall on written request of either

party, served on the other, be first submitted to mediation before any complaint for damages be filed in any Court of competent jurisdiction.

11.5 Further Documentation. Each party will execute and deliver such further instruments and do such further acts and things as may be reasonably required to carry out the intent and purpose of this Agreement.

11.6 Reserved.

11.7 Cross Default. Any material breach or default of any warranty, covenant, agreement, condition or other obligation of a party under the Operations Transfer Agreements shall constitute a material breach or default of this Agreement and the non-breaching party to this Agreement shall be entitled to any and all remedies to which such non-breaching party may be entitled under the terms of this Agreement.

11.8 Successors and Assigns. This Agreement shall bind and inure to the benefit of the respective heirs, executors, administrators, personal representatives, successors and permitted assigns of the parties hereto; provided, however, that neither party hereto shall assign this Agreement without the prior written consent of the other party. Notwithstanding the foregoing, however, Buyer may assign its rights under this Agreement to a wholly-owned affiliate (direct or indirect), provided Buyer remains liable hereunder. Any assignment not permitted hereunder and undertaken without such prior written consent shall be deemed null and void.

11.9 Time . Time is of the essence in the parties' performance of their obligations in this Agreement.

11.10 Governmental Approvals. Nothing contained in this Agreement shall be construed as authorizing Buyer to apply for a zoning change, variance, subdivision map approval, lot line adjustment, or other discretionary governmental act, approval or permit with respect to the Facilities prior to the applicable Closing, and Buyer agrees not to do so. Buyer agrees not to submit any reports, studies or other documents, including, without limitation, plans and specifications, impact statements for water, sewage, drainage or traffic, environmental review forms, or energy conservation checklists to any governmental agency, or any amendment or modification to any such instruments or documents prior to the applicable Closing. Buyer's obligation to purchase the Property shall not be subject to or conditioned upon Buyer's obtaining any variances, zoning amendments, subdivision map approval, lot line adjustment or other discretionary governmental act, approval or permit.

11.11 Exhibits and Schedules. If any exhibits or schedules are not attached hereto, the parties hereto agree to attach such exhibits and schedules as soon as reasonably practicable but in any event no later than fifteen (15) days following the Effective Date. Buyer's obligations to close pursuant to this Agreement shall be conditioned upon Buyer approving such exhibits and schedules within seven (7) days of submission thereof to Buyer. 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, amend or supplement all exhibits and schedules in order for the same to be current, true and correct as of the applicable Closing Date. The information contained in the Disclosure Schedules shall be deemed to qualify to the specific Section (or subsection, as

appropriate) of this Agreement to which it corresponds, and shall be cumulative so that if the existence of the fact or item or its contents disclosed in any particular Schedule is relevant to any other Schedule, then such fact or item shall be deemed to be disclosed with respect to the other Schedule to the extent such relevance is reasonably apparent whether or not a specific cross-reference appears. The headings contained in the Disclosure Schedules are included for convenience only, and are not intended to limit the effect of the disclosures contained in such Schedule or to expand the scope of the information required to be disclosed in such Schedule. Descriptions of documents in the Schedules are summaries only and are qualified in their entirety by the specific terms of such documents. Matters reflected in the Disclosure Schedules are not necessarily limited to matters required by this Agreement to be reflected herein; additional matters are set forth for informational purposes and the fact that any item of information is disclosed in the Disclosure Schedules shall not be construed to mean that such information is required to be disclosed by this Agreement. Any information and the dollar thresholds set forth herein shall not be used as a basis for interpreting the term “material” or other similar terms in this Agreement or constitute an admission that such items are required to be disclosed under this Agreement.

11.12 Bulk Sales or Transfer Laws. Buyer hereby waives compliance by Seller with the provisions of the bulk sales or transfer laws of all applicable jurisdictions.

11.13 No Personal Liability. No individual officer, director, employee, manager, agent, or representative shall have personal liability for any of the obligations hereunder or claims of any kind in connection herewith, except with respect to the Fraud of such officer, director, employee, manager, agent, or representative.

11.14 Counterparts; Facsimile Signature. This Agreement may be executed in one or more counterparts, each of which shall be deemed to constitute an original, but all of which shall constitute one and the same instrument, and shall become effective when one or more counterparts have been signed by each of the Parties. Counterparts may be executed by hand or by any electronic signature complying with state or federal law, including the U.S. federal ESIGN Act of 2000, as amended (the “**ESIGN Act**”). Executed counterparts may be delivered via facsimile, electronic mail or other similar transmission method, and any executed counterpart so delivered shall be valid and effective for all purposes. No Party shall raise the use of any electronic signature that complies with the ESIGN Act (including www.docusign.com), or the use of a facsimile machine, electronic mail or other similar transmission method as a means to deliver a signature to this Agreement or any amendment hereto as a defense to the formation or enforceability of a contract and each Party forever waives any such defense.

[Signature page immediately follows]

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

SELLER:

PROVIDENCE HEALTH SYSTEM – SOUTHERN CALIFORNIA,
a California nonprofit corporation

By:  _____
Name: Greg Hoffman
Title: Chief Financial Officer and Treasurer

PROVIDENCE HEALTH & SERVICES – OREGON,
an Oregon nonprofit corporation

By:  _____
Name: Greg Hoffman
Title: Chief Financial Officer and Treasurer

PROVIDENCE HEALTH & SERVICES – WASHINGTON,
a Washington nonprofit corporation

By:  _____
Name: Greg Hoffman
Title: Chief Financial Officer and Treasurer

BUYER:

LILAC CITY HEALTH HOLDINGS LLC,
a Nevada limited liability company

By: _____
Name: Chad Keetch
Title: Manager

SUN MOUNTAIN HEALTH HOLDINGS LLC,
a Nevada limited liability company

By: _____
Name: Chad Keetch
Title: Manager

SQUAK VALLEY HEALTH HOLDINGS LLC,
a Nevada limited liability company

By: _____
Name: Chad Keetch
Title: Manager

STEVENS HEALTH HOLDINGS LLC,
a Nevada limited liability company

By: _____
Name: Chad Keetch
Title: Manager

TOLUCA WAY HEALTH HOLDINGS LLC,
a Nevada limited liability company

By: _____
Name: Chad Keetch
Title: Manager

LYNX CANYON HEALTH HOLDINGS LLC,
a Nevada limited liability company

By:  _____
Name: Chad Keetch
Title: Manager

STRONG CREEK HEALTH HOLDINGS LLC,
a Nevada limited liability company

By:  _____
Name: Chad Keetch
Title: Manager

SILVER FALLS HEALTH HOLDINGS LLC,
a Nevada limited liability company

By:  _____
Name: Chad Keetch
Title: Manager

EXHIBIT A

Facility	Care Level	Beds	Address	Seller	Buyer
St. Joseph Care Center	SNF	113	17 E 8 th Ave., Spokane, WA 99202	Providence Health & Services – Washington	Lilac City Health Holdings LLC
Emilie Court Assisted Living	ALF	60	34 E 8 th Ave., Spokane, WA 99202	Providence Health & Services – Washington	Sun Mountain Health Holdings LLC
Marianwood Care Center	SNF	117	3725 Providence Point Dr., Issaquah, WA 98029	Providence Health & Services – Washington	Squak Valley Health Holdings LLC
Mother Joseph Care Center	SNF	152	3333 Ensign Rd. NE, Olympia, WA 98506	Providence Health & Services – Washington	Stevens Health Holdings LLC
Benedictine Nursing Center/ Providence Benedictine Orchard House	SNF	93/54	540-550 S Main St., Mt. Angel, OR 97362	Providence Health & Services – Oregon	Silver Falls Health Holdings LLC
St. Elizabeth Care Center	SNF	52	10425 Magnolia Blvd., North Hollywood, CA 91601	Providence Health System – Southern California	Toluca Way Health Holdings LLC
Extended Care & Transitional Care Center	SNF	96/50	920 Compassion Cir., Anchorage, AK 99504	Providence Health & Services – Washington	Lynx Canyon Health Holdings LLC
Horizon House	ALF	90	4140 Folker St., Anchorage, AK 99508	Providence Health & Services – Washington	Strong Creek Health Holdings LLC

EXHIBIT B

Facility	Address	Current Operator	New Operator
St. Joseph Care Center	17 E 8 th Ave., Spokane, WA 99202	Providence Health & Services – Washington	Last Empire Healthcare LLC
Emilie Court Assisted Living	34 E 8 th Ave., Spokane, WA 99202	Providence Health & Services – Washington	Woodard ALF Operations LLC
Marianwood Care Center	3725 Providence Point Dr., Issaquah, WA 98029	Providence Health & Services – Washington	Luna Vega Healthcare LLC
Mother Joseph Care Center	3333 Ensign Rd. NE, Olympia, WA 98506	Providence Health & Services – Washington	Woodard SNF Operations LLC
Benedictine Nursing Center/Providence Benedictine Orchard House	540-550 S Main St., Mt. Angel, OR 97362	Providence Health & Services – Oregon	Rex Road Healthcare LLC
St. Elizabeth Care Center	10425 Magnolia Blvd., North Hollywood, CA 91601	Providence Health System – Southern California	West Star Healthcare LLC
Extended Care & Transitional Care Center	920 Compassion Cir., Anchorage, AK 99504	Providence Health & Services – Washington	Korsin Healthcare LLC
Horizon House	4140 Folker St., Anchorage, AK 99508	Providence Health & Services – Washington	One Hope Senior Living LLC

EXHIBIT 1.1(i)

REAL PROPERTY LEGAL DESCRIPTIONS

[to be inserted]

DISCLOSURE SCHEDULES

TO

ASSET PURCHASE AGREEMENT

BY AND AMONG

**PROVIDENCE HEALTH SYSTEM – SOUTHERN CALIFORNIA, A CALIFORNIA
NONPROFIT CORPORATION,**

**PROVIDENCE HEALTH & SERVICES – OREGON, AN OREGON NONPROFIT
CORPORATION, AND**

**PROVIDENCE HEALTH & SERVICES – WASHINGTON, A WASHINGTON
NONPROFIT CORPORATION**

(INDIVIDUALLY AND COLLECTIVELY “SELLER”)

AND

**LILAC CITY HEALTH HOLDINGS, LLC, A NEVADA LIMITED LIABILITY
COMPANY**

**SUN MOUNTAIN HEALTH HOLDINGS LLC, A NEVADA LIMITED LIABILITY
COMPANY**

**SQUAK VALLEY HEALTH HOLDINGS LLC, A NEVADA LIMITED LIABILITY
COMPANY**

STEVENS HEALTH HOLDINGS LLC, A NEVADA LIMITED LIABILITY COMPANY

**TOLUCA WAY HEALTH HOLDINGS LLC, A NEVADA LIMITED LIABILITY
COMPANY**

**LYNX CANYON HEALTH HOLDINGS LLC, A NEVADA LIMITED LIABILITY
COMPANY**

**STRONG CREEK HEALTH HOLDINGS LLC, A NEVADA LIMITED LIABILITY
COMPANY**

**AND SILVER FALLS HEALTH HOLDINGS LLC, A NEVADA LIMITED LIABILITY
COMPANY**

(INDIVIDUALLY AND COLLECTIVELY “SELLER”)

DATED AS OF December 16, 2024

These Disclosure Schedules constitute the Disclosure Schedules referred to in the above-referenced Asset Purchase Agreement (the “**Agreement**”). Capitalized terms used herein and not otherwise defined herein have the meanings ascribed to such terms in the Agreement.

Certain matters and items disclosed in these Disclosure Schedules may not be required to be disclosed herein but may be disclosed herein for informational purposes only and matters of a similar nature are not necessarily disclosed. No particular disclosure shall constitute an indication or admission of the materiality thereof or create a standard of disclosure. Inclusion of any item in these Disclosure Schedules shall not constitute, or be deemed to be, an admission to any third party concerning such item. Neither the specification of any dollar amount in any of the representations and warranties contained in the Agreement nor the inclusion of any specific item in these Disclosure Schedules shall be deemed to constitute an admission by the Seller or any Seller Party, or otherwise imply, that such amounts or higher or lower amounts, or the items so included or other items, are or are not material.

Notwithstanding any cross-referencing which may be undertaken in these Disclosure Schedules, any matter identified in any one or more sections of this Disclosure Schedule shall be deemed disclosed for purposes of every other section of these Disclosure Schedules to which the relevance of such disclosure is reasonably apparent. In addition, all descriptions of agreements or other matters appearing in any section of these Disclosure Schedules are not complete descriptions of agreements and other matters and are qualified by reference to the more complete documents referred to thereby. Headings and subheadings contained in these Disclosure Schedules are for convenience of reference only and are not intended to define or limit the contents of any section of these Disclosure Schedules. Any annexes and attachments hereto form an integral part of these Disclosure Schedules and are incorporated by reference herein for all purposes as if set forth fully herein.

SCHEDULE 1.2(q)

EXCLUDED ASSETS

1. Cash, cash equivalents and short-term investments of Current Operator; All Accounts Receivable, and all claims, rights, interests and proceeds related thereto;
2. All intercompany receivables of Current Operator with any of Current Operator's affiliates;
3. Systems, computer hardware, software and programs;
4. All software licenses and contracts;
5. All software and all computers, computer equipment and hardware, in each case, that are used to collect, store, process, or transmit information;
6. All employee benefits plans and arrangements of Seller and Current Operator and any of their respective affiliates, including all assets with respect thereto;
7. Assets owned and provided by vendors of services or goods to the Facility;
8. All claims, rights, interests and proceeds with respect to federal, state, or local tax refunds (including but not limited to property tax) resulting from periods prior to the Effective Time, and the right to pursue appeals of same;
9. All of Current Operator's organizational record books and minute books, and Current Operator's email records;
10. All bank accounts of Current Operator;
11. All rights, claims and choses in action of Current Operator and its affiliates with respect to periods prior to the Effective Time, and any payments, awards or other proceeds resulting therefrom;
12. All writings and other items that are protected from discovery by the attorney-client privilege, the attorney work product doctrine or any other cognizable privilege or protection;
13. All of Seller's interest in and to the any contract that is not a Designated Contract;
14. All of Current Operator's intellectual property, including but not limited to any proprietary software and the name "Providence" or variations thereof;
15. Any National Contracts;
16. Insurance policies and proceeds thereof;
17. Nontransferable licenses and permits, including NPIs;
18. All equipment and tangible property located at the Facility but not owned by Current Operator, or subject to an equipment lease or vehicle lease or software license that is not a Designated Contract, and all other assets, properties and rights not related to or used in the Facility;
19. All Overhead and Shared Services, including any contracts for or assets related to Overhead and Shared Services;
20. All of Current Operator's email accounts and M365, SharePoint, local drive, and cloud storage access;
21. All names of the Facilities associated with Providence or with the prior Catholic ownership or figures, including "Emilie Court", "St. Joseph", "Benedictine," "Mother Joseph," and "St. Elizabeth."

22. All Employee Retention Tax Credits, and similar amounts due under COVID era/COVID emergency programs.
23. All funds and accounts of all employee retirement, deferred compensation, health, welfare or benefit plans and programs, including assets representing a surplus or overfunding of any employee benefit plans;
24. All unclaimed property of any third party as of the Closing, including, without limitation, property which is subject to applicable escheat Laws;
25. All assets of Current Operator not used exclusively in connection with or held exclusively for use in connection with the Business;
26. All files, charts, and other information relating to all Residents who previously occupied the Facility or used the Facility prior to the Effective Time and are not Residents of the Facility as of the Effective Time (including, but not limited to, all patient records, medical records, therapy records, pharmacy records, clinical records, and Resident Trust Funds records) for all periods prior to the date that is three (3) years before the Effective Time (collectively, “**Prior Records**” and together with the Current Records, “**Records**”);
27. The items of personal property brought to the Facility by employees of Current Operator or its Affiliates that are not used or held for use with the Business and the operation of any of the Facility;
28. Historical and religious artifacts (but not all religious signage/insignia);
29. All National Provider Identifier numbers of Current Operator, Seller or any of their respective affiliates, or of any provider at the Facility.
30. Any asset transferred to Buyer, its affiliate or assignee under the terms of the Operations Transfer Agreements;
31. Any assets listed as an “Excluded Asset” pursuant to the terms of the Operations Transfer Agreements;
32. all claims, rights, interests and proceeds (whether received in cash or by credit to amounts otherwise due to a third party) with respect to amounts overpaid by Current Operator to any third party with respect to periods prior to the Closing (e.g., such overpaid amounts may be determined by billing audits undertaken by Current Operator or Current Operator’s consultants) to the extent not offset against any underpayments by any applicable third party payor in respect of services rendered prior to the Closing; and
33. any receipts (i) relating to Current Operator’s Cost Reports or rights to settlements and retroactive adjustments on the same (whether resulting from an appeal by Current Operator or otherwise) with respect to time periods prior to the Closing, or (ii) which result from Current Operator’s pursuit of one or more appeals pertaining to a Government Reimbursement Program to the extent not offset against any overpayments by such Government Reimbursement Program in respect of services rendered prior to the Closing.

SCHEDULE 1.5(i)
FACILITY CLOSING DATES

All facilities located outside California will be Initial Closing Facilities and are anticipated to close (subject to regulatory approvals) as early as March 1, 2025.

All facilities located in California will be Subsequent Closing Facilities and are anticipated to close (subject to regulatory approvals) sometime after May 1, 2025.

SCHEDULE 1.6
ALLOCATION OF PURCHASE PRICE



NO VIOLATION

SCHEDULE 2.4
ENVIRONMENTAL

[TBD - Schedule to be updated upon receipt of Buyer's Phase I reports]

SCHEDULE 2.5

LITIGATION

None. Litigation and survey matters listed on OTA Schedules 3.2, 3.4, and 3.11 are incorporated herein by reference because they relate to the Facilities located on the Real Property, but none are believed to affect the Real Property.

SCHEDULE 2.9

NO OTHER CONTRACTS

1. Providence Mother Joseph Care Center (Commitment No. NCS-1202135-OR1 - Updated as of October 7, 2024) - Schedule B, Part II, Exception 25 pertains to a 50 year ground lease from Sisters of Providence in Washington (as Lessor) to Gene and Michael Lynn (as Lessee). The ground lease appears to contain an option to purchase the nursing home and certain other assets in favor of Lessor. A recorded assignment notes that Lynn assigned its interest in the lease to Sisters of Providence. This Lease is not effective and is superseded, as Sisters of Providence in Washington would be both the lessor and lessee under certain assignments, effectively dissolving it.
2. Providence Benedictine Orchard House (Commitment No. NCS-1202141-OR1 - Updated as of October 7, 2024) - Schedule B, Part II, Exception 17 pertains to a Right of First Refusal (ROFR) in favor of Benedictine Sisters of Mt. Angel, Oregon to purchase the property. However, Section 8.a reads that it is only applicable for so long as the Benedictine Sisters own the land adjacent to the subject property. Benedictine Sisters no longer owns that land, and therefore the ROFR is no longer effective by its terms.