



**RECEIVED** Official Use Only-  
Date Received:  
By Certificate of Need at 8:28 am, Jun 20, 2025

**APPLICATION FOR CERTIFICATE OF NEED  
Nursing Home Projects  
(Excluding CCRC )**

Certificate of Need applications must be submitted with a fee in accordance with Washington Administrative Code (WAC) 246-310-990 and the instructions on page 2 of this form.

Application is made for a Certificate of Need in accordance with provisions of Chapter 70.38 Revised Code of Washington (RCW) and Rules and Regulations adopted by the Department (WAC 246-310). I hereby certify that the statements made in this application are correct to the best of my knowledge and belief.

**APPLICANT(S)**

**OWNER:**

2424 156th Ave Northeast WA LLC

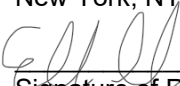
Name and Title of Responsible Officer  
Elliott Mandelbaum  
Authorized Signer

Legal Name of Owner:

2424 156th Ave Northeast WA LLC

Address of Owner:

17 State Street, Suite 2525  
New York, NY 10004

  
Signature of Responsible Officer

Date: June 18<sup>th</sup>, 2025 Telephone: 212-763-5620

**OPERATOR:**

Evergreen Washington Healthcare Greenwood, LLC

Name and Title of Responsible Officer  
EmpRes Healthcare Management, LLC  
Brent Weil, Manager

Legal Name of Operator:

Evergreen Washington Healthcare Greenwood, LLC

Address of Operator:

4601 NE 77<sup>th</sup> Avenue, Suite 300  
Vancouver, WA 984662

Signed by:  


Signature of Responsible Officer

Date: June 18<sup>th</sup>, 2025 Telephone: 360-892-6628

**TYPE OF OWNERSHIP:**

- ☐ District  
☐ Private Non-Profit  
☐ Proprietary - Corporation  
☐ Proprietary - Individual  
☒ Proprietary - Partnership  
☐ State or County

Proprietor(s) or Stockholder(s) information:  
Provide the name and address of each owner  
and indicate percentage of ownership:

Eagle Bellevue Holdco LLC – 100%

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**OPERATION OF FACILITY:**

- ☐ Owner Operated  
☒ Management Contract  
☒ Lease

**TYPE OF PROJECT (check all that apply):**

- ☐ Total Replacement of Existing Facility  
☐ New Facility  
☐ Renovation/Modernization  
☒ Bed Addition  
☐ Capital Expenditure Over the Minimum  
☐ Bed Capacity Change/Redistribution  
☐ New Institutional Health Service  
☐ Mandatory Correction of Fine/Deficiencies  
☐ Amend Current Certificate of Need  
☐ Expansion/Reduction of Physical Plant  
☐ Other \_\_\_\_\_

Intended Project Start Date: November 2025

Intended Project Completion Date: December 2025

ESTIMATED CAPITAL EXPENDITURE: \$330,000

**Project Description:** Evergreen Washington Healthcare Greenwood, L.L.C will unbank, reinstate and restore bed rights that were banked pursuant to our full facility closure bed banking application submitted in 2018 for Health and Rehabilitation of North Seattle and approved on April 24, 2018. The beds will be added to Mission Healthcare at Bellevue, increasing its licensed beds from 69 to 129.

**EVERGREEN WASHINGTON HEALTHCARE GREENWOOD, LLC  
CERTIFICATE OF NEED APPLICATION  
ADD 60 BEDS  
TO  
MISSION HEALTHCARE AT BELLEVUE, KING COUNTY**

**June 2025**

## **SECTION 1**

### **APPLICANT DESCRIPTION**

#### **A. Owner Description:**

##### **1. Legal name of owner:**

The legal name of the applicant is Evergreen Washington Healthcare Greenwood, LLC (Greenwood). Greenwood is a Washington limited liability company (LLC) and the sole owner of the banked bed rights of Health and Rehabilitation of North Seattle. Consistent with RCW 70.38.115 (13)(b), Greenwood closed Health and Rehabilitation of North Seattle and submitted a full facility closure application for 119 beds, which was approved by the CN Program on April 24, 2018. The banked beds expire on January 22, 2026. Greenwood proposes to unbank 60 of the banked beds and add them to Mission Healthcare Bellevue, which, as of June 1, 2025, Greenwood leases and operates.

Greenwood is 100% owned by EmpRes Healthcare Group, Inc, an Employee Stock Ownership Plan (ESOP) that is wholly owned by employees of the company. No employee has more than 10% ownership. In 2023, the employees and principals of EmpRes transitioned to Eden Health which operates home health, home care, palliative care, and hospice agencies throughout Arizona, California, Idaho, Montana, Nevada, Oregon, Washington, and Wyoming. At the same time, the skilled nursing facilities were acquired by Evergreen Healthcare Group, (not previously related to Greenwood). Today, there are no nursing homes operated by either Greenwood or Eden Health with the exception of Mission Healthcare Bellevue.

As of June 1, 2025, the real and personal property and licensed bed rights of Mission Healthcare Bellevue (Mission) are owned by 2424 156th Ave Northeast WA LLC (156<sup>th</sup> Ave), a Delaware limited liability company. 156<sup>th</sup> Ave is an entity affiliated with Eagle Arc Partners LLC, a reputable firm focused on owning and/or operating skilled nursing facilities.

Today Mission is licensed for 69 beds, and all beds are Medicare and Medicaid certified. Mission is located at 2424 156<sup>th</sup> Avenue NE, Bellevue, King County. Mission was originally built, licensed, and operated with 129 beds.

Greenwood proposes to unbank 60 of the 119 beds that were banked pursuant to the full facility closure bed banking application submitted in 2018 for Health and Rehabilitation of North Seattle and add them to Mission. Upon approval of this CN, Mission will once again be licensed for 129 beds.

Greenwood has entered into an interim sublease and management agreement with Kapalua Beach, LLC (Kapalua). Kapalua is ultimately 100% owned by Kalesta Healthcare Group, LLC (Kalesta). The Governors of Kapalua Beach, LLC and their respective ultimate ownership include:

Scott Clawson, Jr., 44.05%  
Ryan Williams, 44.05%  
Micah Porter, 7.00%  
Scott Clawson, Sr., 4.90%

An organizational chart is included in Exhibit 1.

**2. Address of each owner:**

The address for Greenwood is:

4601 NE 77th Avenue  
Suite 300  
Vancouver, WA, 98662

**3. Provide the following information about each owner.**

- a. If an out-of-state corporation, submit proof of registration with Secretary of State, Corporations, Trademarks and Limited Partnerships Division. Show relationship to any organization as defined in Section 405.427 of the Medicare Regulations.**

Greenwood is an in-state LLC. This question is not applicable.

- b. If an out-of-state partnership, submit proof of registration with Secretary of State, Corporations, Trademarks and Limited Partnerships Division, and a chart showing organizational relationship to any related organizations as defined in Section 405.427 of the Medicare Regulations.**

Greenwood is an in-state LLC. This question is not applicable.



## **B. Operator Description:**

### **1. Legal name and address of operating entity (unless same as owner).**

The legal name of the operator is Evergreen Washington Healthcare Greenwood, L.L.C. (Greenwood). The address of Greenwood is:

4601 NE 77th Avenue, Suite 300,  
Vancouver, WA, 98662

Greenwood has entered into an interim sublease and management agreement with Kapalua Beach, LLC for day-to-day operations. Once this CN application is approved and the beds are unbanked and added to Mission's licensed capacity, Greenwood will cease operating Mission and Kapalua Beach, LLC will become the licensed operator and Medicare and Medicaid certified provider of the facility. At that time, the interim lease and management agreement with Greenwood will automatically terminate.

- a. If an out-of-state corporation, submit proof of registration with Secretary of State, Corporations, Trademarks and Limited Partnerships Division, and a chart showing organizational relationship to any related organizations as defined in Section 405.427 of the Medicare Regulations.**

Greenwood is a Washington State LLC. This question is not applicable.

- b. If an out-of-state partnership, submit proof of registration with Secretary of State, Corporations, Trademarks and Limited Partnerships Division, and a chart showing organizational relationship to any related organizations as defined in Section 405.427 of the Medicare Regulations.**

Greenwood is a Washington State LLC. This question is not applicable.

- c. Is the applicant currently, or does the applicant propose to be reimbursed for services provided under Title V, Title XVIII, and/or Title XIX of the Social Security Act?**

Mission is already Medicaid and Medicare certified and will continue to be with the addition of the beds. Importantly, the additional bed capacity will allow Mission to care for more long-term care residents, including Medicaid recipients.

**d. Name, title, address, and telephone number of person to whom questions regarding this application should be directed.**

Questions regarding this application should be addressed to the following:

Max Luce, Eagle Arc Partners, LLC  
Mobile: (267) 221-9528  
Email: [maxwell@eaglearc.com](mailto:maxwell@eaglearc.com)

Jody Carona, Health Facilities Planning & Development  
(206) 441-0971  
Email: [healthfac@healthfacilitiesplanning.com](mailto:healthfac@healthfacilitiesplanning.com)

**e. Provide separate listings of each Washington and out-of-state health care facility, including name, address, Medicare provider number, Medicaid provider number, owned and/or managed by each applicant or by a related party, and indicate whether owned or managed. For each out-of-state facility, provide the name, address, telephone number, and contact person for the entity responsible for the licensing/survey of each facility.**

Greenwood does not currently own and/or manage any other nursing facilities. No members of the Greenwood LLC, including Evergreen Healthcare Group, Inc., currently operate any skilled nursing facilities (due to the transfer of the EmpRes facilities in 2023 to Evergreen Healthcare Group). However, the members of Greenwood LLC do operate health care entities under the Eden Healthcare umbrella.

Eden Health is a 100% employee-owned company that operates distinct post-acute in-home care services with 12 Home Health, 7 Home Care, 2 Palliative Care and 11 Hospice Agencies throughout Arizona, California, Idaho, Montana, Nevada, Oregon, Washington, and Wyoming. All of its locations are accredited by the Accreditation Commission for Health Care (ACHC), demonstrating commitment to the highest quality of care. Eden's average star-rating is 4.0, which is well above the average for Home Health Agencies across the nation. Eden employs 1,162 employees and serves an average of 3,800 patients daily. It has received the coveted "Certified Great Place to Work" award 6 years in a row in addition to many other local/national awards.

In addition, the proposed manager of Mission and the ultimate operator, Kapalua operates a number of nursing facilities, primarily in California.

Note: Kapalua recently acquired a few facilities with relatively lower star ratings, and a detailed explanation for the star ratings is included in Exhibit 2. Generally, the lower star ratings are due to two factors: 1) new surveys demonstrating 3+ stars have yet to be incorporated into the scoring system; and 2) being negatively impacted by poor surveys that occurred under prior operator management.



**SECTION 2  
FACILITY DESCRIPTION**

**A. Name and address of the proposed/existing facility.**

The name and address of the existing facility is:

Mission Healthcare at Bellevue  
2424 156<sup>th</sup> Avenue N.E.  
Bellevue, WA 98007-3814

**B. Provide the following information:**

	NURSING HOME (SNF/ICF)	BOARDING HOME (Cong.)
Total Number of Beds Currently Licensed	69	0
Number of Beds Currently Set up	69	0

Upon project completion, Mission will operate with the following bed configuration:

	NURSING HOME (SNF/ICF)	BOARDING HOME (Cong.)
Total number of licensed beds	129	0

### SECTION 3 PROJECT DESCRIPTION

- A. Describe the proposed project. This description should include discussion of any proposed conversion or renovation of existing space, as well as the construction of new facility space. Also, specify any unique services being proposed.**

This application is submitted consistent with RCW 70.38.115(13)(b) which requires certificate of need review for:

*any party who has reserved the nursing home beds except that the need criteria shall be deemed met when the applicant is the licensee who had operated the beds for at least one year, who has operated the beds for at least one year immediately preceding the reservation of the beds and who is replacing the beds in the same planning area.*

Greenwood was the licensee operating as the sole owner of Health and Rehabilitation of North Seattle immediately preceding the banking of the beds and is the applicant that will unbank, reinstate, and restore the bed rights to 60 of the 119 beds it banked under full facility closure in 2018. The Certificate of Need Program (Program) approved the bed banking on April 24<sup>th</sup>, 2018. Accordingly, need is deemed met in this application.

These beds will return Mission it to its original 129 licensed bed capacity. This added bed capacity will allow Mission to serve additional patients, notably including many more long term care and Medicaid recipients.

The re-instatement of the beds can be accomplished with only minor electrical work and the addition of some patient room furnishings. These additions include beds, TV/TV mounts, privacy curtains and tracks, standalone closets, or armoires, and overbed lights. The parties have had numerous conferences and communicated several times with Allen Spaulding, CRS Residential Care Manager, and recently filed our application with CRS. Our CRS application number is 61677849.

The capital cost to reopen the beds is \$330,000.

**B. Health Services (check all in each column that apply):**

<i><b>TYPES OF THERAPY</b></i>	<i><b>SUPPORT SERVICES</b></i>	<i><b>CURRENT SERVICES</b></i>	<i><b>PROPOSED SERVICES</b></i>
Physical Therapy	Inpatient	x	x
Physical Therapy	Outpatient	x	x
Speech Therapy	Inpatient	x	x
Speech Therapy	Outpatient	x	x
Occupational Therapy	Inpatient	x	x
Occupational Therapy	Outpatient	x	x
Nursing Services	Outpatient		
Meals on Wheels	Outpatient		
Adult Day Care	Outpatient		
Other (specify)	Outpatient		

**C. Increase in total licensed beds or redistribution of beds among facility and service categories of skilled nursing and boarding home care:**

The project adds 60 beds to Misson, which reinstates and restores it to a 129-bed nursing facility.

**D. Indicate if the nursing home would be Medicaid certified.**

Yes, Mission will continue to be Medicaid certified.

**E. Indicate if the nursing home would be Medicare eligible.**

Yes, Mission will continue to be Medicare certified.

**Indicate the number of Medicare certified beds.**

Current    69                      Proposed    129

**F. Description of new equipment proposed, including cost of the equipment.**

The equipment proposed for this project is included in Table 1:

**Table 1**  
**Proposed Equipment for Mission Healthcare Bed Addition**

Item	Quantity
TV/TV Mount,	60
Privacy curtain and Track	60
Standalone closet or armoire	60
Over bed light.	60

*Source: Applicant*

**G. Description of equipment to be replaced, including cost of equipment and salvage value (if any) or disposal or use of the equipment to be replaced.**

No existing equipment will be replaced. This question is not applicable.

**H. Blueprint size schematic drawings to scale of current locations of patient rooms, ancillary departments, and support services.**

Drawings of the existing facility are included in Exhibit 3.

**I. Blueprint size schematic drawings to scale of proposed locations of patient rooms, ancillary department, and support services, clearly differentiating between remodeled areas and new construction.**

The requested drawings are included as Exhibit 4.

**J. Geographic location of site of proposed project.**

**1. Indicate the number of acres in nursing home site: Acres:**

According to the King County Assessor's Office, the square footage of the property is 84,264. This equates to approximately 1.93 acres.

**2. Indicate the number of acres in any alternate site for the nursing home (if applicable)**

There is no alternate site. This question is not applicable.

- 3. Indicate if the primary site or alternate site has been acquired (if applicable)**  
Yes: X No

**Address of site:**

Mission was built, opened and has been operational at the following address since 1997.

2424 156<sup>th</sup> Avenue N.E.  
Bellevue, WA 98007-3814

**Address of alternate site:**

There is no alternate site.

- 4. If the primary site or alternate site has not been acquired, explain the current status of the site acquisition plans, including proposed time frames.**

This question is not applicable.

- 5. Demonstration of sufficient interest in project site. Provide a copy of a clear legal title to the proposed site and one of the following:**
- a. Lease for at least five years, with options to renew for not less than a total of twenty years; or**
  - b. Legal, enforceable agreement to give such title or such lease in the event a Certificate of Need is issued.**

On June 1, 2025, 2424 156th Ave Northeast WA LLC (156<sup>th</sup> Ave) became the owner of Misson's real estate and bed rights. Included in Exhibit 5 is a copy of the purchase and sales agreement.

156<sup>th</sup> Ave entered into a lease agreement with Kapalua which in turn entered into an interim sublease agreement with Greenwood. The interim sublease agreement is effective until Kapalua is issued its own license to operate Mission, at which point the interim sublease will automatically terminate. Copies are included in Exhibit 6.

- 6. Demonstration that the proposed site may be used for the proposed project. Please include a letter from the appropriate municipal authority indicating that the site for the proposed project is properly zoned for the anticipated use and scope of the project, or a written explanation of why the proposed purpose is exempt.**

Included in Exhibit 7 is information from the King County Assessor's Office indicating that the property is in use as a nursing home.



**K. Space Requirements**

1. Existing gross square footage: 59,850<sup>1</sup>
2. Total gross square footage for the proposed addition and the existing facility:  
There is no increase in square footage needed or proposed.
3. Proposed new facility gross square footage: Not applicable
4. Do the above responses include any shelled-in areas? Yes \_\_\_ No X

**L. Proposed Timetables for Project Implementation:**

1. **Financing:**
  - a. Date for obtaining construction financing: Not Applicable
  - b. Date for obtaining permanent financing: Not Applicable
  - c. Date for obtaining funds necessary to undertake the project: Not Applicable
2. **Design:**
  - a. Date for completion and submittal of preliminary drawings to Consultation and Construction Review Section:
  - b. Date for completion and submittal of final drawings and specifications to Consultation and Construction Review Section:
3. **Construction**
  - a. Date for construction contract award: Not Applicable
  - b. Date for 25 percent completion of construction: Not Applicable
  - c. Date for 50 percent completion of construction: Not Applicable
  - d. Date for 75 percent completion of construction: Not Applicable
  - e. Date for completion of construction: Not Applicable
  - f. Date for obtaining licensure approval: December 2025 for increase to 129 beds
  - g. Date for occupancy/offering of service(s) January 1, 2026

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<sup>1</sup> Source: King County Assessor, 2025

**M. As the applicant(s) for this project, please describe your experience and expertise in the planning, developing, financing, and construction of skilled nursing and intermediate care facilities.**

As noted in response to previous questions, this project does not propose any construction. The addition of the 60 beds will be completed within the existing physical plant at Mission. Only equipment for resident rooms is needed. The small capital expenditure for this project will be provided by 2424 156th Ave Northeast WA LLC, the new owners of Mission's real estate and bed rights.

**SECTION 4**  
**PROJECT RATIONALE**  
**NEED**  
**WAC 246-310-210 and WAC 246-310-380 (6)**

- 1. Identify and analyze the unmet health service need and/or other problems to which this project is directed.**
  - a. Describe the need of the people you plan to serve for the service you propose.**

Consistent with the provisions of RCW 70.38.115 (13)(b), the need criteria are deemed met.

- b. Address the need for nursing home beds based on the 45 beds per 1,000 population and Substitute House Bill 2098, which encourages the development of a broad array of home and community-based long-term care services as an alternative to nursing home care.**

Consistent with the provisions of RCW 70.38.115 (13)(b), the need criteria are deemed met.

- 2. If your proposal exceeds the number of beds identified as needed in your county nursing home planning area as shown in WAC 246-310-380 (6), please discuss how the approval of beds beyond the projected need would further the policy that beds should be located reasonably close to the people they serve.**

Consistent with the provisions of RCW 70.38.115 (13)(b), the need criteria are deemed met.

- 3. Provide utilization data for each of the last three full fiscal years, the current annualized full fiscal year, and the next three full fiscal years: *(USE SCHEDULE A which is attached to these guidelines.)***

Table 2 provides the requested information from Schedule A. Ownership of the facility and bed rights were transferred on June 1, 2025, to 2424 156th Ave Northeast WA LLC, which immediately entered into an agreement with Evergreen for operations.

**Table 2**  
**Mission Health Care Center, Historical and Projected Days by Payer, 2022-2028**

<b>Fiscal Year</b>	<b>Medicare Patient Days</b>	<b>HMO/ Insurance</b>	<b>Medicaid Patient Days</b>	<b>Private Patient Days</b>	<b>VA Patient Days</b>	<b>Total Patient Days</b>	<b># of Licensed Beds</b>	<b>Occupancy Rate</b>
Actual 1/1/22 to 12/31/22	6,881	3,165	2,641	1,134	0	13,821	69	55%
Actual 1/1/23 to 12/31/23	8,042	4,606	2,593	1,659	0	16,900	69	67%
Actual 1/1/24 to 12/31/24	9,242	4,060	3,628	867	0	17,797	69	70%
Actual 1/1/25 to 5/31/25*	3,281	1,280	1,495	392	0	6,447	69	62%
Projected 6/1/25-12/31/25	6,451	2,171	2,568	214	0	11,404	69	77%
Projected 1/1/ 26-12/31/26	12,455	4,015	14,639	1,434	0	32,543	129	69%
Projected 1/1/ 27-12/31/27	12,775	4,015	21,900	2,190	0	40,880	129	87%
Projected 1/1/ 28-12/31/28	12,810	4,026	21,960	2,196	0	40,992	129	87%

*Source: Applicant*

*\*Represents January 2025 – February 2025 census days annualized through May 31, 2025*

- 4. In the case of any proposed conversion of beds from other service categories to nursing care beds, provide evidence that the conversion will not jeopardize the availability of service. Document the availability and accessibility of the services that are to be converted.**

The project does not propose any conversion of beds from other service categories.

- 5. In the context of the criteria contained in WAC 246-310-210 (2) (a) and (b), please describe how the service will be available to the following: low-income individuals, racial and ethnic minorities, women, handicapped individuals, elderly, and other under-served individuals.**

Exhibit 8 contains a copy of the admission agreement and within the admission agreement the non-discrimination policy that will be used for the Mission. Mission will not discriminate against any person in admission, treatment, or participation in its programs on the basis of race, color, national origin, disability, religion, creed, sex, or age.

As indicated in Table 2, it is estimated that the Medicaid patient days as a percentage of total days will increase from 23% for the 2<sup>nd</sup> half of 2025 to 54% by the 2<sup>nd</sup> full year of operation (2027).

**6. Does/will the facility require a pre-admission deposit? Please explain the intent and use of the deposit.**

Mission does not, and will not, require a pre-admission deposit for Medicare and Medicaid residents.

**7. Please submit copies of the facility's admission agreement, policies, and procedures.**

A copy of the admission agreement as well as other policies and procedures are included as Exhibit 8.

**8. If you propose any special services including, but not limited to, heavy care, Alzheimer's care, respite care, and adult day care, please provide the following:**

- a. Describe the service in full detail.**
- b. Include program content, staffing by classification and FTE commitment, budget, and the amount of space dedicated to each service.**
- c. Document the need for any special services.**

Mission will provide a full range of NF level services, but no specialty programming is proposed.

**9. If the purpose of the project is to correct existing structure, fire, and/or life-safety code deficiencies, or licensing, accreditation, or certification standards as provided for under provisions of WAC 246-310-480, provide a detailed description of the cited deficiencies and attach copies of the two most recent Fire Marshal's surveys and/or surveys conducted by the Survey Program, Aging and Adult Services Administration, Department of Social and Health Services, or other surveying**

This question is not applicable.

**SECTION 4  
PROJECT RATIONALE-  
FINANCIAL FEASIBILITY  
WAC 246-310-220**

**SECTION 1**

**Section I is only for new or replacement nursing homes and is not applicable.**

**SECTION II:**

**Indicate the name, address and phone number of the licensed architect or engineer that completed this section.**

There is no change to the physical plant, and there was no need to retain a licensed architect or engineer after analysis and room measurements (shared with CRS) confirm that all of the rooms continue to meet current code.

- 1. Indicate the total cost of constructing the bed addition or the cost of remodeling an existing nursing home. In cases where a nursing home/boarding home facility shares a common foundation and roof, etc., the cost of the shared items shall be apportioned to the nursing home based on the Medicaid program methodology for apportioning costs to the nursing home service. Construction costs shall include the following:**

The capital costs for the project are as provided in Table 3

**Table 3**  
**Estimated Capital Costs**

<b>Item</b>	<b>Cost</b>
a. Land Purchase	0
b. Utilities to Lot Line	0
c. Land Improvements	0
d. Building Purchase	0
e. Residual Value of Replaced Facility	0
f. Building Construction	0
g. Fixed Equipment (not already included in the construction contract)	0
h. Movable Equipment	272,232
i. Architect and Engineering Fees	0
j. Consulting Fees	0
k. Site Preparation	0
l. Supervision and Inspection of Site	0
m. Any Costs Associated with Securing the Sources of Financing (include interim interest during construction)	0
1. Land	0
2. Building	0
3. Equipment	0
4. Other	0
n. Washington Sales Tax	
1. Land	0
2. Building	
3. Equipment	27,768
4. Other	
o. Other Project Costs-electrical hook ups	30,000
City and Regulatory Charges	0
Financing and Cost of Issuance	0
Legal and Organizational Fees	0
Bed Transfer	0
Development Fee and Expense	0
<b>p. Total Estimated Capital Cost (Actual/Replacement Cost)</b>	<b>330,000</b>

*Source: Applicant*

- 2. Provide a copy of a signed, non-binding cost estimate or contractor's estimate of the project's land improvements, building construction cost, architect and engineering fees, site preparation, supervision and inspection of site, Washington State sales tax, and other project costs (Items c, f, i, k, m, n, and o above).**

There are no land improvements, building construction, A&E fees, site preparation or supervision and inspection. As such, this question is not applicable.

### 3. Estimated Nursing Home Construction Costs

No construction is proposed for this project.

	Estimated Square Footage	Construction Cost Square Footage (use f, g, & k)	Total Cost per Bed (use p)	Total Cost per Square Footage (use p)
Nursing Home	0	\$0	\$0	\$0

### 4. For an existing facility, indicate the incremental increase in capital costs per patient day that would result from this project using the chart below.

Incremental capital expenses are detailed below:

	Current Year ( June 1- December 31 2025	Year 1	Year 2	Year 3
Incremental Depreciation Expense	\$0	\$47,143	\$47,143	\$47,143
Incremental Interest Expense	\$0	\$0	\$0	\$0
Incremental Capital Coss	\$0	\$47,143	\$47,143	\$47,143
Patient Days	11,404	32,543	40,880	40,992
Incremental Capital Cost per Patient Day (c/d)	\$0.00	\$1.45	\$1.15	\$1.15

### Section III

This is not an amendment. This Section is not applicable.



## Section IV

### 1. Identify the owner or operator who will incur the debt for the proposed project.

There is no debt being incurred to fund the capital costs of the proposed project. This question is not applicable. The owner of the facility, 2424 156th Ave Northeast WA LLC and bed license will contribute the funds (cash on hand) to cover the cost of the equipment and minor electrical needed to add the 60 beds back to Mission.

### 2. Anticipated sources and amounts of financing for the project (actual sources for conversions)

No external financing is proposed for this project. The capital costs, which are for equipment (new furniture, fixtures, and equipment in the resident rooms) and minor electrical are being funded by the owner of the facility through owner's equity and is detailed in Table 4.

**Table 4**  
**Sources and Amounts of Financing**

	Specify Type	Dollar Amount
<b>Public Campaign</b>		
<b>Bond Issue</b>		
<b>Commercial Loans</b>		
<b>Government Loans</b>		
<b>Grants</b>		
<b>Bequests &amp; Endorsements</b>		
<b>Private Foundations</b>		
<b>Accumulated Reserves</b>		
<b>Owner's Equity</b>	Cash	\$330,000
<b>Other - (specify)</b>		
<b>Other - (specify)</b>		
<b><i>TOTAL (must equal total Project Cost)</i></b>		\$330,000

*Source: Applicant*

### 3. Provide a complete description of the methods of financing which were considered for the proposed project. Discuss the advantages of each method in terms of costs and explain why the specific method (s) to be utilized was (were) selected.

The capital costs to restore 60 beds are relatively low. Given the owner's access to cash reserves, the ability to fund the project without debt and interest expense is the superior alternative.

**4. Indicate the anticipated interest rate on the loan for constructing the nursing home.**

There is no financing for this project. This question is not applicable.

**5. Indicate if the interest rate will be fixed or variable on the long-term loan and indicate the rate of interest.**

There is no financing for this project. This question is not applicable.

**6. Estimated start-up and initial operating expenses**

**a. Total estimated start-up costs (*expenses incurred prior to opening such as staff training, inventory, etc., reimbursed in accordance with Medicaid guidelines for start-up costs*)**

Mission is an existing operation; there are no start-up costs.

**b. Estimated period of time necessary for initial start-up.**

This question is not applicable.

**c. Total estimated initial operating deficits**

There is no operating deficit.

**d. Estimated initial operating period.**

As detailed in the pro forma, the project (the addition of 60 beds) is immediately profitable.

**7. Anticipated Sources of Financing Start-up and Initial Operating Deficits.**

The parent company of Kapalua (Kalesta) will inject approximately \$1,000,000 of cash at closing to support the initial working capital needs at the facility. The working capital injection is meant to cover immediately payable expenses like payroll until Kapalua starts to receive cash payments from Medicare, Medicaid, and the facility's other payor sources.

Unrestricted Cash of Proponent	\$1,000,000
Unrestricted Marketable Securities of Proponent	\$
Accounts Receivable	\$
Commercial Loan	\$
Line of Credit ( <i>specify source</i> )	\$
Other ( <i>specify</i> )	\$
<b>TOTAL</b>	<b>\$1,000,000</b>

## **8. Evidence of Availability of Financing for the Project**

**Please submit the following:**

- a. Copies of letter(s) from the lending institution indicating a willingness to finance the proposed project (*both construction and permanent financing*). The letter(s) should include:**
  - i. Name of person/entity applying**
  - ii. Purpose of the loan(s)**
  - iii. Proposed interest rate(s) (fixed or variable)**
  - iv. Proposed term (*period*) of the loan(s)**
  - v. Proposed amount of loan(s)**

There is no external financing. Exhibit 9 is a letter from Eagle Arc's Controller detailing the commitment to fund the capital costs and the availability of funds to do so.

- b. Copies of letter(s) from the appropriate source(s) indicating the availability of financing for the initial start-up costs. The letter(s) should include the same items requested in 8(a) above, as applicable.**

This question is not applicable.

- c. Copies of each lease or rental agreement related to the proposed project.**

Copies of the draft master lease and sublease are included in Exhibit 6.

- d. Separate amortization schedule(s) for each financing arrangement including long-term and any short-term start-up, initial operating deficit loans, and refinancing of the facility's current debt setting forth the following:**
  - i. Principal**
  - ii. Term (*number of payment period, long-term loans may be annualized*)**
  - iii. Interest**
  - iv. Outstanding balance of each payment period**

This question is not applicable.

**9. Provide the following:**

- a. Please supply copies of the following pages and accompanying footnotes of each applicant's three most recent financial statements: Balance Sheet, Revenue and Expense, and Changes in Financial Position. (If not available as a subsidiary corporation, please provide parent company's statements, as appropriate.)**

Greenwood, the applicant, has no recent operating history or income, and neither does EmpRes, which ceased to operate nursing homes in 2023.

- b. Please provide the following facility-specific financial statements through the third complete fiscal year following project completion. Identify all assumptions utilized in preparing the financial statements.**

i.	Schedule B	Balance Sheet
ii.	Schedule C	Statement of Operations
iii.	Schedule D	This Statement Has Been Eliminated
iv.	Schedule E	Statement of Changes in Equity/Fund Balance
v.	Schedule F	Notes to Financial Statements
vi.	Schedule G	Itemized Lists of Revenue and Expenses
vii.	Schedule H	Debt Information
viii.	Schedule I	Book Value of Allowable Assets

The requested pro forma financials are included in Exhibit 10.

**10. Utilizing the data from the financial statements, please calculate the following:**

- a. Debt Service Coverage**
- b. Current Ratio**
- c. Assets Financed by Liabilities Ratio**
- d. Total Operating Expense to Total Operating Revenue**

Using the forms attached to the CN guidelines, the following ratios for the first three full years of operation are calculated (see Table 5).

**Table 5**

<b>Ratio</b>	<b>Target Ratio<sup>2</sup></b>	<b>Lower/Higher Ratio Better?</b>	<b>Actual FYE 2022</b>	<b>Actual FYE 2023</b>	<b>Actual FYE 2024</b>	<b>Est. 2/25</b>	<b>June-December 2025*</b>	<b>Proj. 2026</b>	<b>Proj. 2027</b>	<b>Proj 2028</b>
Current Ratio	1.8-2.5	Higher	-7.50	-5.74	-5.90	-6.04	2.1	2.1	2.1	2.1
Assets Financed by Liabilities	0.6-0.8	Lower	-0.14	-0.18	-0.17	-0.17	0.9	0.8	0.7	0.6
Total Operating Expense/Total Operating Revenue	1.0	Lower	1.26	1.31	1.23	1.18	0.8	0.8	0.9	0.9
Debt Service Coverage	1.5-2.0	Higher	196.75	2858.72	5540.78	30879.61	8.0	7.7	3.7	4.8

*Source: Applicant and Medicaid Cost Reports for 2022-2024 data*

**11. If the project's calculated ratios are outside the normal or expected range, please explain.**

The project's historical ratios were (negatively) outside of the normal or expected range. With a new owner and operator, coupled with the expanded bed capacity, the ratios either immediately move to the expected range, or quickly demonstrate movement toward the expected range.

**12. If a financial feasibility study has been prepared, either by or on behalf of the proponent in relation to this project, please provide a copy of that study.**

No financial feasibility study was prepared.

<sup>2</sup> The normal range from the CN Program's nursing home application form.

### 13. Current and Projected Charges and Percentage of Patient Revenue

#### a. Per Diem Charges for Nursing Home Patients for Each of the Last Three Fiscal Years:

Per diem charges for the last three fiscal years are as follows:

	2022	2023	2024
Private Pay	\$446.46	\$442.04	\$641.21
Medicaid	\$309.73	\$363.32	\$378.77
Medicare	\$640.19	\$661.21	\$689.63
VA	n/a	n/a	n/a
Managed Care	\$495.95	\$500.36	\$517.87

#### b. Current Average Per Diem Charges for Nursing Home Patients:

The current per diem charges are as follows:

Private Pay	\$450 for private rooms \$375 for semi-private rooms
Medicaid	\$393.35
Medicare	\$725.39
VA	n/a
Managed Care	\$553.91

#### c. Projected Average Per Diem Charges for Nursing Home Patients for Each of the First Three Years of Operation:

The projected per diem charges are as follows:

	2026	2027	2028
Private Pay	\$400.00	\$400.00	\$400.00
Medicaid	\$393.35	\$393.35	\$393.35
Medicare	\$800.00	\$800.00	\$800.00
VA	n/a	n/a	n/a
Managed Care	\$630.00	\$630.00	\$630.00

**d. Please indicate the percentage of patient revenue that will be received for the:**

The prior owner and proposed payer mix of patient revenue is as follows<sup>3</sup>:

<i><b>Existing Facility (FY 2024)</b></i>	
Private Pay	6.5%
Medicaid	13.5%
Medicare	61.3%
VA	0.0%
Managed Care	18.4%
Miscellaneous	0.2%
<b>Total</b>	<b>100.0%</b>

<i><b>Proposed Facility (expansion)</b></i>	
Private Pay	3.9%
Medicaid	38.2%
Medicare	45.3%
VA	0.0%
Managed Care	11.2%
Miscellaneous	1.5%
<b>Total</b>	<b>100.0%</b>

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<sup>3</sup> Numbers may not add exactly due to rounding.

**SECTION 4**  
**PROJECT RATIONALE-STRUCTURE AND PROCESS (QUALITY) OF CARE**  
**(WAC 246-310-230)**

**1. Nursing Home Number of Employees**

The current (69 beds) and proposed staffing are included below.

Staffing	Current Number of Employees	
	<i>Full-Time Equivalent</i>	<i>Consultant hr/week</i>
Registered Nurse	10.0	0.1
LPN	6.5	0.6
Nurses Aides & Assistants	32.0	1.8
<b>Nursing TOTAL</b>	<b>48.5</b>	<b>2.5</b>
Dietitians	0.0	
Aides / Cooks	8.0	
<b>Dietary TOTAL</b>	<b>8.0</b>	<b>0</b>
Administrator	1.0	
Admissions	2.0	
Administrator In-training	0.0	
Activities Director	1.0	
Medical Director	1.0	
In-service Director	0.5	
Director of Nursing	1.0	
Clerical	7.5	
Housekeeping/ maintenance	5.5	
Laundry	2.0	
<b>Administration TOTAL</b>	<b>21.5</b>	<b>0</b>
Physical Therapist	6.1	
Occupational Therapist	2.8	
Speech Therapist	0.8	
Pharmacist	1.0	
Medical Records	1.0	
Social Worker	2.0	
Plant Engineer	1.0	
Infection Control	1.0	
<b>All Others TOTAL</b>	<b>15.7</b>	<b>0</b>
<b>TOTAL STAFFING</b>	<b>93.7</b>	<b>2.5</b>

Proposed (129 beds) Number of Employees	
<i>Full-Time Equivalent</i>	<i>Consultant hr/week</i>
10.0	0.0
15.0	0.0
51.0	0.0
<b>76.0</b>	<b>0.0</b>
1.0	0.0
10.0	0.0
<b>11.0</b>	<b>0.0</b>
1.0	0.0
2.0	0.0
1.0	0.0
1.0	0.0
1.0	0.0
1.0	0.0
1.0	0.0
9.0	0.0
7.0	0.0
3.0	0.0
<b>27.0</b>	<b>0.0</b>
2.0	0.0
2.0	0.0
1.0	0.0
1.0	0.0
1.0	0.0
2.0	0.0
1.0	0.0
1.0	0.0
<b>11.0</b>	<b>0.0</b>
<b>125.0</b>	<b>0</b>



## **2. Nursing hours per patient day**

Prior owner and proposed nursing hours per patient day are as follows. The reduced hours per day reflects the change in programming as a result of the change in resident mix, as the percentage of short-term residents will decrease and the percentage of long-term residents will increase. Short-term residents typically require more nursing hours than long-term residents due to the intensity, complexity, and acuity of their post-acute care needs. Short-term residents are often in nursing homes after acute hospitalization stays and are recovering from clinical issues like surgeries, strokes, fractures, or infections. These residents typically require more intensive post-acute medical care (e.g., wound care, IV therapy, monitoring of post-op complications) and more frequent clinical assessments, which in turn require more oversight and hours worked from registered nurses.

	<b>Current</b>	<b>Projected</b>
Registered Nurse	1.10	0.90
LPNs	0.63	0.65
Nurse's Aides & Assistants	2.76	2.60
<b>TOTAL</b>	<b>4.49</b>	<b>4.15</b>

## **3. Provide evidence that the personnel needed to staff the nursing home will be available.**

As noted in response to an earlier question, while the bed capacity will be nearly doubled upon completion of this project, the staff needed is only required to increase by 33%.

Today, Mission is fully staffed to operate 69 beds. The manager, Kapalua Beach, LLC and its member, Kalesta Healthcare Group, is well aware of staffing challenges and to this end will offer competitive salaries, a generous paid time off program and a benefit package to both recruit and retain staff. In addition, Mission will encourage and support staff, through flexible scheduling, to participate in training and continue their education, if desired, to advance in their positions.

## **4. Provide evidence that there will be adequate ancillary and support services to provide the necessary patient services.**

Under the terms of the interim management agreement, the members of Kapalua Beach, LLC, will be responsible for providing and/or arranging for ancillary and support services to the residents of Mission directly or through its existing network of providers. These services are expected to include, but are not limited to pharmacy, dental, DME, respiratory therapy, restorative, dietary, physical therapy, and occupational therapy. We expect to continue to use the providers that are already providing these services.

**5. Provide evidence that indicates the services provided at your facility will be in compliance with applicable federal and state laws, rules, and regulations for health care facilities.**

Evergreen operated Greenwood in compliance with all State and federal rules.

Kapalua Beach, LLC, consistent with the Management Agreement, will have responsibility for day-to-day operation of Mission. As noted in response to earlier questions, Kapalua Beach, LLC, will comply with all applicable federal and state laws, rules, and regulations for health care facilities, as it does with all of the other nursing facilities it operates. That said, it does have a facility that had survey issues while under a different operator. Kapalua Beach, LLC is working with staff to ensure that any licensing concerns are resolved and addressed.

**6. Provide evidence that the project will be in compliance with applicable conditions of participation related to the Medicare and Medicaid programs.**

Kapalua Beach, LLC will provide services in compliance with the applicable conditions of participation related to the Medicare and Medicaid programs.

**7. Fully describe any history of each applicant with respect to the actions noted in the Certificate of Need criterion. (WAC 246-310-230 (5) (a). If there is such a history, provide evidence that ensures safe and adequate care to the public to be served and in conformance with applicable federal and state requirements.**

Greenwood has not operated for seven years. Greenwood had no disciplinary actions during the period it was operating Health and Rehabilitation of North Seattle.

Evergreen Healthcare Group, the proposed operator, strives to ensure that all of its facilities are operated in accordance with applicable federal and state requirements and that any identified deficiencies during state licensure surveys are corrected. Evergreen Healthcare Group is currently working on correcting identified deficiencies found in recent DSHS surveys and providing the requested plan of corrections (identified in recent enforcement letters from DSHS).

- 8. Provide evidence that the project will adequately address continuity of care. Describe the arrangements that will be made with other providers for patient care consultation services. Provide assurance that patients will be referred to a hospital for acute care needed. Also, provide assurance that patients discharged from the nursing home will be referred to home health, hospice, or assisted living agencies when such care is needed.**

As a provider that has operated for nearly 30 years, at the time of acquisition, Mission had numerous relationships in place with both pre-admission and post admission providers, including home health, hospice, assisted living and adult family homes. Mission also worked closely with Overlake and the downtown hospitals where the majority of transfers come from (Swedish, Providence, Virginia Mason, and UW Medicine). The new owners will continue to do so.

- 9. Existing nursing homes will document the number of patients discharged from the nursing home to the patients home, referred to home health, hospice agency, or assisted living services during the last three years.**

The table below was compiled from information provided by Mission's prior owner/operator:

	2022	2023	2024
# Discharged Home	32	45	40
# Discharged to Home Health	176	235	250
# Discharged to Hospice	0	1	0
# Discharged to Assisted Living Services	72	69	106

**SECTION 4**  
**PROJECT RATIONALE-**  
**COST CONTAINMENT (WAC 246-310-240)**

- 1. Describe distinct alternative means for meeting the need described previously. Identify alternative advantages and disadvantages, including cost, efficiency, or effectiveness.**

Consistent with the provisions of RCW 70.38.115 (13)(b), the need criteria are deemed met.

- 2. Describe, in as much detail as possible, specific efforts that were undertaken to contain the costs of offering the proposed service.**

As noted in earlier sections of the application, the capital costs associated with the bed addition will be used to return rooms that were built and operated as semi-private and made private when Mission's prior owner moved 60 beds to another nursing home. Because the rooms were designed and built as semi-private, and because they meet current code for semi-private, the capital investment per bed is low at \$5,500 per bed. The costs were also kept low by funding the conversion from reserves and by not needing architects, engineers, or contractors.

- 3. In the case of construction, renovation, or expansion, describe any operating or capital cost reductions achieved by architectural planning, engineering methods, methods of building design and construction, or energy conservation methods used.**

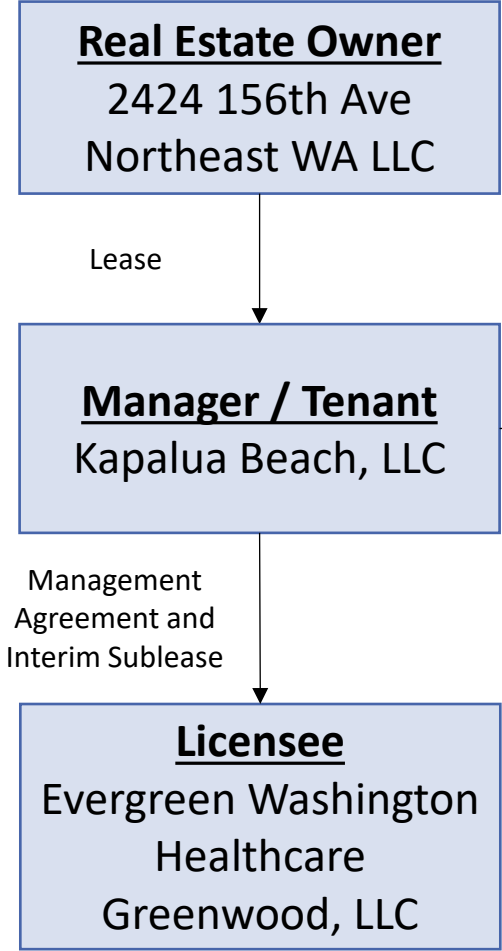
The current building is not being remodeled, and no capital is being expended.

- 4. Under a concurrent or comparative review, preference will be given to the project which meets the greatest number of criteria listed below. Provide documentation describing how the proposed project meets the following criteria.**
- a. Projects that include other institutional long-term care services or evidence of relatively greater linkages to community-based, long-term care services.**
  - b. Projects which improve the geographic distribution and/or provide access to nursing home beds in a currently under-served area.**
  - c. Nursing home operators having (*or proposing to have*) a Medicare contract in areas with less than the statewide proportion of Medicare nursing home beds to total nursing home beds.**
  - d. Nursing home operators serving (*or proposing to serve*) Medicaid clients.**
  - e. Nursing home operators proposing to serve additional heavy care patients in areas where CSO placement staff or hospital discharge planners document significant and continuing difficulties in placing such patients in nursing homes.**
  - f. Existing nursing home operators in the state who are seeking to achieve a 100-bed minimum efficient operating size for nursing homes or to otherwise upgrade a facility with substantial physical plant waivers or exemptions, as determined by Washington State Aging and Adult Services Administration.**
  - g. Projects that propose to serve individuals requiring mental health services and care for Alzheimer's or dementia conditions.**

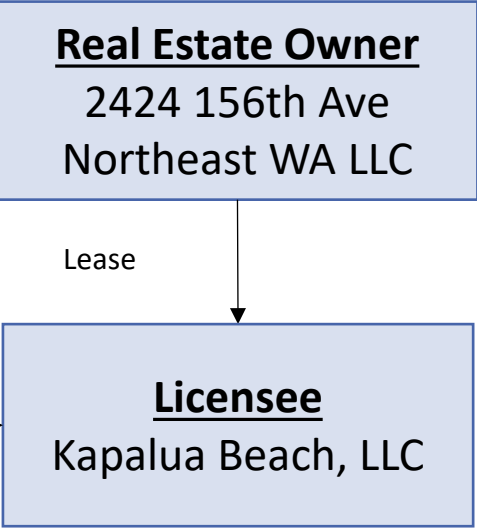
There is no concurrent review. This question is not applicable.

**Exhibit 1**  
**Organizational Chart**

**Current Structure**



**Structure After CN Approval**



Management Agreement:  
Greenwood engages Kapalua as  
Manager. Management agreement  
terminates automatically upon  
receiving updated license with the  
additional 60 beds.

**Exhibit 2**  
**Facility List**

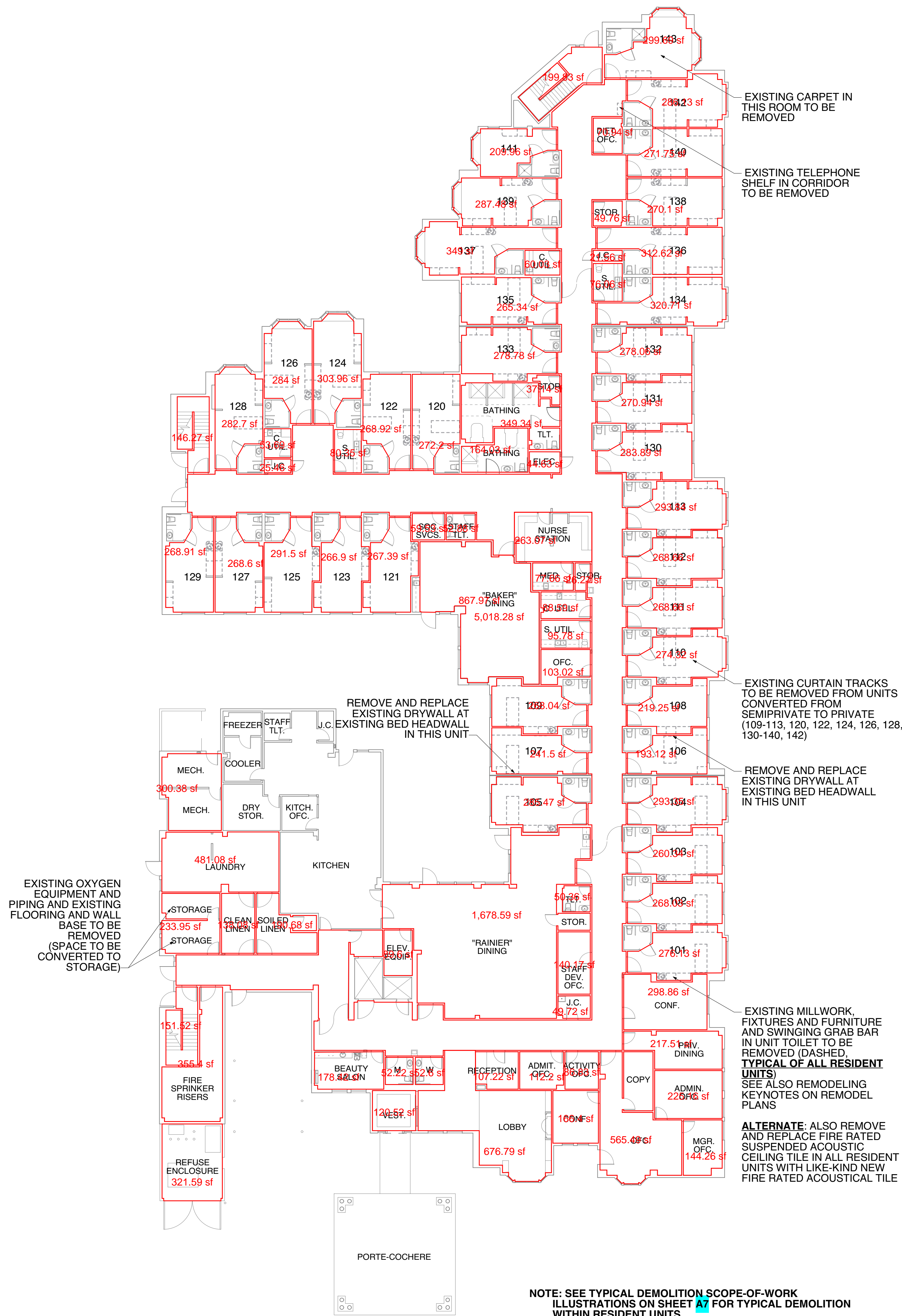


							Star Ratings				Medicaid Number
Licensed	Ops Transition						Overall	Health	Quality	Staffing	
Beds	Address	City	State	Zip	Own/Lease	Date					
175	2030 Evergreen Avenue	Modesto	CA	95350	Lease	Mar-21	1.0	1.0	3.0	3.0	311443
160	1275 Crane Street	Menlo Park	CA	94025	Own	Aug-19	3.0	2.0	5.0	2.0	7260942
121	6254 66th Avenue	Sacramento	CA	95823	Lease	Oct-19	n/a	n/a	n/a	n/a	
99	6248 66th Avenue	Sacramento	CA	95823	Lease	Oct-19	3.0	3.0	4.0	4.0	2403842
90	825 E 18th Street	Antioch	CA	94509	Own	Feb-25	n/a	n/a	n/a	n/a	
99	469 East North Street	Manteca	CA	95336	Lease	Nov-21	4.0	3.0	5.0	3.0	4164743
59	931 Idaho Avenue	Los Banos	CA	93635	Own	Nov-21	5.0	5.0	2.0	2.0	8477743
78	7241 Canelo Hills Drive	Citrus Heights	CA	95610	Own	Oct-23	n/a	n/a	n/a	n/a	
99	1611 Scenic Drive	Modesto	CA	95355	Lease	Apr-22	2.0	2.0	3.0	3.0	2472337
160	1081 Mohr Lane	Concord	CA	94518	Lease	Mar-25	n/a	n/a	n/a	n/a	
74	20388 Saratoga-Los Gatos Road	Saratoga	CA	95070	Lease	Aug-18	n/a	n/a	n/a	n/a	
85	20400 Saratoga-Los Gatos Road	Saratoga	CA	95070	Lease	Aug-18	2.0	2.0	4.0	4.0	7062742
70	515 E. Orangeburg Avenue	Modesto	CA	95350	Lease	Oct-19	2.0	2.0	4.0	2.0	9164842
69	2424 156th Avenue Northeast	Bellevue	WA	98007	Lease	Jun-25	3.0	2.0	4.0	5.0	101760600
98	140 South Marion Avenue	Bremerton	WA	98312	Lease	Jun-25	1.0	1.0	4.0	1.0	2092159
101	1116 E Lauridsen Boulevard	Port Angeles	WA	98362	Lease	Jun-25	4.0	2.0	5.0	5.0	2092163
125	2701 Clare Avenue	Bremerton	WA	98310	Lease	Jun-25	1.0	1.0	4.0	2.0	2092164
128	21400 72nd Avenue West	Edmonds	WA	98026	Lease	Jun-25	2.0	2.0	3.0	3.0	2092165
100	650 West Hemlock St	Sequim	WA	98382	Lease	Jun-25	1.0	1.0	4.0	4.0	2092154
39	495 North Thirteenth Street	Othello	WA	99344	Lease	Jun-25	4.0	3.0	5.0	4.0	101249400
48	Northwest 1310 Deane	Pullman	WA	99163	Lease	Jun-25	2.0	2.0	3.0	3.0	100278100
92	75 Shore Drive	Saint Helens	OR	97051	Lease	Jun-25	2.0	1.0	5.0	2.0	809582
<b>1,369</b>							<b>2.5</b>	<b>2.1</b>	<b>3.9</b>	<b>3.1</b>	

**Exhibit 3**  
**Existing Facility Drawings**

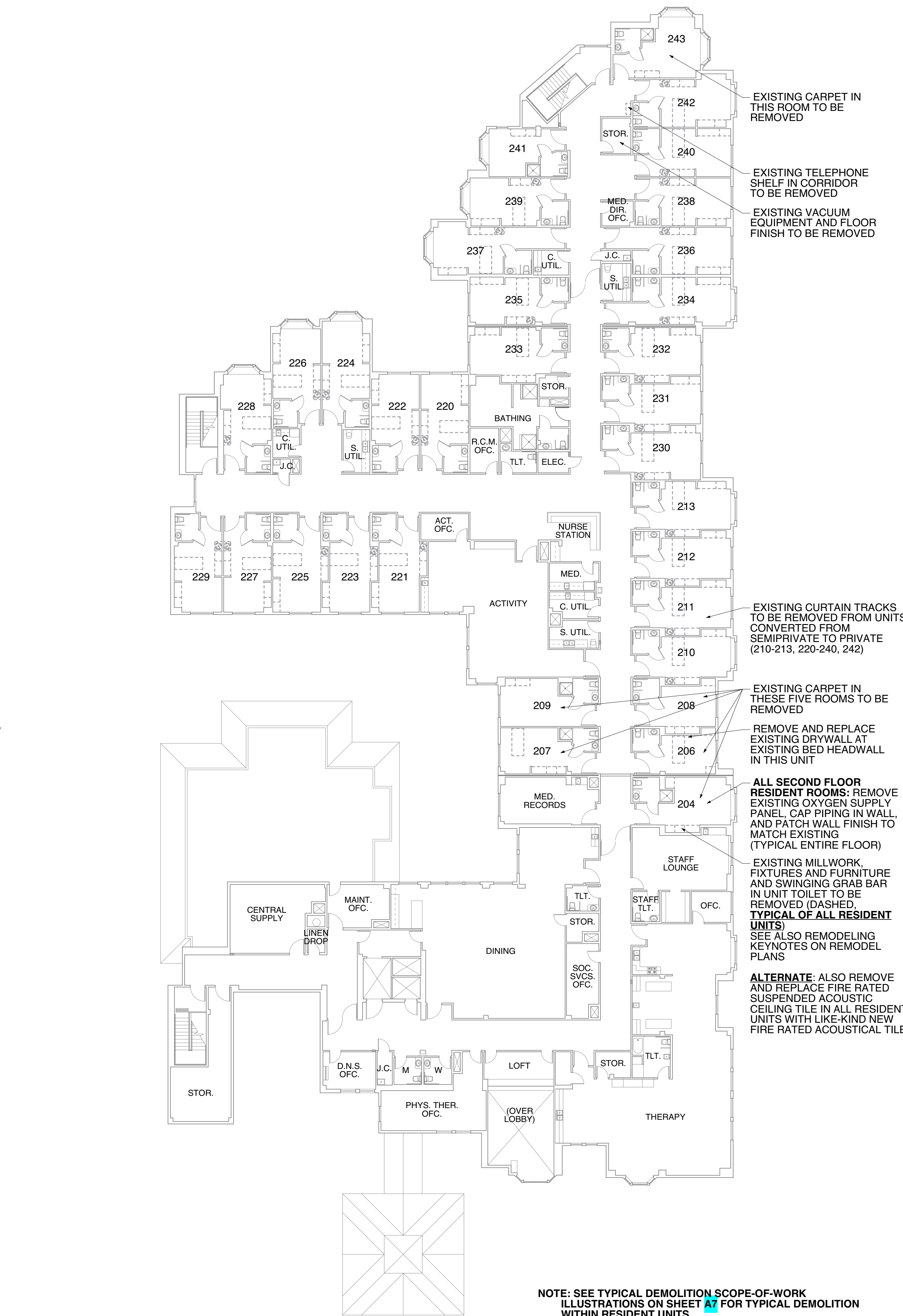


INTERIOR ALTERATIONS  
TO MISSION  
HEALTHCARE  
AT BELLEVUE  
2424 156TH AVENUE NE  
BELLEVUE, WA 98007



20  
A2  
OVERALL FIRST FLOOR DEMOLITION PLAN  
SCALE: 1/16" = 1'-0"

(X) UNIT TYPE - SEE ENLARGED PLANS AND INTERIOR ELEVATIONS ON SHEETS A4-A6



22  
A2  
OVERALL SECOND FLOOR DEMOLITION PLAN  
SCALE: 1/16" = 1'-0"

(X) UNIT TYPE - SEE ENLARGED PLANS AND INTERIOR ELEVATIONS ON SHEETS A4-A6

REVISIONS		
MARK	DESCRIPTION	DATE
0	PERMIT SET	3/15/18
1	CITY REVIEW	4/17/18

DATE: 15 MAR 2018

SHEET:

RESIDENT PROTECTION  
DURING CONSTRUCTION

28  
A2

DEMOLITION GENERAL NOTES

30  
A2

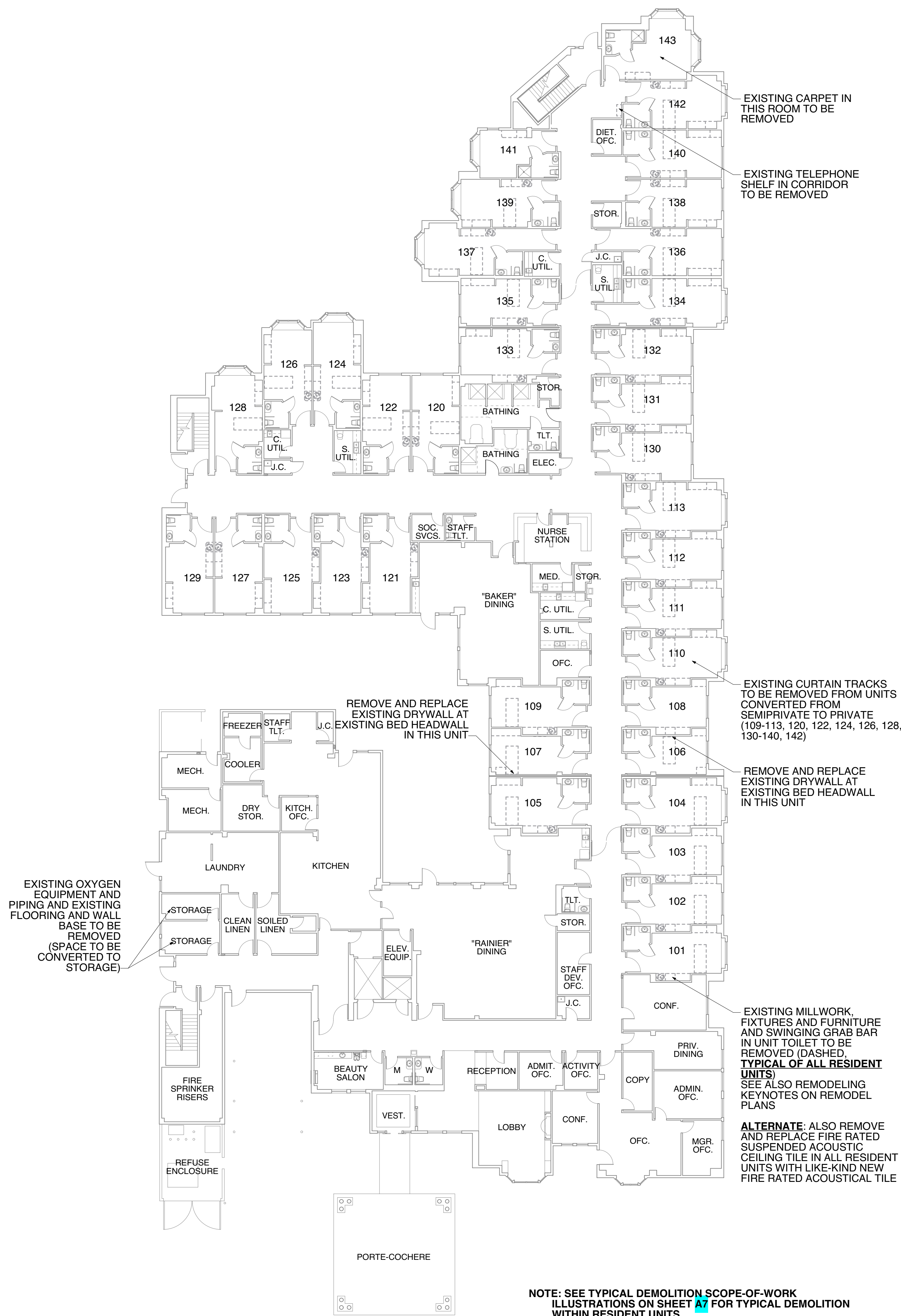
- A. CONTRACTOR SHALL MAINTAIN ACCESS TO EXITS AND OPERATION OF FIRE ALARM AND FIRE SPRINKLER SYSTEMS AT ALL TIMES.
- B. CONTRACTOR SHALL PROVIDE TEMPORARY PLASTIC SHEETING BARRIERS TO CONTROL DUST AND ODOR. USE NOISY EQUIPMENT BEHIND CLOSED DOORS WHENEVER POSSIBLE AND LIMIT NOISY WORK TO DAYTIME HOURS BETWEEN 8AM AND 7PM.
- TEMPORARY BARRIERS INSTALLED ON OCCUPIED FLOORS SHALL NOT OBSTRUCT MORE THAN HALF OF THE WIDTH OF THE EGRESS CORRIDOR AT ANY TIME, AND SHALL NOT OBSTRUCT ANY OCCUPIED RESIDENT ROOM ENTRY.

- A. REMOVE OBJECTS SHOWN DASHED OR AS NOTED. VERIFY EXTENT OF MATERIAL TO BE REMOVED BY COMPARISON WITH THE ALTERATIONS PLAN. LIMIT DAMAGE TO ADJACENT SURFACES AND FINISH MATERIALS INDICATED TO REMAIN IN PREPARATION FOR PATCHING AND PAINTING AT NEW WORK.
- B. MAINTAIN EXISTING RATED WALL AND FLOOR/CEILING ASSEMBLIES. PATCH ANY PENETRATIONS OR DAMAGE TO RESTORE INTEGRITY OF THE ORIGINAL RATED ASSEMBLY TEST.
- C. WHERE NEW PARTITIONS ARE INDICATED TO CONTINUE UP TO THE UNDERSIDE OF THE FIRE MEMBRANE OF THE FLOOR/CEILING ASSEMBLY ABOVE, CUT PORTIONS OF ANY EXISTING SUSPENDED FINISH CEILING ASSEMBLY TO PERMIT REUSE OR REINSTALLATION AFTER CONSTRUCTION OF THE NEW INTERRUPTING WALL ASSEMBLY.





INTERIOR ALTERATIONS  
TO MISSION  
HEALTHCARE  
AT BELLEVUE  
2424 156TH AVENUE NE  
BELLEVUE, WA 98007



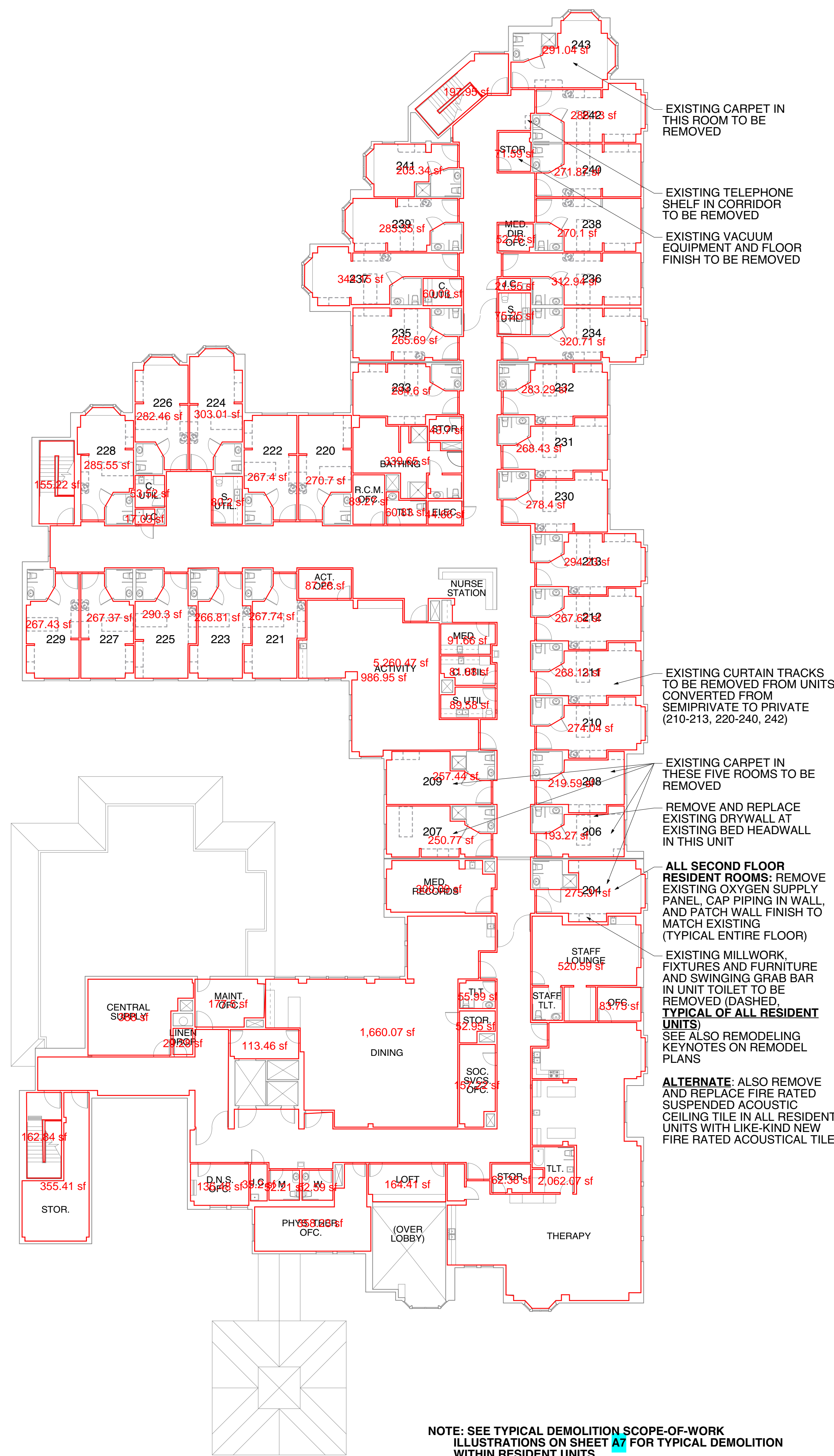
20  
A2  
OVERALL FIRST FLOOR DEMOLITION PLAN  
SCALE: 1/16" = 1'-0"

(X) UNIT TYPE - SEE ENLARGED PLANS AND INTERIOR ELEVATIONS ON SHEETS A4-A6



22  
A2  
OVERALL SECOND FLOOR DEMOLITION PLAN  
SCALE: 1/16" = 1'-0"

(X) UNIT TYPE - SEE ENLARGED PLANS AND INTERIOR ELEVATIONS ON SHEETS A4-A6



22  
A2  
OVERALL SECOND FLOOR DEMOLITION PLAN  
SCALE: 1/16" = 1'-0"

DEMOLITION PLANS

REVISIONS		
MARK	DESCRIPTION	DATE
0	PERMIT SET	3/15/18
1	CITY REVIEW	4/17/18

DATE: 15 MAR 2018

SHEET:

RESIDENT PROTECTION  
DURING CONSTRUCTION

28  
A2

DEMOLITION GENERAL NOTES

30  
A2

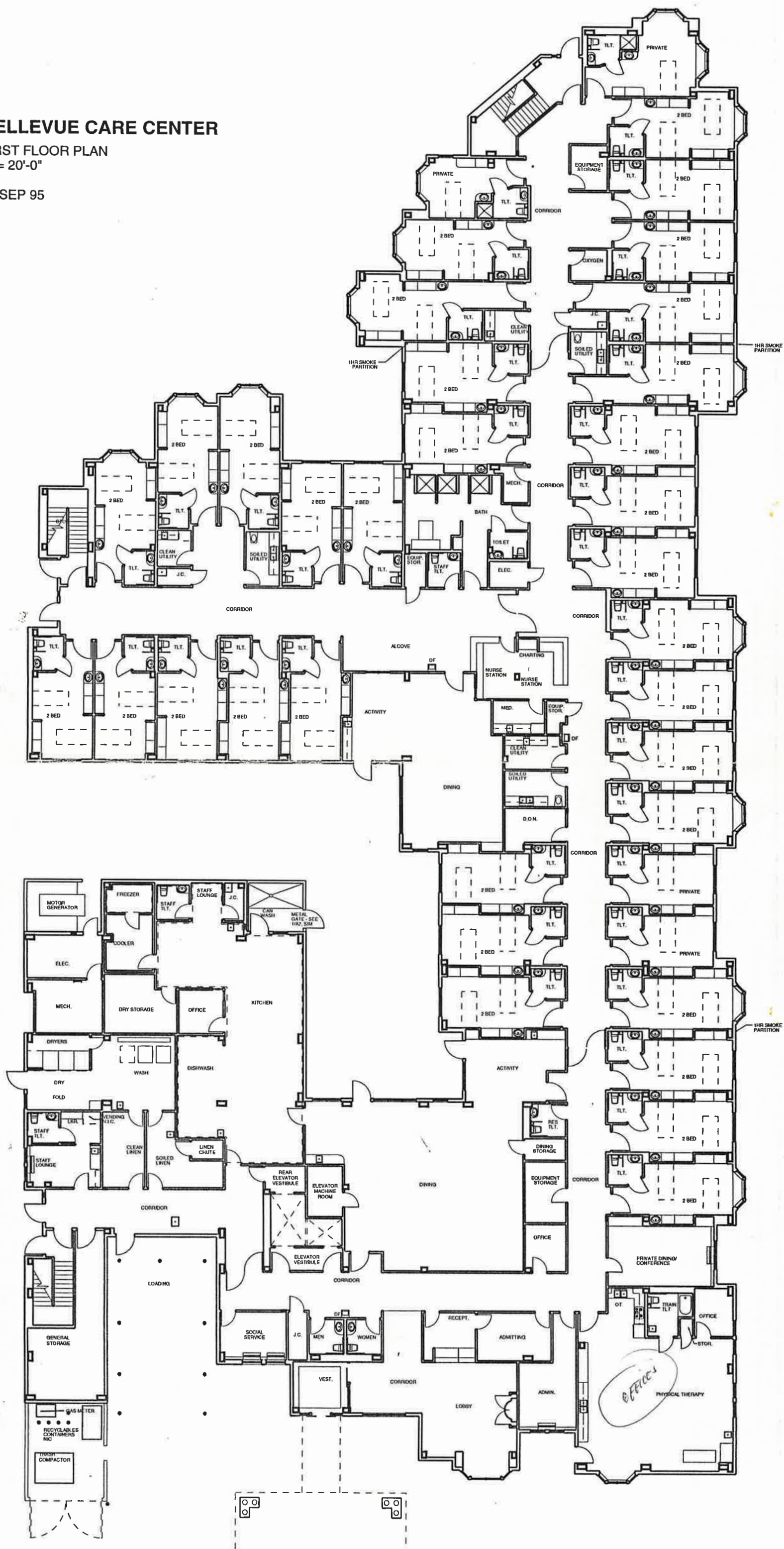
- A. CONTRACTOR SHALL MAINTAIN ACCESS TO EXITS AND OPERATION OF FIRE ALARM AND FIRE SPRINKLER SYSTEMS AT ALL TIMES.
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**Exhibit 4**  
**Proposed Drawings**

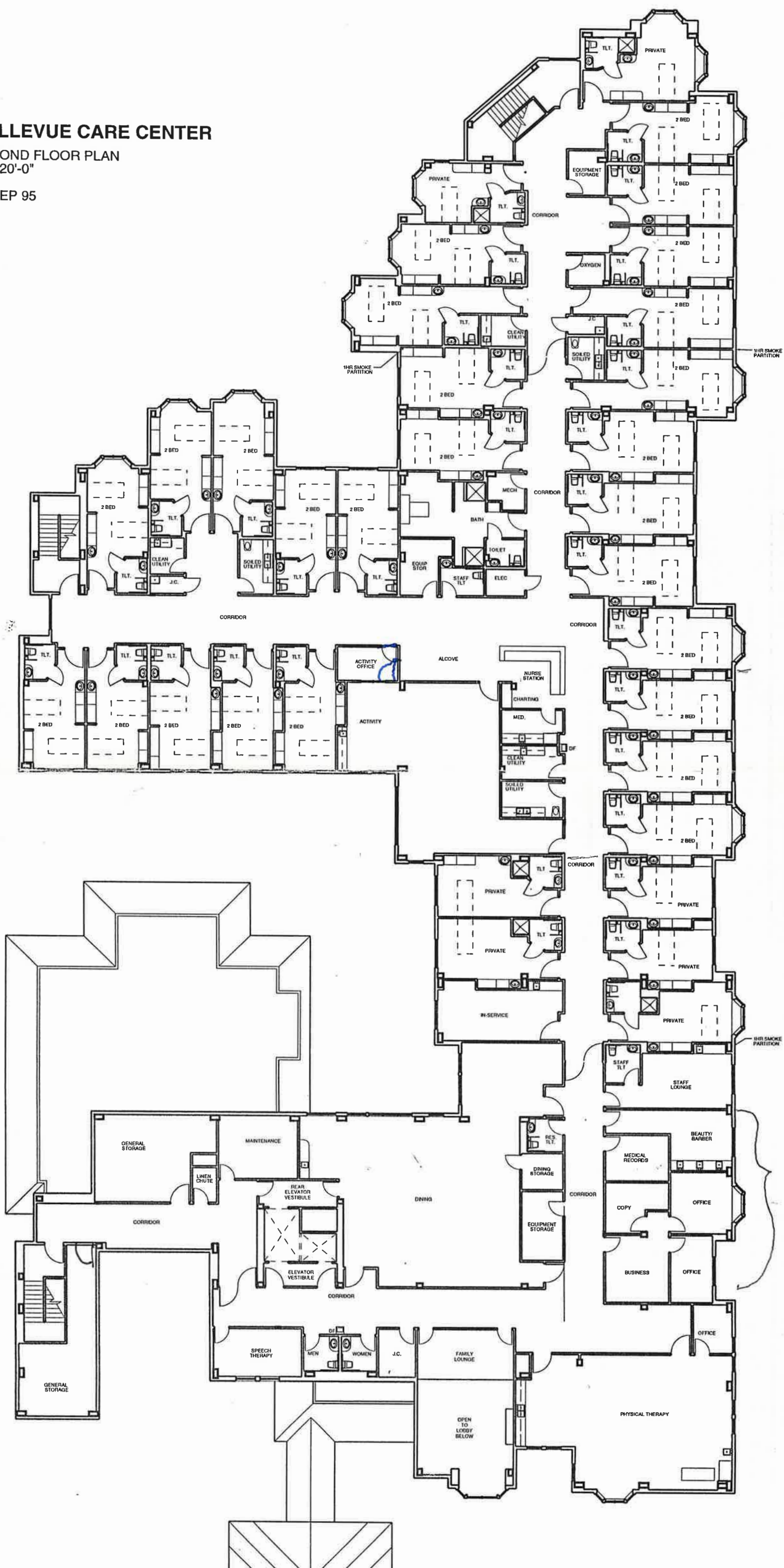


## 28 SEP 95





28 SEP 95



**Exhibit 5**  
**Purchase and Sales Agreement**



**PURCHASE AND SALE AGREEMENT  
(MISSION HEALTHCARE AT BELLEVUE)**

**THIS PURCHASE AND SALE AGREEMENT** (this “**Agreement**”) is entered into as of April 1, 2025 (the “**Effective Date**”), by and between **MISSION HEALTHCARE INVESTMENT, LLC**, a Washington limited liability company (“**Seller**”), and **2424 156TH AVE NORTHEAST WA LLC**, a Delaware limited liability company, and/or its assigns (“**Buyer**”).

**R E C I T A L S**

**A.** Seller owns the fee interest in that certain real property described in Exhibit A attached hereto together with all rights, privileges, easements, licenses, rights of way, mineral and water rights, parking rights, highways, roads, alleys, sidewalks, and other appurtenances thereto (collectively, the “**Land**”).

**B.** The Land is improved with a sixty-nine (69) bed skilled nursing facility, commonly known as Mission Healthcare at Bellevue and located at 2424 156<sup>th</sup> Avenue NE, Bellevue, Washington 98007 (the “**Facility**”) and other improvements, facilities, buildings and structures (collectively with the Facility, the “**Improvements**” and together with the Land, the “**Real Property**”).

**C.** Seller leases the Real Property to Mission Healthcare at Bellevue JV, a Washington partnership (“**Current Operator**”), which is the licensed operator of the Facility.

**D.** Seller desires to sell the Property (as defined below) to Buyer, and Buyer desires to buy the Property from Seller, all pursuant to the terms and conditions set forth below.

**E.** Buyer desires KAPALUA BEACH, LLC, a Washington limited liability company, to serve as the new manager and eventual licensed operator of the Facility (“**New Operator**”) from and after the Closing Date (as defined below).

**F.** Concurrently with the execution of this Agreement, Current Operator and New Operator are entering into an Operations Transfer Agreement pursuant to which Current Operator will transfer the operations of the Facility to New Operator (the “**OTA**” and together with the transaction contemplated by this Agreement, the “**Transaction**”).

**G.** Evergreen Washington Healthcare Greenwood, L.L.C. dba Health and Rehabilitation of North Seattle, a Washington limited liability company (“**Banked Bed Seller**”), has banked bed rights from a closed skilled nursing facility known as Health and Rehabilitation of North Seattle in King County that may be unbanked and used to increase the bed capacity of the Facility.

**H.** Buyer intends to add approximately sixty (60) beds to the Facility’s bed capacity (the “**Banked Beds**”) after Closing (as defined below) pursuant to that certain Purchase and Sale Agreement for Skilled Nursing Facility Bed Rights with Banked Bed Seller with respect to the Banked Beds (the “**Banked Beds Purchase Agreement**”).

**AGREEMENT**

**NOW, THEREFORE**, taking into account the foregoing Recitals, and in consideration of the mutual covenants, agreements and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller agree as follows:

1. **Agreement to Purchase and Sale.** Seller hereby agrees to sell, convey and assign to Buyer, and Buyer agrees to buy and accept from Seller, the Property under the terms and conditions and for the Purchase Price hereinafter set forth.

2. **Property.** For purposes of this Agreement, “**Property**” shall mean all of Seller’s right, title and interest to and in the following:

- (a) the Land;
- (b) the Improvements;
- (c) all fixtures of a permanent nature currently affixed to the Real Property (“**Fixtures**”);
- (d) to the extent in the possession of Seller or under the control of Seller, original and digital copies of blueprints, plans, specifications, working drawings, site plans, elevations, surveys, indicia of title, warranties, environmental reports, structural reports and similar materials of any kind, character or description prepared in connection with the ownership of the Facility (collectively, the “**Plans**”);
- (e) all machinery, tools, spare and replacement parts, all fixtures (other than the Fixtures), equipment, machinery, appliances, and tangible property owned by Seller and used or intended to be used in connection with the leasing, use, operation or maintenance of the Facility, and Real Property, including the Facility sign, time clocks and cell phones which are located at the Facility, and all other tangible personal property located on or about the Real Property which are owned by Seller (collectively, the “**Personal Property**”);
- (f) the Assumed Operating Contracts (as defined below);
- (g) all warranties and guaranties related to the ownership, planning, development, construction, and/or maintenance of the Real Property and Facility to the extent transferable which Seller holds or under which Seller is a beneficiary (collectively, the “**Warranties**”); and
- (h) to the extent permitted by applicable Laws (as defined below), all licenses, permits, certifications, accreditations, certificates of exemption, approvals, waivers, variances or other governmental or “quasi-governmental” authorizations (collectively, the “**Licenses**”) that are held by Seller in connection with the ownership (as opposed to the operation) of the Facility.

3. **Excluded Property.** Notwithstanding anything in this Agreement to the contrary, the following shall be expressly excluded from the Property and shall be retained by Seller (collectively, the “**Excluded Property**”):

- (a) any claim, cause of action, or right of recovery or settlement held by Seller against third parties, including vendors, who provided services in connection with the ownership of the Facility prior to the Closing Date;
- (b) Seller’s proprietary or organizational document and financial, accounting and/or tax records;
- (c) personal property of residents of the Facility;

(d) Seller's rights arising under this Agreement or under any other agreement entered into between Buyer and Seller in connection with the transaction provided for herein;

(e) any insurance policies in the name of Seller which are in effect at Closing with respect to any or all of the Property;

(f) any and all proprietary and confidential materials, rights and information located at and used in connection with the ownership of the Facility, including, without limitation, policy and procedure manuals, marketing and sales studies, analysis and similar materials, and the Facility website, domain name and email addresses to the extent that the same are part of the Seller's corporate website and email system;

(g) all of the Operating Contracts which are not Assumed Operating Contracts;

(h) all accounts receivable, notes receivable, cash, cash equivalents and marketable securities; and

(i) Seller's deposits, including utility deposits, and prepaid expenses accruing through the Closing Date, unless and to the extent that Seller is reimbursed therefor by Buyer on the Closing Date.

#### **4. Purchase Price; Phase 2 Payment.**

(a) Purchase Price. The purchase price for the Property and the Operating Assets (as defined in the OTA) which are conveyed under the OTA is equal to the sum of Twelve Million Five Hundred Thousand and No/100 Dollars (\$12,500,000.00) (the "**Purchase Price**"). The Purchase Price shall be allocated among the assets comprising the Property in such manner as may be agreed upon by Seller and Buyer and, if and when agreed upon, such allocation shall be attached hereto as Schedule 4, it being understood and agreed that agreeing on such an allocation shall not be a condition to Closing. If the parties are unable to agree upon an allocation prior to the Closing, each of Buyer and Seller shall adopt their own allocation and complete and execute a Form 8594 in accordance with such allocation and Seller's allocation shall control with respect to the amount to be stated on any transfer tax declaration and in calculating any transfer, excise, consumer use, or similar tax paid in connection with the conveyance of the Property; provided, however, that Seller's allocation is commercially reasonable and the allocation applicable Property in such situation shall not be deemed accepted by Buyer for purposes of determining the assessed value of the Property following the Closing. The Purchase Price shall be payable as follows:

(b) Deposit. Within one (1) Business Day after the Effective Date, Buyer shall deposit by wire transfer of immediately available funds the sum of Two Hundred Thousand and No/100 Dollars (\$200,000.00) into Escrow (as defined below) (together with all interest earned thereon, the "Initial Deposit"). The Deposit shall be fully refundable in the event of the termination of this Agreement by Buyer prior to the Due Diligence Expiration Date (as defined below) or as otherwise expressly set forth in this Agreement. Provided that this Agreement is not terminated prior to the Due Diligence Expiration Date, Buyer shall deposit by wire transfer of immediately available funds an additional sum of Two Hundred Thousand and No/100 Dollars (\$200,000.00) into Escrow (the "**Second Deposit**", and together with the Initial Deposit, hereinafter referred to collectively as the "**Deposit**"). If the Closing occurs, then the Deposit shall be applied against the Purchase Price.

(c) Closing Date Payment. On the Closing Date, Buyer shall pay the Purchase Price less the Deposit and any credits to which Buyer is entitled under the terms of this Agreement and/or the OTA (the "**Closing Date Payment**") by wire transfer of immediately available funds.

(d) **Phase 2 Payment.** Within one (1) Business Day after the issuance by the Department of a license to operate the Facility with an increased capacity reflecting the addition of the Banked Beds at the Facility, Buyer shall deposit by wire transfer of immediately available funds the sum of Three Million and No/100 Dollars (\$3,000,000.00) into a bank account designated by Seller (the **“Phase 2 Payment”**). The Phase 2 Payment shall be independent and separate consideration from the Purchase Price for the addition of the Banked Beds after the Closing Date.

## **5. Escrow and Closing Date.**

(a) **Escrow Holder; Escrow Instructions.** Within one (1) Business Day after the Effective Date, Buyer shall open escrow for the purchase and sale of the Property (the **“Escrow”**) with Meister Abstract Corp. at its offices at 151 South Main Street, Suite 300, New City, New York 10956, Attn: Avi Obermeister (the **“Escrow Agent”**). This Agreement, together with such further instructions, if any, as the parties shall provide to Escrow Agent by written agreement, shall constitute the escrow instructions to the Escrow Agent, including without limitation the standard printed general escrow instructions of Escrow Agent, incorporated herein by this reference. In the event of a conflict between this Agreement and such written escrow instructions, the latter shall control.

(b) **Closing.** Subject to the satisfaction or waiver of the conditions to closing set forth in this Agreement, the closing (the **“Closing”**) of the Transaction shall occur effective on the first day of the first month occurring at least sixty (60) days following the Due Diligence Expiration Date (the **“Closing Date”**). The Closing shall be deemed to be effective and the transfer of the Property shall be deemed to have occurred as of 12:01 a.m. local time on the Closing Date. To the extent the effective Closing Date occurs on a non-Business Day, the parties shall enter into an irrevocable closing escrow agreement for Closing to occur on the next Business Day with the effective Closing Date being 12:01 a.m. local time on first day of the month.

(c) Notwithstanding the foregoing, Buyer shall have the right, subject to the satisfaction of all of the conditions in this Agreement, to extend the Closing Date such that the Closing will take place on July 1, 2025 (the **“Extension Option”**), provided that, on or prior to the original Closing Date, Buyer (i) delivers notice of its election to exercise the Extension Option to Seller and (ii) deposits by wire transfer of immediately available funds the sum of Seventy-Five Thousand and 00/100 Dollars (\$75,000) (the **“Extension Fee”**) with Escrow Agent. In the event the Buyer exercises the Extension Option, the Extension Fee shall be applied towards the Purchase Price but shall not be refundable or deemed to be a part of the Deposit.

## **6. Due Diligence.**

(a) During the period (the **“Due Diligence Period”**) commencing on the Effective Date and ending on April 1, 2025 at 5 p.m. Pacific Time (the **“Due Diligence Expiration Date”**), Buyer shall have the right to conduct its Due Diligence Investigation (as defined below) of the Property.

(b) Buyer and Seller acknowledge and agree that prior to the Effective Date, in order to facilitate Buyer’s Due Diligence Investigation, Seller delivered the documents and materials requested by Buyer (collectively, **“Due Diligence Materials”**) to the extent in Seller’s possession or control. In addition to the foregoing, Seller shall promptly deliver to Buyer such other documents or items as Buyer may reasonably request in connection with its Due Diligence Investigation of the Property, to the extent in Seller’s possession or control.

(c) During the Due Diligence Period, Buyer and its agents, employees, contractors, and consultants (collectively, the **“Buyer Representatives”**) shall have the right to enter and inspect the

Property, review the status of title and make such other inspections and/or studies of the Property reasonably deemed appropriate by Buyer (the “Due Diligence Investigation”), all at Buyer’s expense; provided, however Buyer shall not (i) take any samples of materials of any kind from the Property, or (ii) perform any physically invasive procedure at the Property (including a Phase II environmental audit) without, in each case, the prior written consent of Seller, which consent may be withheld in Seller’s sole discretion. A minimum of forty-eight (48) hours prior notice shall be required with respect to all site visits at the Property, which notice shall include the intended date of entry and a description of the activities to be conducted and all such site visits shall occur during normal business hours, will be conducted in such a manner as to cause as little disruption to residents, employees and business conducted at the Property as possible and shall comply with all COVID standards and protocols in place at the Facility.

(d) During the Due Diligence Investigation, Buyer, and all contractors and others performing tests on Buyer’s behalf, shall maintain (or cause to be maintained), for the benefit of Buyer and Seller, insurance, on an occurrence basis and from a reputable insurance company having a rating of at least “A-VII” by Best’s Rating Guide (or a comparable rating service), in the amount of \$1,000,000 combined single limit/\$2,000,000 general aggregate for commercial general liability, workers compensation in accordance with statutory requirements, and umbrella insurance in the amount of \$2,000,000. Such policies shall name Seller as an additional insured party, and shall provide coverage against any claim for personal liability or property damage caused by Buyer or the Buyer’s Representatives in connection with such inspections. Buyer shall deliver to Seller a certificate evidencing the commercial general liability and property damage insurance before conducting any Due Diligence Investigation on the Property.

(e) Buyer shall keep the Property free and clear of any liens or claims resulting from its Due Diligence Investigation and Buyer shall indemnify, defend (with counsel reasonably satisfactory to Seller), protect and hold harmless the Seller and other Seller Indemnitees (as defined in Section 16) from and against any and all liability, loss, cost, damage or expense (including, without limitation, attorneys’ fees and costs) that any Seller Indemnatee may sustain or incur by reason of or in connection with Buyer’s Due Diligence Investigation. Buyer shall restore any portion of the Property damaged during Buyer’s Due Diligence Investigation to substantially the same condition as existed immediately before such damage occurred. The rights and obligations of the Parties under this Section 6(e) shall survive Closing or any earlier termination of this Agreement.

(f) In consideration for Seller granting to Buyer the right to inspect the Property and allowing Buyer access to the Property for the purposes of its Due Diligence Investigation, Buyer has paid to Seller concurrently with the execution of this Agreement the sum of One Hundred Dollars and No/Dollars (\$100.00), cash-in-hand, the receipt of which is acknowledged, which amount constitutes independent consideration, separate and apart from the Purchase Price and is non-refundable under any circumstances, and shall be retained by Seller notwithstanding any other provisions of this Agreement in consideration of the rights and options granted by Seller under this Agreement.

(g) At any time on or prior to 12:00 pm Pacific Time on the Due Diligence Expiration Date, Buyer may notify Seller expressly and in writing that Buyer has determined, for any reason or no reason, in its sole and absolute discretion that it will not complete the proposed acquisition of the Property, and is thereby terminating this Agreement (“Termination Notice”) in which case the Deposit shall be returned to Buyer and neither Seller nor Buyer shall have any further rights and obligations hereunder other than those rights and obligations which expressly survive termination of this Agreement. If Seller does not receive the Termination Notice by 12:00 pm Pacific Time on the Due Diligence Expiration Date, then the Deposit shall become non-refundable to Buyer except as otherwise set forth in Section 17.

(h) If this Agreement terminates for any reason, Buyer shall (i) deliver to Seller a copy of any audits, surveys, reports, studies and the results of any and all investigations and inspections performed for Buyer by third parties, in Buyer's possession, which are requested in writing by Seller within ten (10) Business Days of such request (excluding any materials that were developed by and are the sole property of Buyer and materials subject to the attorney-client and/or work product privilege); and (ii) return to Seller or certify the destruction of any and all materials given to Buyer by or on behalf of Seller in connection with the Due Diligence Investigation within ten (10) Business Days after the termination of this Agreement. The foregoing covenants of Buyer shall survive any such termination of this Agreement.

## **7. Title and Survey Review.**

(a) Prior to the Effective Date, Buyer ordered from the Escrow Agent (the "Title Company"), a title report or title insurance commitment with respect to the Facility (the "Title Commitment") to be issued by the Title Company, together with copies of all exceptions to title referenced therein. The Title Commitment shall provide for issuance of an ALTA owner's policy of title insurance insuring fee simple title in the Buyer in the Real Property in amount equal to the Purchase Price subject only to Permitted Exceptions (as defined below) (the "Title Policy").

(b) Buyer, at Buyer's cost, may obtain a survey of the Real Property (the "Survey") prepared by a licensed professional land surveyor acceptable to the Buyer and the Title Company (the "Surveyor").

(c) Buyer shall have the right to reasonably object to any matters appearing in the Title Commitment or in the Survey that reasonably could be considered to be title defects, by delivery of written notice (a "Title Objection Notice") to Seller specifying such objection(s) (the "Title Objections") in detail at any time prior to March 21, 2025 at 5 p.m. PT. If Buyer timely delivers a Title Objection Notice to Seller, then Seller may, within three (3) Business Days of receipt of Buyer's notice, respond to Buyer by delivery of written notice to Buyer (i) electing to use reasonable efforts to cure (including by obtaining the necessary title endorsements (the "Disapproved Title Matter Endorsements")), any one or more of Buyer's Title Objections identified in the Title Objection Notice or (ii) declining to cure any or all of Buyer's title objections. If Seller notifies Buyer that Seller will use reasonable efforts to cure a Title Objection (whether by removal or endorsement), Seller shall be unconditionally obligated to so cure such Title Objection prior to or concurrently with Closing at no cost and expense to Buyer. If Seller in its notice to Buyer does not elect to cure any one or more of Buyer's Title Objections, or if Seller is deemed to have elected not to cure any one or more of Buyer's Title Objections as provided by the foregoing (including expressly if Seller does not respond to Buyer's Title Objection Notice within three (3) Business Days of receipt of the same), then Buyer shall have the right to terminate this Agreement by delivering a Termination Notice pursuant to Section 6(g) on or before the Due Diligence Expiration Date or within one (1) Business Day after the due date for Seller's response to Buyer's Title Objection Notice, whichever is later. If Buyer does not deliver a Termination Notice on or before the Due Diligence Expiration Date or within one (1) Business Day after the due date for Seller's response to Buyer's Title Objection Notice, whichever is later, Buyer shall be deemed to have elected to waive any Title Objections that Seller has not elected to, or is deemed to have not elected to, cure and such Title Objections shall be deemed Permitted Exceptions.

(d) In the event the Title Company or the Surveyor issues an update to the Title Commitment or the Survey and any such update reflects any new matters that were not included in the Title Commitment or Survey as originally delivered by the Title Company or the Surveyor, or any prior update thereof, then Buyer shall have the right to object to such new matters within the earlier to occur of three (3) Business Days after Buyer receiving such update to the Title Commitment or Survey and one (1)

Business Day prior to the Closing Date, and each of Buyer and Seller shall have the same rights and obligations with respect to such new objections as detailed in the process set forth in Section 7(c) hereof.

(e) For purposes of this Agreement, the term “Permitted Exceptions” shall mean all title, survey and other matters affecting or that may affect title to the Property, other than such matters, if any, to which (i) Buyer shall have objected by written notice delivered to Seller as provided above, and (ii) Seller shall have elected to cure in written notice as provided above.

## **8. Conditions to Closing.**

(a) **Buyer’s Conditions.** Buyer’s obligation to purchase the Property hereunder is subject to fulfillment of each of the following conditions, any one or all of which may be waived by Buyer in writing.

(i) **Seller Closing Deliverables.** Seller shall have delivered to Buyer or, if applicable, to the Escrow Agent to be held in escrow in accordance with the terms of this Agreement, on or before the Closing Date the following:

(1) a duly executed and acknowledged Special Warranty Deed in the form attached hereto as Exhibit B, conveying good and indefeasible title in fee simple to the Real Property, free and clear of any and all liens, encumbrances, easements and assessments except the Permitted Exceptions (the “**Deed**”);

(2) a duly executed bill of sale and assignment (the “**Bill of Sale and Assignment**”) in form of Exhibit C, attached hereto, conveying to Buyer the Personal Property, the Plans, the Warranties, Licenses, and any other tangible personal property to be conveyed to Buyer under this Agreement;

(3) if applicable, an Assignment and Assumption Agreement in substantially the form attached hereto as Exhibit D (the “**Assignment and Assumption**”) duly executed by Seller pursuant to which Seller will assign to Buyer and Buyer will assume all of Seller’s right, title and interest in and to, and obligations accruing from and after the Closing Date under, the Assumed Operating Contracts;

(4) a duly executed non-foreign affidavit in the form attached hereto as Exhibit E;

(5) a title affidavit in substantially the form attached hereto as Exhibit F (the “**Title Affidavit**”) duly executed by Seller;

(6) a duly executed and acknowledged estoppel certificate in a commercially reasonable form to be agreed prior to the end of the Due Diligence Period certifying that certain Declaration of Parking Easement dated March 29<sup>th</sup>, 1996, as further amended and restated (the “**Declaration of Parking Easement**”), is in full force and effect, and that there are no defaults or breaches under the Declaration of Parking Easement, except as otherwise disclosed in the certificate (the “**Estoppel Certificate**”);

(7) a duly executed certificate confirming that all of Seller’s representations and warranties made in this Agreement are true and correct in all material respects as of the Closing Date;

(8) any and all transfer declarations or disclosure documents, duly executed by Seller, required in connection with the recordation of the Deed by any state, city, or county agency having jurisdiction over the Property or the Transaction contemplated hereby, including, but not limited to, a Washington real estate excise tax affidavit;

(9) a duly executed counterpart of the Closing Statement;

(10) Such other customary closing documents required from sellers of real estate in the applicable city, state and county in which the Facility is located as Buyer or the Title Company may reasonably require, each in form reasonably satisfactory to Seller and which do not increase Seller's obligations or liabilities in excess of that required by this Agreement and which are reasonably required to complete and evidence the Transaction contemplated hereby.

(ii) Title Policy. Subject to the payment of all title insurance premiums and expenses and Buyer's compliance with the terms of this Agreement, the Title Company shall be irrevocably committed to issue to Buyer upon Closing the Title Policy, insuring Buyer's title to the Real Property as of the Closing Date, subject to no exceptions, other than the Permitted Exceptions in an amount equal to the Purchase Price.

(iii) Date Down of Representations; No Breach of Covenants. All of the representations and warranties of Seller pursuant to Section 11 shall be true and correct in all material respects (or in all respects in the case of representations and warranties modified by materiality) as of the Closing Date and there shall be no material breach of Seller's covenants or obligations under this Agreement, which has not been cured within ten (10) days after Seller's receipt of written notice from Buyer setting forth in reasonable detail the nature of such breach.

(iv) Licensure. On or before the Closing Date either (i) Banked Bed Seller shall have secured a license from the Washington Department of Social and Health Services (the "**Department**") to operate the Facility as a sixty-nine (69) bed skilled nursing facility (the "**New License**") or (ii) Current Operator shall have submitted no later than sixty (60) days' prior to the Closing Date written notice to the Department and the residents of the Facility of Current Operator's intent to engage New Operator to manage the Facility pending the issuance of the New License along with the appropriate management attestation agreement (the "**CHOM Submission**") and Current Operator and New Operator shall have entered into an Interim Sublease and Management Agreement in the form attached as Exhibit C to the OTA, it being understood and agreed that the obligations of New Operator and Current Operator with respect to the application for the New License and the CHOM Submission are set forth more fully in the OTA (the requirement of this Section 8(a)(iv) being referred to in this Agreement as the "**Regulatory Condition**").

(v) No Injunction. No injunction, judgment, order, decree, ruling or charge shall be in effect under any action, suit or proceeding before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator that (a) prevents the consummation of the Transaction contemplated hereby or (b) would cause the Transaction contemplated hereby to be rescinded following consummation, and there shall be no action, suit or proceeding that has been filed and remains pending which is challenging or seeking to prevent the Transaction contemplated hereby, in each case, provided that Buyer has not solicited or encouraged any such action, suit or proceeding.



(vi) Closing Under the OTA. All conditions to the New Operator's obligations to close under the OTA shall have been satisfied or waived as provided for therein and the closing thereunder shall occur simultaneously.

(vii) Banked Beds Purchase Agreement. On or prior to the Closing Date, the Banked Beds Seller shall have entered into the Banked Beds Purchase Agreement with Buyer, and such Banked Beds Purchase Agreement shall then be in effect as of the Closing Date unless the failure of the condition set forth in this Section 8(a)(vii) to be satisfied is due to any act or omission of Buyer or other factor which is within Buyer's control.

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

(i) Buyer Closing Deliverables. Buyer shall have delivered to Seller or, if applicable, to the Escrow Agent to be held in escrow in accordance with the terms of this Agreement, on or before the Closing Date the following:

(1) the Closing Date Payment, plus any other sums required for costs to be paid by Buyer pursuant to the terms of this Agreement;

(2) a duly executed certificate confirming that all of Buyer's representations and warranties made in this Agreement are true and correct in all material respects as of Closing;

(3) a duly executed counterpart of the Assignment and Assumption;

(4) any and all transfer declarations or disclosure documents, duly executed by Buyer, required in connection with the recordation of the Deed by any state, city, or county agency having jurisdiction over the Property or the Transaction contemplated hereby, including, but not limited to, a Washington real estate excise tax affidavit; and

(5) Such other customary closing documents required from buyers of real estate in the applicable city, state and county in which the Facility is located as Seller or the Title Company may reasonably require, each in form reasonably satisfactory to Seller and which do not increase Buyer's obligations or liabilities in excess of that required by this Agreement and which are reasonably required to complete and evidence the Transaction contemplated hereby.

(ii) Date Down of Representations; No Breach of Covenants. All of the representations and warranties of Buyer pursuant to Section 12 shall be true and correct in all material respects (or in all respects in the case of representations and warranties modified by materiality) as of the Closing Date and there shall be no material breach of Buyer's covenants or obligations under this Agreement, which has not been cured within ten (10) days after Buyer's receipt of written notice from Seller setting forth in reasonable detail the nature of such breach.

(iii) Licensure. The Regulatory Condition shall have been satisfied.

(iv) No Injunction. No injunction, judgment, order, decree, ruling or charge shall be in effect under any action, suit or proceeding before any court or quasi-judicial or

administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator that (a) prevents the consummation of the Transaction contemplated hereby or (b) would cause the Transaction contemplated hereby to be rescinded following consummation, and there shall be no action, suit or proceeding that has been filed and remains pending which is challenging or seeking to prevent the Transaction contemplated hereby, in each case, provided that Seller has not solicited or encouraged any such action, suit or proceeding.

(v) Closing Under the OTA. All conditions to the Current Operator's obligations to close under the OTA shall have been satisfied or waived as provided for therein and the closing thereunder shall occur simultaneously.

(vi) Banked Beds Purchase Agreement. On or prior to the Closing Date, Buyer and the Banked Beds Seller shall have entered into the Banked Beds Purchase Agreement, and such Banked Beds Purchase Agreement shall then be in effect as of the Closing Date.

## **9. Closing Costs.**

(a) **Seller Costs.** Seller shall pay (i) Seller's legal, accounting and other professional fees and expenses and the cost of all opinions, certificates, instruments and documents required to be delivered, or to cause to be delivered, by Seller hereunder, including the cost of Seller's performance of its obligations hereunder; (ii) fifty percent (50%) of all escrow fees of the Escrow Agent; (iii) all excise taxes due with respect to the conveyance of the Real Property; and (iv) all fees for recording the Deed.

(b) **Buyer Costs.** Buyer shall pay (i) all costs incurred by Buyer in connection with its investigation of the Property, including the cost of the Survey and Buyer's Due Diligence Investigation; (ii) Buyer's legal, accounting and other professional fees and expenses and the cost of all certificates, instruments and documents required to be delivered by Buyer hereunder, including the cost of Buyer's performance of its obligations hereunder; (iii) fifty percent (50%) of all escrow fees of the Escrow Agent; and (iv) all sales tax due with respect to the conveyance of the Personal Property.

(c) **Cost of the Title Policy.** Seller and Buyer shall each pay fifty percent (50%) of the cost of a standard coverage policy of title insurance policy, with liability in the amount of the Purchase Price and the cost of all Disapproved Title Matter Endorsements. Buyer shall pay the cost of all endorsements to the Title Policy requested by Buyer, other than the Disapproved Title Matter Endorsements and the cost required for the issuance of an extended coverage policy of title insurance if Buyer elects to obtain extended coverage.

(d) **Other Costs.** Any other costs of the Escrow or of Closing pertaining to this transaction not otherwise expressly allocated among Buyer and Seller under this Agreement shall be apportioned in the manner customary in the County in which the Land is located.

(e) **Cancellation of Escrow.** Notwithstanding the provisions of this Section 9, if the Escrow fails to close for any reason (other than the breach of this Agreement by one or both of the parties), the costs incurred through the Escrow, shall be borne equally by Buyer and Seller. Otherwise, the party who breached this Agreement first shall bear all the costs of the Escrow.

**10. Prorations and Adjustments.** Items of income and expense from the ownership and operation of the Property, including the payment of real property taxes, and personal property taxes, operating expenses and utility meter readings (collectively, the "**Prorated Items**") shall be prorated as of the Closing Date, between New Operator and Buyer, on the one hand, and Current Operator and Seller, on the other hand, in accordance with the following provisions and Section 14 of the OTA, as applicable.

(a) Such prorations shall be made so that as between Buyer and Seller, Seller shall be reimbursed for Prorated Items that are prepaid by Seller, to the extent that such Prorated Items are attributable to periods on or after the Closing Date, and Seller shall be charged for unpaid Prorated Items to the extent that such Prorated Items are attributable to periods on or prior to the Closing Date. Buyer shall remit to Seller, and Seller shall pay, any invoices (or the applicable portion thereof in the case of invoices which cover periods both prior to and after the Closing Date) for Prorated Items in respect of goods or services provided to the Facility on or prior to the Closing Date. Seller shall remit to Buyer, and Buyer shall pay, any invoices (or the applicable portion thereof in the case of invoices which cover periods both prior to and after the Closing Date) for Prorated Items in respect of goods or services provided to the Facility on or after the Closing Date. All deposits paid by Seller with respect to the Facility, including without limitation any and all equipment lease, security and/or utility deposits paid to, and/or cash or other collateral held by any equipment lessor or by any utility, insurance company or surety, shall be assigned to Buyer and Seller shall receive a credit for such amounts on the Closing Statement. Notwithstanding the foregoing, Buyer acknowledges and agrees that it shall have no right, title or interest in and to any retroactive workers compensation insurance program payments whether or not the same are paid prior to or after Closing if and to the extent they relate to any period prior to Closing.

(b) All prorations pursuant to this Section 10 shall be made on the basis of actual days elapsed in the relevant billing period and shall be based on the most recent information available to Seller and Buyer.

(c) Any proration pursuant to this Section 10 which is not determined on the Closing Date (including, without limitations, any utilities which are not metered and read on the Closing Date) shall be settled within thirty (30) days after the Closing or, in the event the information necessary to determine the amount of such adjustment is not available within said thirty (30) day period, then within ten (10) Business Days after receipt of information by either party necessary to determine the amount of such adjustment and, unless otherwise set forth herein, any payment owed shall be made within fifteen (15) days of a party's receipt of a request for payment. In the event of a disagreement regarding any item(s) (or the amount of any item(s)) subject to proration under the terms of this Agreement, Buyer and Seller shall negotiate in good faith to resolve any such disagreement within ten (10) days after either party articulates to the other a basis for disagreement. If the parties are unable to resolve such dispute within ten (10) days, then the parties shall appoint an Independent Accounting Firm (as defined below), which shall review the items then subject to disagreement and determine the appropriate proration within thirty (30) days after such appointment. The parties agree to cooperate with the Independent Accounting Firm and provide it with such information as it reasonably requests to enable it to make such determination. The determination by the Independent Accounting Firm with respect to each item in dispute shall be conclusive and binding on the parties hereto. All fees and expenses billed by the Independent Accounting Firm in connection with the resolution of disputes under this section shall be borne one-half by Buyer and one-half by Seller. For purposes hereof, "Independent Accounting Firm" shall mean such independent accounting firm of national or regional reputation as is mutually appointed by the Seller and the Buyer and having no current relationship with either Seller or Buyer or any affiliate thereof.

**11. Representations and Warranties of Seller.** Subject to all matters disclosed in Schedule 11 attached hereto (the "**Seller's Disclosure Schedule**"), Seller hereby represents and warrants to Buyer that the following matters are true and correct as of the Effective Date and also will be true and correct as of the Closing Date:

(a) **Organization.** Seller is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Washington.

(b) Authority; Enforceability; Conflict. This Agreement and all the documents and items to be executed and delivered by Seller to Buyer or Escrow Agent pursuant to the terms of this Agreement (i) have been or will be duly authorized, executed and delivered by Seller; (ii) are or will be legal and binding obligations of Seller as of the date of their respective executions; (iii) are or will be enforceable in accordance with their respective terms (except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency, moratorium and other principles relating to or limiting the rights of contracting parties generally); (iv) do not, and will not at the Closing, require the consent of any party, and (v) do not violate any provision of any agreement to which Seller is a party, any of Seller's organizational documents or any existing obligation of or restriction on Seller under any order, judgment or decree of any state or federal court or governmental authority binding on Seller.

(c) Compliance with Law.

(i) Except as set forth in the Licensing Surveys (as defined below), Seller has received no written notice from any Governmental Authority (as defined below) advising Seller of, or alleging a violation of, any Law in connection with the ownership of the Facility that has not been resolved. Seller has received no written notice of any legal proceedings or actions of any kind (including without limitation, any environmental, zoning or other land-use regulation proceeding), which would reasonably be expected to affect the Facility or Seller's interest therein in any material respect.

(ii) (A) There is no pending or, to Seller's Knowledge, threatened in writing litigation, administrative investigation or other legal proceeding against Seller or the Facility; (B) Seller is not a party to, nor is Seller or the Facility bound by, any orders, judgments, injunctions, decrees or settlement agreements under which it may have continuing obligations as of the Closing Date; and (C) the right or ability of Seller to consummate the Transaction contemplated in this Agreement has not been challenged by any governmental agency or any other person.

(iii) Except as set forth in the Licensing Surveys, there are no outstanding written deficiencies or work orders previously provided to Seller by any Governmental Authority having jurisdiction over the Facility requiring conformity to any applicable Law, including any written notice of any claim, requirement or demand of the Department or any other Governmental Authority to rework or redesign the Facility or to provide additional furniture, fixtures, equipment or inventory so as to conform to or comply with any existing Law, code or standard which have not been fully satisfied prior to the Effective Date or which will not be satisfied prior to the Closing.

(iv) As used herein: (1) the term "**Laws**" shall mean, collectively, any health, building, land use, environmental, zoning, or other applicable laws and regulations, including the rules and regulations governing the licensure of skilled nursing facilities; (2) the term "**Governmental Authority**" shall mean any federal, state, county or local government or other political subdivision thereof, including any person exercising executive, legislative, judicial, regulatory or administrative governmental powers or functions, in each case to the extent the same has jurisdiction over the Facility; and (3) the term "**Licensing Surveys**" shall mean all survey reports, waivers of deficiencies, plans of correction, and any other investigation reports issued by the applicable Governmental Authority with respect to the Facility.

(d) Condemnation; Reassessment. Seller has not received written notice of any (a) condemnation proceeding relating to the Real Property, (b) reclassification of any or all of the Real Property for local zoning purposes, or (c) reassessment or reclassification of any or all of the Real Property for state or local real property taxation purposes.

(e) Operating Contracts. The Seller's Disclosure Schedule contains a true and correct list of all written operating contracts and equipment and other leases to which Seller is a party in connection with the ownership of the Facility as of the Effective Date (collectively, the "Operating Contracts"), and copies thereof will be provided to Buyer as part of the Due Diligence Materials to the extent in the possession or control of Seller. Seller has no notice or Knowledge that it or the Facility is in default of any material obligations under the Operating Contracts. Seller acknowledges and agrees that no Operating Contracts entered into by Seller after the Due Diligence Expiration Date shall be Assumed Operating Contracts unless Buyer is provided with a copy thereof and agrees in its sole and absolute discretion to assume the same as of the Closing Date.

(f) Executive Order 13224. Neither Seller nor any of its investors, affiliates or brokers or other agents (if any), acting or benefiting in any capacity in connection with this Agreement is a Prohibited Person. As used herein, the term "Prohibited Person" shall mean any of the following: (i) a Person that is listed in the Annex to, or is otherwise subject to the provisions of, Executive Order No. 13224 on Terrorist Financing (effective September 24, 2001) (the "Executive Order"); (ii) a Person that is owned or controlled by, or acting for or on behalf of any Person that is listed in the Annex to, or is otherwise subject to the provisions of, the Executive Order; (iii) a Person that is named as a "specially designated national" or "blocked person" on the most current list published by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") at its official website; (D) a Person that is otherwise the target of any economic sanctions program currently administered by OFAC; or I a Person that is affiliated with any Person identified in clauses (A), (B), (C) and/or (D). As used herein, the term "Person" means an individual or a corporation, limited liability company, partnership, trust, unincorporated organization, association or other entity.

(g) Tax Returns. All tax returns and reports required by law to be filed by Seller relating to the ownership of the Facility prior to 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 all taxes due under such Tax Returns have been or will be timely objected to, disputed and/or paid. Seller has not received notice of any examination, investigation, or audit of any tax return of Seller that is currently in progress. There are no outstanding agreements or waivers extending the statutory period of limitations applicable to any such tax return. There are no encumbrances for taxes upon the Property other than statutory liens for taxes not yet due or payable.

(h) Insurance. True and correct copies of the insurance policies maintained by Seller with respect to the Facility (the "Insurance Policies") and the certificates of insurance evidencing the coverage thereunder will be made available to Buyer during the Due Diligence Investigation. Seller has not received any written notice or request from any insurance company or underwriters which remains outstanding setting forth any defects in the Facility, requesting the performance of any work or alteration of the Facility or setting forth any defect or inadequacy in Seller's ownership of the Facility which, in each case, such insurance company or underwriters have indicated would reasonably be expected to adversely affect the insurability of the Facility. Seller has not received any written notice of non-renewal or cancellation of the Insurance Policies.

(i) Environmental Matters. Seller has no Knowledge, and Seller has not received any written notice from any Governmental Authority of, any violation of any applicable Laws relating to Hazardous Materials (as defined below) ("Environmental Laws") which has not been resolved, settled or dismissed or, which if determined unfavorably, would have a material adverse effect on the Facility. With respect to the Property, to Seller's Knowledge, (a) there have been no releases or threatened releases of Hazardous Materials on, from or under the Real Property, except in compliance in all material respects with all Environmental Laws; (b) no Hazardous Materials have been or are being used, generated, stored

or disposed of at the Facility or the Real Property, except in compliance in all material respects with all Environmental Laws; (c) no material permit is or has been required from the Environmental Protection Agency or any similar agency or department of any state or local Governmental Authority for the use or maintenance of the Facility which has not been obtained; (d) underground storage tanks on or under the Real Property, if any, have been and currently are being operated in compliance in all material respects with all applicable Environmental Laws; and (e) no summons, citation or inquiry has been made by any environmental unit, body or agency or a third party demanding any right of recovery for payment or reimbursement for costs incurred under CERCLA or any other Environmental Laws, and the Real Property is not subject to the lien of any such agency. "Disposal" and "release" shall have the meanings set forth in CERCLA. For purposes of this Agreement, "Hazardous Materials" are substances defined as: "toxic substances," "toxic materials," "hazardous waste," "hazardous substances," "pollutants," or "contaminants" as those terms are defined in the Resource, Conservation and Recovery Act of 1976, as amended (42 U.S.C. § 6901, *et seq.*), the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended (42 U.S.C. § 9601, *et seq.*), the Hazardous Materials Transportation Act, as amended (49 U.S.C. § 1801, *et seq.*), the Toxic Substances Control Act of 1976, as amended (15 U.S.C. § 2601, *et seq.*), the Clean Air Act, as amended (42 U.S.C. § 1251, *et seq.*) and any other applicable Law relating to health, safety or the environment; asbestos or asbestos-containing materials; lead or lead-containing materials; oils; petroleum-derived compounds; pesticides; or polychlorinated biphenyls.

(j) No Adverse Parties In Possession. Seller has not received written notice, and Seller has no Knowledge, that there are any adverse or other parties in possession of the Facility, except for the residents of the Facility, tenants under leases included in the Operating Contracts, and those disclosed in the Permitted Exceptions.

(k) Solvency. Seller has not: (i) filed any voluntary or had involuntarily filed against it in any court or with any governmental body pursuant to any statute either of the United States or of any State, a petition in bankruptcy insolvency or seeking to effect any plan or other arrangement with creditors, or seeking the appointment of a receiver; (ii) had a receiver, conservator, or liquidating agent or similar person appointed for all or a substantial portion of its assets; (iii) suffered the attachment or other judicial seizure of all, or substantially all of its assets; (iv) given notice to any person or governmental body of insolvency; or (v) made an assignment for the benefit of its creditors or taken any other similar action for the protection or benefit of its creditors. Seller is not insolvent and will not be rendered insolvent by the performance of its obligations under this Agreement.

(l) No Liens. Seller has not entered into any contract or agreement of any kind the performance of which by the other party thereto would give rise to a lien on the Property that will survive Closing, other than Permitted Exceptions. Other than the resident leases and the Permitted Exceptions, there are no purchase contracts, options, rights of first offer, rights of first refusal, or other agreements of any kind, whereby any person other than Buyer will have acquired or will have any right to acquire title or interest to all or any portion of the Property. To Seller's Knowledge, there are no unpaid bills for services, labor or materials furnished to the Property or any portion thereof that will not be paid by Closing.

(m) Financial Statements. The financial statements (the "Financial Statements") furnished by Seller to Buyer are true, correct and complete in all material respects, fairly represent the financial condition of Seller and are not materially misleading in any respect. There is no material liability or obligation of Seller, whether absolute, contingent or otherwise as of the respective dates of the Financial Statements that is not reflected therein.

(n) Disclosure. All documents delivered or to be delivered by or on behalf of the Seller in connection with this Agreement and the transactions contemplated hereby, which have been prepared by Seller are true, complete and correct in all material respects. Neither this Agreement, nor any of the other documents executed and delivered by Seller contains any untrue statement of a material fact or omits a material fact necessary to make the statements made by the Seller herein or therein, in light of the circumstances in which made, not misleading.

As used in this Agreement, the terms “**to Seller’s Knowledge**”, “**to the Knowledge of Seller**”, “**known to Seller**” or any similar phrase, shall mean the actual knowledge of John Hogan with a duty of inquiry with the administrator of the Facility (but not any other person). Seller hereby represents and warrants that the foregoing individual is the representative of Seller most likely to have actual knowledge of the accuracy of the representations and warranties contained in this Section 11.

**12. Representations and Warranties of Buyer.** Buyer hereby represents and warrants to Seller that the following matters are true and correct as of the execution of this Agreement and also will be true and correct as of the Closing Date:

(a) Organization. Buyer is a Delaware limited liability company duly formed, validly existing and in good standing under the laws of Delaware and qualified to do business in the State of Washington.

(b) Authority; Enforceability; Conflict. This Agreement and all the documents to be executed and delivered by Buyer to Seller or Escrow pursuant to the terms of this Agreement (i) have been or will be duly authorized, executed and delivered by Buyer; (ii) are or will be legal and binding obligations of Buyer as of the date of their respective executions; (iii) are or will be enforceable in accordance with their respective terms (except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency, moratorium and other principles relating to or limiting the rights of contracting parties generally); and (iv) do not, and will not at Closing, violate any provision of any agreement to which Buyer is a party, any of Buyer’s organizational documents or any existing obligation of or restriction on Buyer under any order, judgment or decree of any state or federal court or governmental authority binding on Buyer.

(c) No Litigation. To Buyer’s knowledge, the right or ability of Buyer to consummate the transaction provided for herein has not been challenged by any Governmental Authority or any other person.

(d) Financial Capability. Buyer has, or at the Closing will have, sufficient funds available to pay the Purchase Price and any expenses incurred by Buyer in connection with the Transaction contemplated by this Agreement. Buyer acknowledges that Buyer’s obligations hereunder are not contingent on its ability to secure financing to pay the Purchase Price and any expenses incurred by Buyer in connection with the Transaction contemplated by this Agreement.

(e) Banked Bed Qualification. To Buyer’s Knowledge, the Banked Beds (i) were reserved from a closed skilled nursing facility that was operated by the Banked Bed Seller for at least one (1) year prior to such closure in the same planning area (within the meaning of RCW 70.38.115) as the Facility, (ii) were reserved by the Banked Bed Seller in full compliance with RCW 70.38.115 and applicable regulations and (iii) are currently available to be used to increase the bed capacity of the Facility. Further, no one other than the Banked Bed Seller has any rights to the Banked Beds.

As used in this Agreement, the terms “**to Buyer’s Knowledge**”, “**to the Knowledge of Buyer**”, “**known to Buyer**” or any similar phrase, shall mean the actual knowledge of Samuel Rieder and Elliott

Mandelbaum with reasonable investigation. Buyer hereby represents and warrants that the foregoing individuals are the representatives of Buyer most likely to have actual knowledge of the accuracy of the representations and warranties contained in this Section 12.

### **13. Pre-Closing & Post-Closing Matters.**

#### **(a) Pre-Closing Matters.**

(i) **License Applications.** Buyer shall use commercially reasonable efforts to cause New Operator to assist Banked Bed Seller to submit an application to the Department for New License in accordance with the terms of the OTA and take or cause to be taken the other actions required under the OTA in connection with the New License.

(ii) **Operating Contracts.** By not later than the Due Diligence Expiration Date, Buyer will advise Seller in writing which, if any, of the Operating Contracts Buyer elects to assume as of the Closing Date (the “Designated Operating Contracts”). With respect to any third party consents required in connection with the assignment to Buyer of the Designated Operating Contracts, Seller shall reasonably cooperate with Buyer in obtaining such consent. However, Buyer understands and agrees that (i) there can be no assurances that any consents will be obtained, (ii) if a Designated Operating Contract requires consent of the counterparty to be assigned to Buyer, such Designated Operating Contract shall not be assigned unless and until the requisite consent is received unless otherwise agreed by Seller and Buyer and (iii) if any principal or affiliate of Seller has guaranteed the obligations of Seller under any Designated Operating Contract, the same shall not be assigned to Buyer unless and until the guarantor has been released from his/her/its guaranteed obligations effective from and after the Closing Date. As of the Closing Date, the Designated Operating Contracts that may be assigned hereunder shall be referred to herein as the “Assumed Operating Contracts.” Notwithstanding anything to the contrary contained herein, Buyer must assume the Operating Contracts so designated on Schedule 13(a)(iii).

(iii) **Banked Beds Purchase Agreement.** Buyer shall negotiate in good faith with the Banked Beds Seller and use best efforts to enter into the Banked Beds Purchase Agreement on or prior to the scheduled Closing Date.

(b) **Certificate of Need Application.** Buyer shall (i) begin preparing an application (the “CON Application”) to be submitted to the **Washington State Department of Health (“DOH”)** to obtain certificate of need approval (“**CON Approval**”) following the Due Diligence Expiration Date, (ii) submit or cause the CON Application to be submitted to the DOH within thirty (30) days following issuance of the New License to Banked Bed Seller, and (iii) take or cause to be taken any other commercially reasonable actions required by the DOH in connection with its issuance of the CON Approval. Buyer shall be solely responsible for any and all costs relating to obtaining the CON Approval, including, but not limited to, costs associated with any improvements to the Facility and the preparation and submission of the CON Application and any related documents. Within five (5) Business Days of such submission or receipt, Buyer shall provide Seller with copies of all documents submitted to, and all correspondence received from, the DOH related to the CON Application. Buyer agrees that in the event Buyer breaches its obligations under this Section 13(b) such that the CON Approval is not issued within twelve (12) months following the date the Banked Bed Seller receives licensure approval from the Department, Seller shall be entitled to receive the full amount of the Phase 2 Payment from Seller, subject to the other terms and conditions of this Agreement. Notwithstanding the foregoing, if any delay in performance of the Buyer described in this Section 13(b) is caused by one or more of the following force majeure events (“Force Majeure Event(s)”: (i) acts of God; (ii) flood, fire, earthquake, or explosion; (iii)



war, invasion, hostilities, terrorist threats or acts, riot or other civil unrest; (iv) government order, law, or action; (v) embargoes or blockades in effect on or after the date of this Agreement; (vi) strikes, labor stoppages or slowdowns, or other industrial disturbances; and (vii) other similar events beyond the control of Buyer, the parties agree to negotiate in good faith to extend the timeline for the preparation and submission of the CON Application (the “CON Timeline”) or adjust the terms accordingly, provided that: (i) after Closing, Buyer has not breached or failed to fulfill any of its other obligations under this Agreement, and (ii) Buyer provides prompt notice of the Force Majeure Event to Seller, stating the period of time the occurrence is reasonably expected to continue.

**14. AS IS; WHERE IS.** Buyer hereby agrees and acknowledges that, except for the representations and warranties set forth in Section 11 of this Agreement, (i) it is buying the Property on an “AS-IS, WHERE-IS AND WITH ALL FAULTS” basis; (ii) it has made or will have made its own investigations and inspections of the Property, including, without limitation, the physical aspects of the Property and the Property’s compliance with all Laws applicable to the Property’s current or intended use; (iii) in connection with its investigations and inspections of the Property it has contracted or had the opportunity to contract with certain advisors and consultants as Buyer deemed to be necessary; (iv) it has or will have approved the reports of such advisors and consultants; (v) in addition to the representations and warranties of Seller set forth in Section 11 of this Agreement, it is relying solely on such reports and its own investigations as to the Property, its condition and other characteristics and compliance with laws; (vi) except for and solely to the extent of the representations and warranties set forth in this Agreement (it is not making the purchase of the Property in reliance upon any statements or representations, express or implied, made by Seller or its agents or brokers, as to the condition of or characteristics of the Property or its fitness for use for any particular purpose.

**15. Damage, Destruction and Condemnation.**

(a) Prior to the Closing Date, the risk of physical loss to the Property shall be borne by Seller. Accordingly, subject to the terms of this Section 15, it shall be a condition to Buyer’s obligation hereunder that prior to the Closing Date, no material (as defined below in Section 15(d)) portion of the Property shall have been damaged or destroyed by fire or other casualty, or taken or condemned by any public or quasi-public authority under the power of eminent domain. Accordingly, in the event a material portion of the Property is damaged, destroyed, taken or condemned prior to the Closing Date, then Buyer shall have the option, to be exercised upon notice to Seller within ten (10) Business Days after receiving notice of such event (and the date for Closing shall be extended if necessary to allow Buyer such full ten (10) Business Day period), to terminate this Agreement. If Buyer does not provide written notice within such ten (10) Business Day period, Buyer shall be deemed to not have terminated this Agreement. If Buyer does not terminate this Agreement within such ten (10)-Business Day period, this Agreement shall remain in full force and effect and Seller shall proceed under Section 15(b) or Section 15(c), as applicable. If Buyer elects to terminate this Agreement, then the provisions of Section 15 (c) shall apply.

(b) If either (A) the damage or destruction by fire or other casualty to the Property is not material or (B) the damage to, or destruction of, by fire or other casualty to the Property is material, but Buyer has not terminated this Agreement in accordance with Section 15(a), then Buyer shall have no right to terminate this Agreement and shall purchase the Property in its damaged condition, and Seller shall assign (without recourse or representation or warranty as to collectability) to Buyer the right to receive any insurance proceeds payable to Seller for property damage or loss as a result of such fire or other casualty; provided, however, that Seller shall be entitled to retain (to the extent theretofore paid to Seller), and shall not be obligated to assign the right to receive (to the extent not theretofore paid to Seller) an amount of such insurance proceeds equal to Seller’s lost profits as a result of such business interruption and reasonable expenses (including reasonable attorneys’ fees), if any, incurred in collecting

such proceeds and repairing the damage caused by fire or other casualty, and Seller shall also pay to Buyer the amount of Seller's deductible (except to the extent that the amount of Seller's deductible may exceed the reasonable cost theretofore incurred to repair the damage caused by the fire or other casualty). In such event, there shall be no reduction of or offset against the Purchase Price at Closing or any other claim against Seller. The parties agree to reasonably cooperate in connection with any pursuit and collection of insurance proceeds (before or after Closing) in connection with such casualty.

(c) If either (A) the taking or condemnation under the power of eminent domain of the Property is not material or (B) the taking or condemnation is material, but Buyer has not terminated this Agreement in accordance with Section 15(a), then Buyer shall have no right to terminate this Agreement and shall purchase the Property in its then existing state and the parties shall proceed to Closing without reduction of or offset against the Purchase Price and Buyer shall have no other claim against Seller. In such event, all of Seller's right, title and interest in and to any condemnation proceeds paid or payable in connection therewith shall be assigned to Buyer; provided, however, that Seller shall be entitled to retain (to the extent theretofore paid to Seller), and shall not be obligated to assign the right to receive (to the extent not theretofore paid to Seller) an amount of such condemnation proceeds equal to Seller's reasonable expenses, if any, incurred in collecting such proceeds, and if Buyer receives any such portion of the condemnation proceeds, the same shall promptly be paid over to Seller.

(d) For the purposes of this Section 15, "material" damage, loss, destruction or taking or condemnation shall mean any damage, loss or destruction or taking or condemnation of the Facility which (i) would cost more than One Hundred Fifty Thousand and no/100 Dollars (\$150,000.00) to repair; (ii) that permanently and materially impairs the current use of the Property and/or access to the Facility; (iii) reduces the parking area, provided that such reduction in parking causes the Facility to no longer be in compliance with applicable zoning requirements, or (iv) permanently reduces the number of beds currently operational at the Facility as of the Effective Date; provided, however, that no damage, loss or destruction caused by the negligence or willful misconduct of Buyer or its employees, agents or subcontractors shall constitute "material" damage or destruction, irrespective of the resulting repair costs. In no event shall Seller have any obligation to repair any damage, loss or destruction to any portion of the Property, but, upon written notice to Buyer, Seller shall have the right to do so and utilize insurance proceeds for such purpose.

## **16. Indemnification.**

(a) By Seller. From and after Closing, Seller shall indemnify, defend, and hold free and harmless Buyer and its members, managers, officers, directors, employees, advisors, accountants, attorneys, partners, shareholders and any other person having a direct or indirect ownership interest in Buyer (collectively, "Buyer Indemnitees") from and against any losses, damages, costs, fines, liabilities (including strict liability), judgments penalties, causes of action, demands and expenses (including reasonable attorneys' fees and other professionals' fees and court costs) (each, a "Loss," and collectively, "Losses") arising from or related to any of the following: (i) inaccuracy in or breach by Seller of any representation or warranty of Seller in this Agreement; (ii) a default by Seller under any of Seller's covenants or agreements contained in this Agreement; and (iii) the ownership of the Property prior to the Closing, including, without limitation, Losses incurred as a result of any liability to any third party related thereto, but not including Losses arising out of the actions of any Buyer Indemnitee.

(b) By Buyer. From and after Closing, Buyer shall indemnify, defend and hold free and harmless Seller and Seller's officers, directors, employees, advisors, accountants, attorneys, partners, shareholders and any other person having a direct or indirect ownership interest in Seller (collectively, the "Seller Indemnitees"), from and against any Losses arising from or related to any of the following: (i) inaccuracy in or breach of any representation or warranty of Buyer in this Agreement; (ii) a default by

Buyer under any covenants or agreements contained in this Agreement; and (iii) the ownership and operation of the Property from and after the Closing, including, without limitation, Losses incurred as a result of any liability to any third party related thereto, but not including Losses arising out of the actions of any Seller Indemnitee.

(c) Method of Indemnification.

(i) In the event that any claim for a Loss (a “**Claim**”) which is indemnified against by or under any term, provision, section or paragraph of this Agreement is suffered by, or made against or received from a third party by, any indemnified party (hereinafter “**Indemnitee**”) hereunder, said Indemnitee shall notify the indemnifying party (hereinafter “**Indemnitor**”) in writing of Indemnitee’s Claim and shall endeavor to do so reasonably promptly after becoming aware of the same; provided, however, that unless the Indemnitee’s failure to timely notify the Indemnitor of Indemnitee’s Claim materially prejudices Indemnitor’s ability to defend any such Claim as more particularly set forth below, Indemnitee’s failure to timely notify Indemnitor of Indemnitee’s Claim shall not impair, void, vitiate and/or invalidate Indemnitor’s indemnity hereunder nor release Indemnitor from the same, which duty, obligation and indemnity shall remain valid, binding, enforceable and in full force and effect subject to the applicable terms hereof. If the Indemnitee fails to provide timely notice of Indemnitee’s Claim, the Indemnitor will not be obligated to indemnify the Indemnitee with respect to such Claim to the extent (and only to the extent) that the Indemnitor’s ability to defend such Claim has been materially prejudiced by such failure of the Indemnitee to timely notify Indemnitor of the same.

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

(d) Survival. The indemnification obligations of Seller and Buyer set forth in this Section 16, together with all warranties and representations of Buyer and Seller herein shall expressly survive the successful Closing of the transactions for a period of twenty-four (24) months after the Closing Date; provided, however, that the fundamental representations and warranties made in Sections 11(a), 11(b), 11(f), 11(g), 12(a), and 12(b), respectively, shall survive the Closing for the full period of the applicable statute of limitations (the “Survival Period”), subject further to the limitations set forth in Section 16(e) and Section 16(f) below.

(e) Limitations. Neither Seller nor Buyer shall have any right to seek indemnity against the other party pursuant to Section 16(a) or Section 16(b) (i) unless the aggregate amount of such Losses exceeds Twenty Thousand and no/100 Dollars (\$20,000), in which event Buyer or Seller, as applicable, shall be entitled to recover on a first dollar basis those Losses (the “Basket”), (ii) to the extent the aggregate amount of all Losses of such party (together with any Losses indemnified by an affiliate of

such party under the OTA) exceed Two Hundred Fifty Thousand and no/100 Dollars (\$250,000) (the “Cap”), or (iii) for any claims asserted after the end of the Survival Period; *provided that*, the Basket and Cap shall not apply to Losses arising out of or based on willful misconduct or fraud, as determined by a non-appealable decision of a court of competent jurisdiction.

(f) Security. By its signature set forth below, the Living Trust of Gene E. Lynn (the “Seller Guarantor”), does hereby unconditionally guarantee the obligations of Seller under this Section 16 and agrees that Buyer shall have the right to enforce such obligations against Seller and/or Seller Guarantor subject to Buyer’s right to only be compensated by either Seller or Seller Guarantor and not both for any matters which are the subject of Seller’s obligations under this Section 16 and subject to the limitations on Seller’s indemnity obligations set forth in this Section 16. Seller Guarantor acknowledges and agrees that it will derive value from the consummation of the transaction provided for in this Agreement and accordingly that there is value for its guaranty. Seller Guarantor does further acknowledge that this guaranty is being given knowingly and voluntarily and with a full and complete understanding of the terms hereof.

## **17. Termination and Remedies.**

(a) Termination. This Agreement may be terminated prior to Closing as follows:

(i) By mutual written agreement of Buyer and Seller;

(ii) By Buyer upon written notice to Seller, if any of the conditions set forth in Section 8(a) are not fulfilled on the Closing Date, at any time following the later of (i) August 1, 2025 and (ii) one (1) Business Day after the expiration of any applicable cure period under the OTA for Current Operator to cure any material adverse condition as described therein (the “**Outside Date**”) if the Closing has not occurred, provided, however, that the right to terminate this Agreement under this Section 17(a)(ii) shall not be available to Buyer if Buyer’s breach of, or failure to fulfill any material obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur by the Outside Date;

(iii) By Seller upon written notice to Buyer, if any of the conditions set forth in Section 8(b) are not fulfilled on the Closing Date, at any time following the Outside Date if the Closing has not occurred, provided, however, that the right to terminate this Agreement under this Section 17(a)(iii) shall not be available to Seller if Seller’s breach of, or failure to fulfill any material obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur by the Outside Date;

(iv) By Seller in the event of a material default by Buyer of its obligations hereunder or a material default by New Operator under the OTA;

(v) By Buyer in the event of a material default by Seller of its obligations hereunder or a material default by Current Operator under the OTA;

(vi) By Buyer pursuant to Section 15 (Damage, Destruction and Condemnation); and

(vii) By Buyer upon delivery of a Termination Notice on or prior to the Due Diligence Expiration Date pursuant to Section 6(g) or Section 7(c).

(b) **Opportunity to Cure.** No party to this Agreement may terminate this Agreement prior to Closing or pursue any other remedy referred to in this Section on account of a breach without first giving the other party written notice of such breach and not less than ten (10) days within which to cure such breach, as applicable; provided that Buyer shall not be required to give Seller notice or opportunity to cure a breach of its obligations under Section 8(a)(i) and Seller shall not be required to give Buyer notice or opportunity to cure a breach of its obligations under Section 8(b)(i). The Closing Date shall be postponed, if necessary, to afford such opportunity to cure.

(c) **Remedies; Seller Default.** In the event of a default by Seller in its obligations under this Agreement, Buyer shall have the right to: (i) waive such default and proceed to Closing; (ii) sue to specifically enforce the obligations of Seller under this Agreement; or (iii) terminate this Agreement pursuant to Section 17(a)(v), in which case Buyer shall receive a refund of the Deposit and Seller shall reimburse Buyer for its reasonable out-of-pocket costs and expenses incurred in connection with this Agreement and the transaction associated herewith, so long as the amount of such reimbursement does not exceed One Hundred Thousand and No/100 Dollars (\$100,00.00). If Buyer has not commenced an action for specific performance within forty-five (45) days after first becoming aware of Seller's default, then Buyer shall be deemed to have terminated this Agreement under Section 17(c)(iii) above.

(d) **Remedies; Buyer Default.** In the event of a default by Buyer in its obligations under this Agreement, Seller shall have the right either (i) to waive the default and proceed to Closing or (ii) to terminate this Agreement pursuant to Section 17(a)(iv) and retain the Deposit as Seller's sole and exclusive remedy as liquidated damages.

THE PARTIES ACKNOWLEDGE AND AGREE THAT THE AMOUNT OF DAMAGES WHICH SELLER MAY INCUR AS A RESULT OF TERMINATION OF THIS AGREEMENT MAY BE DIFFICULT TO ASCERTAIN AND THAT THE DEPOSIT IS A REASONABLE AND FAIR ESTIMATE THEREOF AND DOES NOT CONSTITUTE A PENALTY.

(e) **Remedies; No Default.** If this Agreement is terminated pursuant to Section 17(a)(i), then the Deposit shall be distributed in accordance with the agreement of the Parties, and after such termination neither Seller nor Buyer shall have any further rights or obligations under this Agreement, other than those rights and obligations which specifically survive termination of this Agreement. If this Agreement is terminated prior to Closing by Buyer pursuant to Section 17(a)(vi) or Section 17(a)(vii), then the Deposit and any accrued interest thereon shall immediately be refunded and returned to Buyer, after which neither Seller nor Buyer shall have any further rights or obligations under this Agreement other than those rights and obligations which specifically survive termination of this Agreement. If this Agreement is terminated by Buyer or Seller under Section 17(a)(ii) or Section 17(a)(iii), respectively, then Buyer shall be entitled to a refund of the Deposit and any accrued interest thereon and after such termination neither Seller nor Buyer shall have any further rights or obligations under this Agreement other than those rights and obligations which specifically survive termination of this Agreement. For the avoidance of doubt, the Deposit shall be non-refundable, except as otherwise expressly set forth in this Agreement.

(f) **Post-Termination.** Following the conveyance of the amounts due to the appropriate party under this Section 17, neither party shall have any further rights or obligations hereunder other than those rights and obligations, if any, which specifically survive termination of this Agreement.

**18. Broker's Commission.** Buyer and Seller each represent to the other that, they have not entered into any agreement or incurred any obligation which might result in the obligation to pay a sales or brokerage commission or finder's fee with respect to the transaction provided for in this Agreement. Buyer and Seller each agree to indemnify, defend and hold harmless the other from and against any and all losses, claims, damages, costs or expenses (including attorneys' fees) which the other may incur as a result of any claim made by any person to a right to a sales or brokerage commission or finder's fee in connection with this transaction to the extent such claim is based, or purportedly based, on the acts or omissions of Seller or Buyer, as the case may be. The obligations of Buyer and Seller under this Section 18 shall survive Closing.

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

If to Seller: Mission Healthcare Investment, LLC  
4411 Point Fosdick Drive NW, Suite 203  
Gig Harbor, WA 98335  
Attn: John Hogan  
Email: Jhogan@careage.com

With a copy to: Ballard Spahr LLP  
1420 Fifth Avenue  
Suite 4200  
Seattle, WA 98101  
Attn: Parisa Zarelli  
Email: Zarellip@ballardspahr.com

If to Buyer: 2424 156th Ave Northeast WA LLC c/o Eagle  
Arc Partners LLC  
17 State St., Suite 2525  
New York, NY 10004  
Attn: Elliott Mandelbaum and  
Samuel Rieder  
Email:elliott@eaglearc.com;  
samuel@eaglearc.com

With a copy to: UB Greensfelder LLP  
1660 West 2nd Street, Suite 1100  
Cleveland, Ohio 44113  
Attention: Daniel Gottesman, Esq.  
Email: dgottesman@ubglaw.com

If to Escrow Agent Meister Abstract Corp.  
151 South Main Street, Suite 300  
New City, New York 10956  
Attn: Avi Obermeister  
Email: avi@meisterabstract.com

## **20. Miscellaneous Provisions.**

(a) **Incorporation of Prior Agreements.** This Agreement contains the entire understanding of Buyer and Seller with respect to the subject matter hereof, and no prior or contemporaneous written or oral agreement or understanding pertaining to any such matter, including, but not limited to, that Letter of Intent dated January 14, 2025 (the “LOI”), shall be effective for any purpose. No provision of this Agreement may be amended or added to except by an agreement in writing, expressly stating that such agreement is an amendment of this Agreement, signed by the parties to this Agreement or their respective successors in interest.

(b) **Buyer’s Right to Assign.** Except as otherwise set forth herein, neither party shall have the right to assign its rights under this Agreement without the prior written consent of the other party, which consent shall may be withheld in its sole and absolute discretion. Notwithstanding the foregoing, upon written notice to Seller but without the need to secure the consent of Seller, Buyer may, prior to or concurrently with Closing, assign all or any of its right, title and interest under this Agreement to one or more entities which are owned or controlled by or under common control with Buyer (an “Affiliated Assignee”). No such assignee shall accrue any obligations or liabilities hereunder until the effective date of such assignment. In the event of an approved assignment of this Agreement by Buyer or an assignment by Buyer to an Affiliated Assignee, its assignee shall be deemed to be the Buyer hereunder for all purposes hereof, and shall have all rights of Buyer hereunder (including, but not limited to, the right of further assignment), provided the assignor shall not be released from liability hereunder. At Closing, Buyer may also elect to cause all or any part of the Property to be directly assigned or conveyed by Seller to, or all or any of the liabilities to be assumed hereunder to be directly assumed by, as applicable, a designee or assignee of Buyer

(c) **Attorneys’ Fees.** If either party commences an action against the other to interpret or enforce any of the terms of this Agreement or because of the breach by the other party of any of the terms hereof, the losing party shall pay to the prevailing party reasonable attorneys’ fees, costs and expenses incurred in connection with the prosecution or defense of such action, whether or not the action is prosecuted to a final judgment. For purposes of this Agreement, the terms “attorneys’ fees” or “attorneys’ fees and costs” shall mean the fees and expenses of counsel to the parties hereto, which may include printing, photostating, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals, librarians and others not admitted to the bar but performing services under the supervision of an attorney. The terms “attorneys’ fees” or “attorneys’ fees and costs” shall also include, without limitation, all such fees and expenses incurred with respect to appeals, arbitrations and bankruptcy proceedings, and whether or not any action or proceeding is brought with respect to the matter for which said fees and expenses were incurred.

(d) **Time is of the Essence.** Time is of the essence for this Agreement.

(e) **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and to their respective permitted transferees, successors and permitted assigns.

(f) **No Personal Liability or Third Party Beneficiaries.** In addition to any limitation on liability provided by law or any other agreement or instrument, no advisor, trustee, director, officer, employee, accountant, attorney, beneficiary, shareholder, partner, participant or agent of or in Buyer or Seller shall have any personal liability, directly or indirectly, under or in connection with this Agreement or the transaction contemplated hereunder. The parties, their respective successors and assigns and all third parties shall look solely to the applicable party’s assets for the payment of any claim or any performance, and the parties hereby waive all such personal liability. This Agreement is made and

entered into solely for the protection and benefit of the parties and their successors and permitted assigns. No other person shall have any right of action hereunder.

(g) Governing Law. This Agreement shall be construed in accordance with and governed by the internal laws of the State of Washington without giving effect to any “conflict of law” rules of such state.

(h) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which, when taken together, shall constitute one and the same instrument. Executed copies hereof may be delivered by facsimile, email or other electronic means and upon receipt will be deemed originals and binding upon the parties hereto, regardless of whether originals are delivered thereafter.

(i) Interpretation; Construction. Wherever possible, each provision of this Agreement shall be interpreted in such a manner as to be valid under applicable Law, but, if any provision of this Agreement shall be invalid or prohibited thereunder, such invalidity or prohibition shall be construed as if such invalid or prohibited provision had not been inserted herein and shall not affect the remainder of such provision or the remaining provisions of this Agreement. The language in all parts of this Agreement shall be in all cases construed simply according to its fair meaning and not strictly against the party that drafted such language. Section and paragraph headings of this Agreement are solely for convenience of reference and shall not govern the interpretation of any of the provisions of this Agreement.

(j) Exhibits; Schedule; Recitals Verified. All Exhibits and Schedules attached hereto are incorporated herein by reference. The Recitals to this Agreement are hereby stated to be true and correct and are incorporated herein by this reference.

(k) Waiver by a Party. The waiver of any contingency, representation, warranty, covenant, or other matter or provision hereof may only be made by the party benefited by the same, and the waiver must be in writing, must be signed by the benefited party and must specifically state which matter is being waived.

(l) Further Assurances. In addition to the actions recited herein and contemplated to be performed, executed and/or delivered hereunder, Buyer and Seller agree to perform, execute and/or deliver or cause to be performed, executed and/or delivered any and all such further acts, instruments and assurances as may be reasonably required to consummate the transactions contemplated hereby.

(m) Business Days. As used in this Agreement, a “Business Day” shall mean a day other than Saturday, Sunday or any day on which federal or national banking institutions are authorized by law or other governmental action to close. All other references to “days” or “calendar days” in this Agreement shall refer to calendar days. If any period expires or delivery date falls on a date that is not a Business Day under this Agreement, such period shall be deemed to expire and such delivery date shall be deemed to fall on the immediately succeeding Business Day.

(n) Confidentiality. Neither Buyer, Seller, nor any broker employed or engaged by any of them shall issue (or cause to be issued) any press releases concerning the subject matter hereof, structure of the transactions or the status of negotiations conducted hereunder except as may be jointly agreed to by Seller and Buyer or as any of them may reasonably consider necessary in order to satisfy the requirements of applicable Law; provided, however, that notwithstanding anything herein to the contrary, Buyer may, free from the restrictions of this Section 20(n), report on the transaction completed by this Agreement in connection with any meetings or conference calls with, or disclosures made to, Buyer’s



consultants, contractors, investors, principals, employees, agents, attorneys, accountants and other advisors. The foregoing restrictions shall survive Closing for six (6) months.

(o) 1031 Exchange. Buyer or Seller may consummate the purchase or sale of the Facility as part of a so-called like kind exchange (the “Exchange”) pursuant to Section 1031 of the Code, including in the case of Buyer, taking title to the Facility at Closing through an exchange accommodation titleholder in connection with an Exchange, and each Party shall reasonably cooperate with the other party to facilitate such Exchange, provided that: (a) any such cooperation shall be at no cost to such party facilitating such Exchange for the other party; (b) the Closing shall not be delayed or affected by reason of the Exchange nor shall the consummation or accomplishment of the Exchange be a condition precedent or condition subsequent to Buyer’s or Seller’s obligations under this Agreement; (c) neither Seller nor Buyer shall be required to take an assignment of the purchase agreement for the relinquished property or be required to acquire or hold title to any real property for purposes of consummating the Exchange; (d) neither party’s acquiescence to an Exchange shall affect or diminish in any manner its rights hereunder nor shall the party not performing an Exchange be responsible for compliance with or be deemed to have warranted to the other party that the Exchange in fact complies with Section 1031 of the Code; and (e) any party performing or impeding an Exchange shall indemnify, defend, and hold harmless the other party from or against all claims, losses, costs, damages, liabilities (including reasonable attorneys’ fees) in connection therewith.

(p) Waiver of Jury Trial. EACH OF THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, INCLUDING TO ENFORCE OR DEFEND ANY RIGHTS HEREUNDER, AND AGREES THAT ANY SUCH ACTION SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

**21. GUARANTY.** By its signature set forth below, BME HOLDINGS LLC, a Delaware limited liability company (the “**Buyer Guarantor**”), does hereby unconditionally guarantee the obligations of Buyer to make payment under Section 4(c) and the performance of Buyer’s obligations under Section 13(b) and agrees that Seller shall have the right to enforce such obligations against Buyer and/or Buyer Guarantor subject to Seller’s right to only be compensated by either Buyer or Buyer Guarantor and not both for any matters which are the subject of this Buyer’s obligations under Section 4(c) and Section 13(b). Buyer Guarantor acknowledges and agrees that it will derive value from the consummation of the Transaction provided for in this Agreement and accordingly that there is value for its guaranty. Buyer Guarantor does further acknowledge that this guaranty is being given knowingly and voluntarily and with a full and complete understanding of the terms hereof.

*[Signatures on following page]*


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

**SELLER:**

**MISSION HEALTHCARE INVESTMENT, LLC,**  
a Washington limited liability company

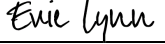
By: TCO LLC, a Washington limited liability  
company  
Its: Sole Member

By: Careage Healthcare of California, Inc., a  
Washington corporation  
Its: Managing Member

DocuSigned by:  
By:   
F3219CC5F2E945A  
John Hogan, President

**SELLER GUARANTOR** (signing for purposes of confirming its obligations under Section 16(f)):

**LIVING TRUST OF GENE E. LYNN**

DocuSigned by:  
By:   
F83D24T68E3D47F...  
Name: Evie Lynn  
Title: Trustee

**BUYER:**

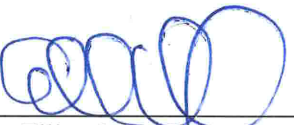
**2424 156TH AVE NORTHEAST WA LLC,**  
a Delaware limited liability company


By:   
Name: Elliott Mandelbaum  
Title: Authorized Signer

By:   
Name: Samuel Rieder  
Title: Authorized Signer

**BUYER GUARANTOR** (signing only for purposes of confirming its obligations under Section 21):

**BME HOLDINGS LLC,**  
a Delaware limited liability company

By:   
Name: Elliott Mandelbaum  
Title: Authorized Signer

By:   
Name: Samuel Rieder  
Title: Authorized Signer


*[Buyer signature page to Purchase and Sale Agreement]*

### CONSENT OF ESCROW AGENT

The undersigned agrees to (a) accept this Agreement; (b) be Escrow Agent under this Agreement; and (c) be bound by this Agreement in the performance of its duties as Escrow Agent. However, the undersigned will have no obligations, liability or responsibility under this Agreement or any amendment hereto unless and until this Agreement and such amendment, as applicable has been fully executed by the parties hereto and delivered to the undersigned.

#### **ESCROW AGENT:**

MEISTER ABSTRACT CORP.

By:   
Name: Avi Obermeister  
Title: Auth. Sig.

Dated: \_\_\_\_\_, 2025

## **EXHIBIT A**

### **LEGAL DESCRIPTION OF THE LAND**

**Parcel A:**

The West 230 feet in width of Tract 10, Bellevue Gardens Third Addition, according to the plat thereof recorded in Volume 21 of Plats, Page 72, in King County, Washington;

Except the West 30 feet thereof conveyed to King County for road purposes by deed recorded under recording number 5127241;

Except that portion thereof conveyed to the City of Bellevue for road purposes by deed recorded under recording number 8908010822; and

Except that portion thereof conveyed to the City of Bellevue for road purposes by deed recorded under recording number 9310181357, which is a re-record of instrument recorded under recording number 9306210788.

**Parcel B:**

Those certain non-exclusive easement rights for parking as created by declaration of parking easement recorded under recording number 9603291899, as amended by amended and restated declaration of parking easement recorded under recording number 19991103001576, as the same is further amended by instrument entitled amendment to amended and restated declaration of parking easement recorded under recording number 20000301000979 and assigned by instruments recorded under recording numbers 20031014002584 and 20051027001813.

**EXHIBIT B**

**FORM OF SPECIAL WARRANTY DEED**

**RECORDING REQUESTED BY AND**

**WHEN RECORDED, RETURN TO:**

c/o Eagle Arc Partners LLC  
17 State St., Suite 2525  
New York, NY 10004  
Attn: Elliott Mandelbaum and  
Samuel Rieder

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**SPECIAL WARRANTY DEED**

<b>RECORDING NOS. OF DOCUMENTS:</b>	
<b>GRANTOR:</b>	Mission Healthcare Investment, LLC, a Washington limited liability company
<b>GRANTEE:</b>	2424 156th Ave Northeast WA LLC, a Delaware limited liability company
<b>ABBREVIATED LEGAL DESCRIPTION(s):</b>	
<b>ASSESSOR'S TAX ACCOUNT PARCEL NUMBER(s):</b>	

**RECORDING REQUESTED BY AND**

**WHEN RECORDED, RETURN TO:**

c/o Eagle Arc Partners LLC  
17 State St., Suite 2525  
New York, NY 10004  
Attn: Elliott Mandelbaum and  
Samuel Rieder

---

(Space Above This Line for Recorder's Use Only)

**SPECIAL WARRANTY DEED**

The undersigned Grantor, **Mission Healthcare Investment, LLC**, a Washington limited liability company, for and in consideration of Ten and 00/100 Dollars (\$10.00) and other valuable consideration in hand paid, bargains, sells and conveys to **2424 156th Ave Northeast WA LLC**, a Delaware limited liability company, the real property in the County of King, State of Washington, described in **Exhibit A** attached hereto ("**Legal Description**") and incorporated herein by this reference, subject to those liens, charges and encumbrances described in **Exhibit B** attached hereto ("**Permitted Exceptions**") and incorporated herein by this reference.

*[Signatures on following page]*

DATED as of the \_\_\_\_ day of \_\_\_\_\_, 2025.

GRANTOR:

**MISSION HEALTHCARE INVESTMENT, LLC,**  
A Washington limited liability company

By: TCO LLC, a Washington limited liability  
company

Its: Sole Member

By: Careage Healthcare of California, Inc., a  
Washington corporation

Its: Managing Member

By: \_\_\_\_\_  
John Hogan, President

STATE OF WASHINGTON )

) ss.

COUNTY OF KING )

I certify that I know or have satisfactory evidence that John Hogan is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Managing Member of Mission Healthcare Investment, LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: \_\_\_\_\_

(Stamp or seal)

\_\_\_\_\_

Notary Public for the State of \_\_\_\_\_

Name: \_\_\_\_\_

My Commission Expires: \_\_\_\_\_



**EXHIBIT A TO DEED**  
**LEGAL DESCRIPTION**

**EXHIBIT B TO DEED**  
**PERMITTED EXCEPTIONS**

## EXHIBIT C

### FORM OF BILL OF SALE AND ASSIGNMENT

**THIS BILL OF SALE AND ASSIGNMENT** is made as of [ ], 2025 (the “**Effective Date**”), by **MISSION HEALTHCARE INVESTMENT, LLC**, a Washington limited liability company (“**Seller**”), in favor of [ ], a Delaware limited liability company (“**Buyer**”), pursuant to the Purchase and Sale Agreement dated as of [ ], 2025, with respect to that certain skilled nursing facility, commonly known as Mission Healthcare at Bellevue and located at 2424 156<sup>th</sup> Avenue NE, Bellevue, Washington 98007 (the “**Agreement**”). Each initially capitalized term used and not otherwise defined herein shall have the meaning given such term in the Agreement.

**FOR VALUE RECEIVED**, receipt of which is hereby acknowledged, Seller does hereby grant, bargain, sell, convey, assign, transfer, set over, deliver to and vest in Buyer, its successors and assigns forever, all of Seller’s right, title and interest in and to all of the Personal Property, the Plans, the Warranties, and the Licenses (collectively, the “**Property**”), whether now existing or hereafter arising. The terms and limitations of the Agreement are incorporated herein by this reference, including but not limited to, Seller’s representations, warranties, covenants, agreements and indemnities related to the Property.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, Seller has executed this Bill of Sale and Assignment as of the date first above written.

**SELLER:**

**MISSION HEALTHCARE INVESTMENT, LLC,**  
a Washington limited liability company

By: TCO LLC, a Washington limited liability  
company

Its: Sole Member

By: Careage Healthcare of California, Inc., a  
Washington corporation

Its: Managing Member

By: \_\_\_\_\_  
John Hogan, President

## **EXHIBIT D**

### **FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT**

This Assignment and Assumption Agreement (this “**Agreement**”) is made and entered into effective as of the \_\_\_\_ day of \_\_\_\_\_, 2025 (the “**Effective Date**”), by and between **MISSION HEALTHCARE INVESTMENT, LLC**, a Washington limited liability company (“**Assignor**”), and [\_\_\_\_], a Delaware limited liability company (“**Assignee**”).

### **RECITALS**

A. Assignor, as seller, and Assignee, as buyer, are parties to that certain Purchase and Sale Agreement dated as of \_\_\_\_\_, 2025 (the “**Purchase Agreement**”) pursuant to which Assignor has agreed to transfer and assign to Assignee all of Assignor's right title and interest in and to the Assumed Operating Contracts listed on **Exhibit A** hereto (collectively, the “**Assumed Contracts**”).

B. Assignor and Assignee are desirous of documenting the terms and conditions under which said assignment and assumption will occur.

C. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Purchase Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants of the parties set forth herein, IT IS HEREBY AGREED AS FOLLOWS:

### **AGREEMENT**

1. Assignment. Assignor does hereby sell, assign, transfer and convey to Assignee all of Assignor's right, title and interest, if any, in and to the Assumed Contracts; provided, however, that nothing herein shall be construed as (i) imposing any liability on Assignee with respect to the Assumed Contracts for the performance of obligations arising thereunder prior to the Effective Date or as a result of the acts or omissions of Assignor or of its officers, employees, contractors, agents or affiliates thereunder prior to the Effective Date, or (ii) imposing any liability on Assignor with respect to the Assumed Contracts as a result of the acts or omissions of Assignee or of its officers, employees, contractors, agents or affiliates thereunder from and after the Effective Date.

2. Assumption. Assignee does hereby accept the sale, assignment, transfer and conveyance of Assignor's right, title and interest in and to the Assumed Contracts; provided, however, that nothing herein shall be construed as (i) imposing any liability on Assignee with respect to the Assumed Contracts for the performance of obligations arising thereunder prior to the Effective Date or as a result of the acts or omissions of Assignor or its officers, employees, contractors, agents or affiliates thereunder prior to the Effective Date, or (ii) imposing any liability on Assignor with respect to the Assumed Contracts as a result of the acts or omissions of Assignee or its officers, employees, contractors, agents or affiliates thereunder from and after the Effective Date.

3. Governing Law; Amendment. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, and may not be amended or modified except by written instrument signed by the parties hereto.

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

5. Entirety. This Agreement represents the entire agreement of the parties hereto with respect to the subject matter hereof, it being understood and agreed that nothing herein shall affect the rights and obligations of Assignor and Assignee under the Purchase Agreement. This Agreement shall be subject to and governed by the terms and conditions of the Purchase Agreement. Notwithstanding any other provision of this Agreement, no provision of this Agreement shall in any way modify, amend, replace, change, rescind, waive, enlarge or in any way affect the express provisions (including the warranties, covenants, agreements, conditions, representations, or any of the obligations and indemnifications of the parties hereto) set forth in the Purchase Agreement, this Agreement being intended solely to effect the transfer and assignment of certain rights sold and purchased pursuant to and in accordance with the Purchase Agreement.

6. Notices. Any notice, request or other communication to be given by either party hereunder shall be in writing and shall be sent to the parties and in the manner specified in the Purchase Agreement.

7. Severability. Should any one or more of the provisions hereof be deemed to be invalid or unenforceable said determination shall not affect the validity or enforceability of the remaining terms hereof.

8. Captions. The captions in this Agreement have been inserted for convenience of reference only and shall not be construed to define or to limit any of the terms or conditions hereof.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, Assignor and Assignee have executed this Assignment and Assumption Agreement as of the date first above written.

**ASSIGNOR:**

**MISSION HEALTHCARE INVESTMENT, LLC,**  
a Washington limited liability company

By: TCO LLC, a Washington limited liability  
company

Its: Sole Member

By: Careage Healthcare of California, Inc., a  
Washington corporation

Its: Managing Member

By: \_\_\_\_\_  
John Hogan, President

**ASSIGNEE:**

[\_\_\_\_\_] ,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: Elliott Mandelbaum  
Title: Authorized Signer

By: \_\_\_\_\_  
Name: Samuel Rieder  
Title: Authorized Signer

**EXHIBIT E**

**FORM OF NON-FOREIGN AFFIDAVIT**

**MISSION HEALTHCARE INVESTMENT, LLC**, a Washington limited liability company (“**Seller**”), is the owner of certain real property located at 2424 156<sup>th</sup> Avenue NE, Bellevue, Washington 98007, which it is selling to [\_\_\_\_], a Delaware limited liability company (“**Buyer**”), under that certain Purchase and Sale Agreement dated as of [ ], 2025 (the “**Agreement**”).

Section 1445 of the Internal Revenue Code of 1986, as amended (the “**Code**”) provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform Buyer that withholding of tax will not be required when the above-referenced real property is transferred pursuant to the Agreement, the undersigned hereby certifies the following on behalf of Seller:

1. Seller is not a foreign partnership, foreign trust, or foreign estate, as those terms are defined in the Code and the Income Tax Regulations promulgated thereunder;
2. Seller is not a “**disregarded entity**” as defined in Code §1445-2(b)(2)(iii);
3. Seller’s U.S. employer identification number is \_\_\_\_\_; and
4. Seller’s office address is \_\_\_\_\_.

Seller understands that this Certificate may be disclosed to the Internal Revenue Service by Buyer and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalty of perjury Seller declares that Seller has examined this Certificate and to the best of Seller’s knowledge and belief it is true, correct and complete, and Seller further declares that the undersigned has authority to sign this document on behalf of Seller.

Dated as of: [ ], 2025.

**SELLER:**

**MISSION HEALTHCARE INVESTMENT, LLC**,  
a Washington limited liability company

By: TCO LLC, a Washington limited liability  
company  
Its: Sole Member

By: Careage Healthcare of California, Inc., a  
Washington corporation  
Its: Managing Member

By: \_\_\_\_\_  
John Hogan, President



## **EXHIBIT F**

### **FORM OF TITLE AFFIDAVIT**

#### **OWNER'S DECLARATION**

Escrow No. \_\_\_\_\_

Title No. \_\_\_\_\_

The undersigned declare(s):

1. They are the owner of the real property commonly known as \_\_\_\_\_  
[complete street address or addresses]  
located in the County of \_\_\_\_\_ described in Preliminary Report No. \_\_\_\_\_

The land is lawfully improved by a:

- |   |   |
|---|---|
| <input type="checkbox"/> Single family residence, | <input type="checkbox"/> a one-to-four family residence             |
| <input type="checkbox"/> Apartment building       | <input type="checkbox"/> Condominium unit                           |
| <input type="checkbox"/> Office building          | <input type="checkbox"/> Combination office and commercial building |
| <input type="checkbox"/> Commercial building      | <input type="checkbox"/> Industrial building                        |

☐ Other: (Provide description) \_\_\_\_\_

2. ☐ There is actual pedestrian and vehicular access to and from the real property  
☐ There is no actual pedestrian and vehicular access to and from the real property (If checked explain on Page 2)
3. ☐ There have been no repairs, work of improvement or materials furnished to the real property within the last ninety (90) days  
☐ There have been repairs, work of improvement or materials furnished to the real property within the last ninety (90) days (If checked explain on Page 2)
4. ☐ There are no unpaid homeowners' association dues.  
☐ There are unpaid homeowners' association dues. (If checked explain on Page 2)
5. ☐ There are no unpaid taxes or assessments.  
☐ There are unpaid taxes or assessments. (If checked explain on Page 2)  
☐ Notice of a supplemental tax bill has not been received.  
☐ Notice of a supplemental tax bill has been received. (If checked explain on Page 2)
6. No one is in possession of or has access to the real property other than:  
☐ The undersigned  
☐ Tenants based only on month-to-month rental agreements  
☐ Lessees based upon existing leases, copies of which are attached hereto \*  
☐ Other: (Provide explanation) \_\_\_\_\_
7. No person(s) other than those mentioned above have any rights, easements, licenses, or agreements allowing them to use, encroach on, or travel over the real property, except \_\_\_\_\_  
(Enter "None" if such is true)
8. ☐ To our knowledge there are no existing violations of city or county ordinances regulating the use of this land, nor any existing dispute with adjoining owners, their tenants or a homeowners' association over the boundaries or use of this land  
☐ To our knowledge there are existing violations of city or county ordinances regulating the use of this land, or an existing dispute with adjoining owners, their tenants or a homeowners' association over the boundaries or use of this land. (If checked explain on Page 2)
9. That this Declaration is given for the purpose of inducing Old Republic Title Company and  
Old Republic National Title Insurance Company to issue its policy(ies) of title insurance which may provide coverage as to the items mentioned above.

**EXPLANATIONS:**

2. There is not actual pedestrian and vehicular access to and from the real property. Describe how access is obtained:

\_\_\_\_\_  
\_\_\_\_\_

3. There have been repairs, work of improvement or materials furnished to the real property within the last ninety (90) days: Provide dates for the repairs, work of improvement or delivery of materials:

Started on: \_\_\_\_\_ Was completed on: \_\_\_\_\_ Will be completed on: \_\_\_\_\_

☐ Owner completed work ☐ Name other party who completed work \_\_\_\_\_

Total cost of all repairs: \$ \_\_\_\_\_ Provide evidence of payment.

Permits were issued for the work of improvements. ☐ Yes ☐ No ☐ None Required

Describe repairs, work of improvement or materials:

\_\_\_\_\_  
\_\_\_\_\_

4. There are unpaid homeowner's association dues. Months owing: \_\_\_\_\_

5. There are unpaid taxes or assessments: \_\_\_\_\_

Notice of supplemental tax bill was received on: \_\_\_\_\_

8. Existing violations of city or county ordinances regulating the use of this land, or an existing dispute with adjoining owners, their tenants or a homeowners' association over the boundaries or use of this land:

\_\_\_\_\_

The undersigned declares(s) under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct and they will testify before any competent tribunal, officer, or person in any proceeding to the truth of the foregoing statements and each of them.

\* Declarant(s), please remember to attach copies

\_\_\_\_\_

Date \_\_\_\_\_

**SCHEDULE 4**

**PURCHASE PRICE ALLOCATION**

**[to be attached]**

**SCHEDULE 11**

**SELLER'S DISCLOSURE SCHEDULE**

**[attached]**

**SELLER'S DISCLOSURE SCHEDULE TO  
PURCHASE AND SALE AGREEMENT**

by and between

**MISSION HEALTHCARE INVESTMENT, LLC**

**as Seller**

and

**EAGLE ARC ACQUISITIONS, LLC**

**as Buyer**

dated as of

April 1, 2025

**SCHEDULE 4**

**PURCHASE PRICE ALLOCATION**

[TBD]

**SCHEDULE 11(a)**

**ORGANIZATION**

Nothing to disclose.

**SCHEDULE 11(b)**

**AUTHORITY; ENFORCEABILITY; CONFLICT.**

Nothing to disclose.



**SCHEDULE 11(c)(i)-(iv)**  
**COMPLIANCE WITH LAW.**

Nothing to disclose.

**SCHEDULE 11(d)**

**CONDEMNATION; REASSESSMENT.**

Nothing to disclose.

**SCHEDULE 11(e)**

**OPERATING CONTRACTS**

1. Lease for Mission Healthcare dated October 14, 2003, between Mission Healthcare Investment, LLC (assignee of TCO LLC) (“**Landlord**”) and Mission Healthcare at Bellevue JV (“**Tenant**”), as amended by that First Amendment to Lease dated August 1, 2008 between Landlord and Tenant, and as further amended by that Second Amendment to Lease date September 30, 2023 between Landlord and Tenant.

**SCHEDULE 11(f)**

**EXECUTIVE ORDER 13224**

Nothing to disclose.

**SCHEDULE 11(g)**

**TAX RETURNS**

Nothing to disclose.

**SCHEDULE 11(h)**

**INSURANCE**

Nothing to disclose.

**SCHEDULE 11(i)**

**ENVIRONMENTAL MATTERS**

Nothing to disclose.

**SCHEDULE 11(i)**

**NO ADVERSE PARTIES IN POSSESSION**

Nothing to disclose.



**SCHEDULE 11(k)**

**SOLVENCY**

Nothing to disclose.

**SCHEDULE 11(1)**

**NO LIENS**

Nothing to disclose.

**SCHEDULE 11(m)**  
**FINANCIAL STATEMENTS**

Nothing to disclose.

**SCHEDULE 11(n)**

**DISCLOSURE**

Nothing to disclose.

## **Schedule 18**

### **Broker's Commission**

Seller and Buyer have each agreed to pay Walker & Dunlop a commission upon the purchase and sale of the Property. Seller and Buyer have each entered into a separate broker agreement with Walker & Dunlop setting forth the specific amounts to be paid.

**Exhibit 6**  
**Lease Documents**

## **Master Lease**

**MASTER LEASE**

**Between**

**516 23rd Ave SE WA LLC**

**2424 156TH Ave Northeast WA LLC**

**each,**

**as “Landlord”**

**and**

**Kaanapali Beach, LLC**

**Kapalua Beach, LLC,,**

**each,**

**as “Tenant”**

**Dated: June 1, 2025**



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Exhibit B Description of the Land

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Exhibit E Fair Market Value/Rental

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Schedule 1.1.1 Base Rent Allocation

Schedule 6.5 Competing Facilities

## **MASTER LEASE**

THIS **MASTER LEASE** (this “**Lease**”) is entered into effective as of June 1, 2025, by and between each entity identified as “Landlord” on Exhibit H attached hereto (individually and collectively, “**Landlord**”), and each entity identified as “Tenant” on Exhibit H attached hereto (individually and collectively, “**Tenant**”).

### **R E C I T A L S**

**A.** Landlord desires to lease the Premises to Tenant and Tenant desires to lease the Premises from Landlord upon the terms set forth in this Lease.

**B.** Pursuant to that certain Guaranty of Master Lease dated of even date herewith (as amended, supplemented or otherwise modified from time to time, the “**Guaranty**”), Scott Clawson, Kayla Clawson, Ryan Williams, Trista Williams, and Kalesta Healthcare Group, LLC, a California limited liability company (“**Kalesta**”) (such guarantor, together with his/her/its successors and assigns, are herein referred to, individually and collectively, as “**Guarantor**”), has agreed to guaranty the obligations of each of the entities comprising Tenant under this Lease.

**C.** A list of the Facilities covered by this Lease is attached hereto as Exhibit H.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

### **ARTICLE I MASTER LEASE; DEFINITIONS; PREMISES; TERM**

#### **1.1 Recognition of Master Lease; Irrevocable Waiver of Certain Rights.**

**1.1.1** Except as set forth in this Section 1.1, Landlord’s and Tenant’s rights and obligations under this Lease are subject to the condition precedent that Landlord shall have acquired the Facilities identified on Exhibit H attached hereto and incorporated herein by this reference. If the Purchase Agreement terminates for any reason prior to the consummation of the transactions contemplated thereunder, this Lease shall automatically terminate and be of no further force or effect as to the Facilities covered by such Purchase Agreement, other than the indemnity obligations in Section 6.4.7 below and any other provisions herein which expressly survive such termination. Notwithstanding the foregoing, Tenant agrees that, during the period from the date of this Lease first written above to the Commencement Date, Tenant will comply with the terms and provisions of Sections 6.4.4 through 6.4.7, inclusive, and Section 17.1 hereof.

Landlord and Tenant acknowledge and agree that the Purchase Agreement will provide for the potential of the Facilities being acquired by Landlord through separate closings on separate dates. If the Facilities are acquired on separate dates, each reference herein to the “**Commencement Date**” shall mean the date on which the applicable Facility or Facilities are acquired by Landlord and the first Commencement Date will be used for establishing the Initial Expiration Date for purposes of Section 1.4. In the event of multiple Commencement Dates hereunder, the annual amount of Base Rent initially payable by Tenant shall be equitably and reasonably allocated by Landlord among the applicable Facilities as set forth on Schedule 1.1.1; provided, however, such allocation by Landlord would be for the sole purpose of accommodating the staggered acquisition and leasing of the Facilities and shall not be deemed to modify the parties’ understanding and agreement that the entirety of the Premises is being leased as a single and inseparable transaction as set forth in 1.1.2 below.

If the Purchase Agreement is terminated as to one or more (but less than all) of the Facilities, then concurrently with any such termination, this Lease shall automatically be deemed amended to remove the applicable Facility or Facilities from the Premises and the annual amount of Base Rent initially payable hereunder (as set forth in Section 2.1) shall be reduced by the amount of Base Rent set forth on Schedule 1.1.1 that would have been allocated to the removed Facility or Facilities.

Tenant shall, upon Landlord's written request therefor, execute such certificates or memoranda as Landlord shall reasonably request to evidence the actual Commencement Date (or Commencement Dates), the Initial Expiration Date, the period constituting the first Lease Year, any partial termination of this Lease as provided for in the immediately preceding paragraph, and such other matters relating to this Section 1.1.1 as Landlord shall reasonably request.

**1.1.2** Tenant and Landlord each acknowledges and agrees that this Lease constitutes a single, indivisible lease of the entire Premises, and the Premises constitutes a single economic unit. The Base Rent, Additional Rent, other amounts payable hereunder and all other provisions contained herein have been negotiated and agreed upon based on the intent to lease the entirety of the Premises as a single and inseparable transaction, and such Base Rent, Additional Rent, other amounts and other provisions would have been materially different had the parties intended to enter into separate leases or a divisible lease. Any Event of Default under this Lease shall constitute an Event of Default as to the entire Premises. Each of the individuals and/or entities comprising Tenant and Guarantor, in order to induce Landlord to enter into this Lease, to the extent permitted by law:

(a) Agrees, acknowledges and is forever estopped from asserting to the contrary that the statements set forth in the first sentence of this Section 1.1.2 are true, correct and complete;

(b) Agrees, acknowledges and is forever estopped from asserting to the contrary that this Lease is a new and de novo lease, separate and distinct from any other lease between any of the entities comprising Tenant and any of the entities comprising Landlord that may have existed prior to the date hereof;

(c) Agrees, acknowledges and is forever estopped from asserting to the contrary that this Lease is a single lease pursuant to which the collective Premises are demised as a whole to Tenant;

(d) Agrees, acknowledges and is forever estopped from asserting to the contrary that if, notwithstanding the provisions of this Section, this Lease were to be determined or found to be in any proceeding, action or arbitration under state or federal bankruptcy, insolvency, debtor-relief or other applicable laws to constitute multiple leases demising multiple properties, such multiple leases could not, by the debtor, trustee, or any other party, be selectively or individually assumed, rejected or assigned; and

(e) Forever knowingly waives and relinquishes any and all rights under or benefits of the provisions of the Federal Bankruptcy Code Section 365 (11 U.S.C. § 365), or any successor or replacement thereof or any analogous state law, to selectively or individually assume, reject or assign the multiple leases comprising this Lease following a determination or finding in the nature of that described in the foregoing Section 1.1.2(d).

**1.2 Definitions.** Certain initially capitalized terms used in this Lease are defined in Exhibit A. All accounting terms not otherwise defined in this Lease have the meanings assigned to them in accordance with GAAP.

**1.3 Lease of Premises; Ownership.**

**1.3.1** Upon the terms and subject to the conditions set forth in this Lease, Landlord hereby leases to Tenant and Tenant leases from Landlord all of Landlord's rights and interest in and to the Premises.

**1.3.2** Tenant acknowledges that the Premises are the property of Landlord and that Tenant has only the right to the possession and use of the Premises upon and subject to the terms and conditions of this Lease. Tenant will not, at any time during the Term, take any position, whether in any tax return, public filing, contractual arrangement, financial statement or otherwise, other than that Landlord is the owner of the Premises for federal, state and local income tax purposes and that this Lease is a "true lease".

**1.4 Term.** The initial term of this Lease (the "**Initial Term**") shall be for the period commencing as of Commencement Date and expiring at 11:59 p.m. on the fifteenth (15<sup>th</sup>) anniversary of either (i) the date immediately preceding the first Commencement Date (if the first Commencement Date is the first day of a calendar month) or (ii) the last day of the calendar month in which the fifteenth (15<sup>th</sup>) anniversary of the first Commencement Date occurs (if

the first Commencement Date is a day other than the first day of a calendar month) (whether determined pursuant to clause (i) or (ii), the “**Initial Expiration Date**”). The term of this Lease may be extended for one (1) term of ten (10) years each (the “**Extension Term**”) if: (a) at least twelve (12), but not more than eighteen (18) months prior to the end of the then current Term, Tenant delivers to Landlord a written notice (an “**Extension Notice**”) that it desires to exercise its right to extend the Term for the Extension Term; and (b) no Event of Default shall have occurred and be continuing on the date Landlord receives the Extension Notice or on the last day of the then current Term. During the Extension Term, except as otherwise specifically provided for herein, all of the terms and conditions of this Lease shall remain in full force and effect. Once delivered to Landlord, an Extension Notice shall be irrevocable.

**1.5 Net Lease.** This Lease is intended to be and shall be construed as an absolutely net lease, commonly referred to as a “net, net, net” or “triple net” lease, pursuant to which Landlord shall not, under any circumstances or conditions, whether presently existing or hereafter arising, and whether foreseen or unforeseen by the parties, be required to make any payment or expenditure of any kind whatsoever or be under any other obligation or liability whatsoever, except as expressly set forth herein, in connection with the Premises. All Rent payments shall be absolutely net to Landlord, free of all Impositions, utility charges, operating expenses, insurance premiums or any other charges or expenses in connection with the Premises, all of which shall be paid by Tenant.

**1.6 Severance or Combination of Lease.** Landlord shall have the right, at any time and from time to time during the Term (as defined below), by written notice to Tenant, to require Tenant to execute an amendment to this Lease whereby one or more of the Facilities (individually, a “Transferred Property” or collectively, “Transferred Properties”) are separated and removed from this Lease, and simultaneously to execute a substitute lease with respect to such Transferred Property(ies), in form and substance substantially similar to this Lease (each, a “New Lease”), or such Transferred Property is combined into an existing lease with affiliates of Landlord (each a “Combined Lease”); provided, however, the aggregate Base Rent payable under this Lease and the base rent payable under each New Lease or Combined Lease, as applicable shall not exceed the Base Rent due under this Lease for any applicable Facilities.

## **ARTICLE II RENT**

### **2.1 Base Rent.**

**2.1.1** During the Term, Tenant will pay to Landlord as base rent hereunder (the “**Base Rent**”), an annual amount equal to Two Million Eight Hundred Fifty Thousand and 00/100 Dollars (\$2,850,000.00) as set forth on Schedule 1.1.1 (subject to Section 2.6). Notwithstanding the foregoing, on the first day of the second (2<sup>nd</sup>) Lease Year and the first day of each Lease Year thereafter during the Term (including, without limitation, during any Extension Term), the Base Rent shall increase to an annual amount equal to the sum of (a) the Base Rent for the immediately preceding Lease Year, and (b) the Base Rent for the immediately preceding Lease Year multiplied by three percent (3.0%). The Base Rent shall be payable in advance in twelve (12) equal monthly installments on or before the first (1<sup>st</sup>) Business Day of each calendar month; provided, however, the Base Rent attributable to the first (1<sup>st</sup>) full calendar month of the Term and the calendar month in which the Commencement Date occurs, which may be a partial month, shall be payable on the Commencement Date. To the extent Base Rent increases under the terms of this Lease in the middle of any Lease Year, the escalation of Base Rent each Lease Year as calculated hereunder shall be based on the Base Rent in the month prior to such calculation on an annualized basis.

**2.1.2** Notwithstanding anything in Section 2.1.1 to the contrary, the Base Rent for the first Lease Year of the Extension Term shall increase to an annual amount equal to the lesser of: (a) the Fair Market Rental of the Premises, and (b) the sum of (i) the Base Rent payable during the immediately preceding Lease Year, and (ii) the Base Rent for the immediately preceding Lease Year multiplied by twenty percent (20%); provided, however, in no event shall Base Rent for the first Lease Year of the Extension Term be less than one hundred three percent (103%) of the Base Rent payable during the immediately preceding Lease Year. On the first day of the second (2<sup>nd</sup>) Lease Year of the Extension Term and the first day of each Lease Year thereafter during the Extension Term, the Base Rent shall increase as provided in Section 2.1.1 above.

**2.2 Additional Rent.** In addition to the Base Rent, Tenant shall also pay and discharge as and when due and payable all other amounts, liabilities and obligations which Tenant assumes or agrees to pay under this Lease. In the event of any failure on the part of Tenant to pay any of those items referred to in the previous sentence, Tenant



will also promptly pay and discharge every fine, penalty, interest and cost which may be added for non-payment or late payment of the same. Collectively, the items referred to in the first two sentences of this Section 2.2 are referred to as “**Additional Rent**.” Except as may otherwise be set forth herein, any costs or expenses paid or incurred by Landlord on behalf of Tenant that constitute Additional Rent shall be reimbursed by Tenant to Landlord within ten (10) days after the presentation by Landlord to Tenant of invoices therefor.

**2.3 Method of Payment.** All Rent payable hereunder shall be paid in lawful money of the United States of America. Except as may otherwise be specifically set forth herein, Rent shall be prorated as to any partial months at the beginning and end of the Term. Rent to be paid to Landlord shall be paid by electronic funds transfer debit transactions through wire transfer of immediately available funds and shall be initiated by Tenant for settlement on or before the Payment Date; provided, however, if the Payment Date is not a Business Day, then settlement shall be made on the next succeeding day which is a Business Day. If Landlord directs Tenant to pay any Base Rent to any party other than Landlord, Tenant shall send to Landlord, simultaneously with such payment, a copy of the transmittal letter or invoice and a check whereby such payment is made or such other evidence of payment as Landlord may reasonably require.

**2.4 Late Payment of Rent.** Tenant hereby acknowledges that the late payment of Rent will cause Landlord to incur costs not contemplated hereunder, the exact amount of which is presently anticipated to be extremely difficult to ascertain. Accordingly, if any installment of Rent other than Additional Rent payable to a Person other than Landlord (or a Facility Mortgagee) shall not be paid within five (5) days of its Payment Date, Tenant shall pay to Landlord, on demand, a late charge equal to the lesser of (a) five percent (5%) of the amount of such installment or (b) the maximum amount permitted by law. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Landlord will incur by reason of late payment by Tenant. The parties further agree that such late charge is Rent and not interest and such assessment does not constitute a lender or borrower/creditor relationship between Landlord and Tenant. In addition, if any installment of Rent other than Additional Rent payable to a Person other than Landlord (or a Facility Mortgagee) shall not be paid within ten (10) days after its Payment Date, the amount unpaid, including any late charges, shall bear interest at the Agreed Rate compounded monthly from such Payment Date to the date of payment thereof, and Tenant shall pay such interest to Landlord on demand. The payment of such late charge or such interest shall neither constitute waiver of nor excuse or cure any default under this Lease, nor prevent Landlord from exercising any other rights and remedies available to Landlord.

**2.5 Guaranty.** Tenant’s obligations under this Lease are guaranteed by the Guarantor under the Guaranty.

**2.5.1 Kalesta Reorganization.** Tenant agrees, no later than thirty (30) days following the date hereof, to commence the effectuation one or more Transfers such that each Tenant is owned in accordance with the organizational structure set forth on the organizational chart attached hereto as Exhibit I-1 (the “Kalesta Reorganization”). The date on which the Kalesta Reorganization is consummated shall be referred to herein as the “Kalesta Reorganization Date.” Tenant agrees to diligently pursue receipt of the regulatory and other governmental approval required to effectuate the Kalesta Reorganization. On the Kalesta Reorganization Date, the organizational chart attached hereto as Exhibit I-1 shall be deemed to replace and supersede Exhibit I to this Lease. To the extent required, Landlord hereby consents to and approves the Kalesta Reorganization.

**2.5.2 Amended and Restated Guaranty.** On the Kalesta Reorganization Date, the executed Amended and Restated Guaranty of Master Lease being held in escrow by the parties as of the Commencement Date shall be deemed released to Landlord, and Landlord is hereby authorized to date the same as of the Kalesta Reorganization Date. From and after the Kalesta Reorganization Date: (a) all references to the “Guaranty” in this Lease shall mean such Amended and Restated Guaranty of Master Lease; (b) all references to “Guarantor” shall mean the guarantors under such Amended and Restated Guaranty of Master Lease; and (c) all references in this Lease to “Kalesta” shall mean UNH Washington, LLC, a Delaware limited liability company.

**2.5.3 Amended and Restated Pledge Agreement.** On the Kalesta Reorganization Date, the executed Amended and Restated Pledge and Security Agreement being held in escrow by the parties shall be deemed released to Landlord, and Landlord is hereby authorized to date the same as of the Kalesta Reorganization Date. From and after the Kalesta Reorganization Date, all references to the “Pledge Agreement” in this Lease shall mean such Amended and Restated Pledge and Security Agreement.

**2.5.4 New Holding Companies.** Tenant shall notify Landlord in writing if any additional holding companies are formed by the ultimate owners of Tenant (i.e., any Individual Guarantor under the Amended and Restated Guaranty of Master Lease) for the purpose of owning and holding, directly or indirectly, the ownership interests of entities that own or operate healthcare facilities (each, a “New HoldCo”). Upon Landlord’s written demand, Tenant shall cause each New HoldCo to join, as an additional guarantor, the Amended and Restated Guaranty of Master Lease.

## **2.6 Expansion of Bellevue Facility.**

**2.6.1** Tenant acknowledges that Landlord will endeavor to add up to sixty (60) additional licensed beds to the Bellevue Facility (“**Additional Bellevue Beds**”) after the Commencement Date for a total of approximately one hundred twenty nine (129) beds pursuant to that certain Purchase And Sale Agreement For Skilled Nursing Facility Bed Rights dated April 21, 2025 (the “**Banked Beds Purchase Agreement**”) with Evergreen Washington Healthcare Greenwood, L.L.C., a Washington limited liability company (“**Banked Bed Seller**”). Tenant further acknowledges that the expansion of the Bellevue Facility to include the Additional Bellevue Beds will require a CON application to the Washington State Health Department. Tenant agrees to reasonably assist Landlord with its CON application by executing any documents required for the CON application and providing all information and documents necessary to support the CON application.

**2.6.2** Upon receipt of a license from the State of Washington for the Additional Bellevue Beds, the Base Rent as set forth in Section 2.1.1 shall be increased to the rate set forth on Schedule 1.1.1 during the first year of the Term subject to the annual rental increases as provided in Section 2.1.1 above. If the license for the Additional Bellevue Beds is issued on a day other than the first day of a calendar month, then Tenant shall pay the increased Base Rent amount on the first day of the next calendar month for both the partial calendar month and the first full calendar month after the licence is issued. The Base Rent for any such partial month shall be prorated and payable based on the number of days in that partial month.

**2.6.3** Upon receipt of a license from the State of Washington for the Additional Bellevue Beds, Landlord will make a one-time payment to Tenant of Three Hundred Thousand and 00/100 Dollars (\$300,000.00) (“**FF&E Payment**”). Tenant will use the FF&E Payment only for furniture, fixtures, equipment, or other Capital Expenditures reasonably related to the incorporation of the Additional Bellevue Beds into the Bellevue Facility.

## **ARTICLE III PLEDGE**

**3.1 Pledge.** Concurrently with its execution of this Lease, and as a condition prerequisite to the obligation of Landlord to perform under this Lease, Tenant shall have caused each of its constituent members to enter into a pledge agreement (each, a “**Pledge Agreement**”), in a form reasonably acceptable to Landlord, pursuant to which each such member pledges and collaterally assigns to Landlord each of their respective membership interests in Tenant (the “**Pledged Collateral**”) as security for the payment and performance obligations of Tenant set forth in this Lease. Landlord shall have the right to file financing statements identifying Tenant’s members (with respect to the Pledged Collateral) as Debtor and Landlord as Secured Party, with the appropriate filing office in the Offices of the Secretary of State in all applicable states. Tenant shall pay all filing and reasonable record search fees and other costs for such additional security agreements, financing statements, and other documents as Landlord may reasonably require to perfect or continue the perfection of its security interest. Additionally, Tenant shall promptly execute such other separate security agreements with respect to the Pledged Collateral as Landlord may request from time to time to further evidence the security interest in the Pledged Collateral created by the Pledge Agreements. In the event that, with Landlord’s prior written consent (which consent shall be required pursuant to the terms of this Lease), any membership interests in a Tenant entity are transferred, or new membership (or other equity) interests in a Tenant entity are issued, then concurrently with any such transfer or issuance, the transferee or issue of such membership interests in Tenant shall execute and deliver to Landlord a Pledge Agreement in the form reasonably required by Landlord. To the extent that Tenant desires to obtain accounts receivable financing in accordance with Section 20.2 hereof, and if Tenant’s accounts receivable lender requires, as a condition to provide such accounts receivable financing to Tenant, that Landlord subordinate its interests under the Pledge Agreement and/or Pledged Collateral to the security interests granted to Tenant’s accounts receivable lender, Landlord agrees to subordinate its interest in the Pledged Collateral to Tenant’s accounts receivable lender pursuant to the terms of an intercreditor agreement or such

other agreement as may be required by such accounts receivable lender, provided that such intercreditor or other agreement is in form and substance reasonably acceptable to Landlord.

**3.2     Reserved.**

**ARTICLE IV  
IMPOSITIONS AND OTHER CHARGES**

**4.1     Impositions.**

**4.1.1**     Subject to Section 4.5, Tenant shall pay all Impositions attributable to a tax period, or portion thereof, occurring during the Term (irrespective of whether the Impositions for such tax period are due and payable after the Term), when due and before any fine, penalty, premium, interest or other cost may be added for non-payment. Where feasible, such payments shall be made directly to the taxing authorities. If any such Imposition may, at the option of the taxpayer, lawfully be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Tenant may exercise the option to pay the same (and any accrued interest on the unpaid balance of such Imposition) in installments (provided no such installments shall extend beyond the Term) and, in such event, shall pay such installments during the Term before any fine, penalty, premium, further interest or cost may be added thereto. Tenant shall deliver to Landlord, not less than five (5) days prior to the due date of each Imposition, copies of the invoice for such Imposition, the check delivered for payment thereof and an original receipt evidencing such payment or other proof of payment satisfactory to Landlord.

**4.1.2**     Notwithstanding Section 4.1.1 to the contrary, with respect to those Impositions that Landlord is required by Legal Requirements to remit directly to the applicable taxing authority, if any, Landlord shall pay such Impositions directly to such taxing authority and within ten (10) Business Days of Landlord delivering to Tenant notice and evidence of such payment, and Tenant shall reimburse Landlord for such paid Impositions. Landlord and Tenant shall, upon request of the other, promptly provide such data as is maintained by the party to whom the request is made with respect to any Facility as may be necessary to prepare any required returns and reports.

**4.1.3**     Subject to the terms and provisions of Article VIII, Tenant may, upon notice to Landlord, at Tenant's option and at Tenant's sole cost and expense, protest, appeal or institute such other proceedings as Tenant may deem appropriate to effect a reduction of real estate or personal property assessments and Landlord, at Tenant's expense, shall reasonably cooperate with Tenant in such protest, appeal or other action; provided, however, that upon Landlord's request in connection with any such protest or appeal, Tenant shall post an adequate bond or deposit sufficient sums with Landlord to insure payment of any such real estate or personal property assessments (including any fines, penalties, premiums and interests) during the pendency of any such protest or appeal. Tenant shall prepare and file all tax returns and reports as may be required by Legal Requirements with respect to or relating to all Impositions, other than those tax returns and reports, if any, that Landlord is required by Legal Requirements to prepare and file and may not lawfully delegate or assign to Tenant.

**4.1.4**     Landlord or Landlord's designee shall use reasonable efforts to give prompt notice to Tenant of all Impositions payable by Tenant hereunder of which Landlord at any time has knowledge, provided, however, that any failure by Landlord to provide such notice to Tenant shall in no way relieve Tenant of its obligation to timely pay the Impositions.

**4.1.5**     Impositions imposed or assessed in respect of the tax-fiscal period during which the Term terminates shall be adjusted and prorated between Landlord and Tenant, whether or not such Imposition is imposed or assessed before or after such termination, and Tenant's obligation to pay its prorated share thereof shall survive such termination.

**4.2     Utilities; CC&Rs.** Tenant shall pay any and all charges for electricity, power, gas, oil, water and other utilities used in connection with each Facility during the Term. Tenant shall also pay all costs and expenses of any kind whatsoever which may be imposed against Landlord during the Term by reason of any of the covenants, conditions and/or restrictions affecting any Facility or any portion thereof, or with respect to easements, licenses or other rights over, across or with respect to any adjacent or other property which benefits any Facility, including any

and all costs and expenses associated with any utility, drainage and parking easements (collectively, “CC&Rs”). If Landlord is billed directly for any of the foregoing costs, Landlord shall send Tenant the bill and Tenant shall pay the same before it is due.

**4.3 Insurance.** Subject to Section 4.6, Tenant shall pay or cause to be paid all premiums for the insurance coverage required to be maintained by Tenant hereunder.

**4.4 Other Charges.** Tenant shall pay all other amounts, liabilities, obligations, costs and expenses paid or incurred with respect to the ownership, repair, replacement, restoration, maintenance and operation of each Facility.

**4.5 Real Property Imposition and Bed Tax Impounds.**

**4.5.1** In connection with Landlord’s acquisition of the Premises and the closing to occur under the Purchase Agreement, Landlord may receive a credit for the Real Property Impositions attributable to periods prior to the Commencement Date but due and payable after the Commencement Date (the “**Acquisition RE Imposition Credit**”). Provided no Event of Default then exists under this Lease, Landlord will make the Acquisition RE Imposition Credit available to Tenant (as if part of the Property Tax Reserve) for the payment the Real Property Impositions payable after the Commencement Date but for which Tenant is not otherwise responsible pursuant to Section 4.1.1.

**4.5.2** Landlord may require Tenant to include with each payment of Base Rent a sum equal one-twelfth (1/12<sup>th</sup>) of 105% of the amount required to discharge the annual amount of Real Property Impositions (including, without limitation, real property taxes and Bed Taxes, but only to the extent such Bed Taxes are required by law, ordinance or statute in connection with a particular Facility) (the “**Property Tax Reserve**”). Notwithstanding the foregoing, Landlord shall require Real Property Impositions for Bed Taxes, if and only if an Event of Default has occurred and is continuing beyond any applicable notice or cure period. Landlord may, at its option, from time to time require that any particular deposit be greater than one-twelfth (1/12<sup>th</sup>) of 105% of the estimated annual Real Property Impositions if necessary to provide a sufficient fund from which to make payment of such Real Property Impositions on or before the next due date of any installment thereof. Additionally, Landlord may change its estimate of any Real Property Imposition for any period on the basis of a change in an assessment or tax rate or for any other good faith reason. In such event, Tenant shall deposit with Landlord the amount in excess of the sums previously deposited with Landlord for the applicable period within ten (10) days after Landlord’s request therefor. If at any time within thirty (30) days before the due date of any Real Property Imposition, the deposits are insufficient for the payment in full of the obligation for which the deposits are being held, Tenant shall remit the amount of the deficiency to Landlord within ten (10) days after written demand from Landlord. Tenant shall, as soon as they are received, deliver to Landlord copies of all notices, demands, claims, bills and receipts in relation to the Real Property Impositions.

**4.5.3** The sums deposited by Tenant under this Section 4.5 shall be held by Landlord, including the Property Tax Reserve, shall not bear interest nor be held by Landlord in trust or as an agent of Tenant, and may be commingled with the other assets of Landlord. Provided no Event of Default then exists under this Lease, and provided that Tenant has timely delivered to Landlord copies of any bills, claims or notices that Tenant has received, the sums deposited by Tenant under this Section 4.5, excluding the Property Tax Reserve, shall be used by Landlord to pay Real Property Impositions as the same become due. Upon the occurrence of any Event of Default, Landlord may apply any funds held by it under this Section 4.5, including the Property Tax Reserve, to cure such Event of Default or on account of any damages suffered or incurred by Landlord in connection therewith or to any other obligations of Tenant arising under this Lease, in such order as Landlord in its discretion may determine. Upon such application of funds, Tenant shall, within three (3) Business Days following Landlord’s demand, deposit with Landlord sums sufficient to restore the Property Tax Reserve and other sums required to be impounded pursuant to Section 4.5.2.

**4.5.4** If Landlord transfers this Lease, it shall transfer all amounts then held by it under this Section 4.5 to the transferee, and Landlord shall thereafter have no liability of any kind with respect thereto. As of the Expiration Date, any sums held by Landlord under this Section 4.5 shall be returned to Tenant, only as and when no Event of Default has occurred and is continuing under this Lease and Tenant has fully performed and satisfied all of its obligations under this Lease and provided that any and all Real Property Impositions due and owing hereunder have been paid in full.

**4.5.5** Notwithstanding anything herein which may be construed to the contrary, Landlord shall have no liability to Tenant for failing to pay any Real Property Impositions to the extent that: (a) any Event of Default has occurred and is continuing, (b) insufficient deposits under this Section 4.5 are held by Landlord at the time such Real Property Impositions become due and payable, or (c) Tenant has failed to provide Landlord with copies of the bills, notices, and claims for such Real Property Impositions as required pursuant to Section 4.5.1.

**4.6 Insurance Premium Impounds.** If required under the Facility Mortgage Documents or at Landlord's election by thirty (30) days written notice to Tenant upon the occurrence of more than one (1) Event of Default in any twelve (12) month period, Tenant shall be required to deposit, at the time of any payment of Base Rent, an amount equal to one-twelfth (12<sup>th</sup>) of 105% of Tenant's estimated annual insurance premiums, into an impound account as directed by Landlord. As applicable, the terms of Section 4.5 shall govern the amounts deposited under this Section 4.6.

## **ARTICLE V ACCEPTANCE OF PREMISES; NO IMPAIRMENT**

**5.1 Acceptance of Premises.** Tenant acknowledges receipt and delivery of possession of the Premises and confirms that Tenant has examined and otherwise has knowledge of the condition of the Premises prior to the execution and delivery of this Lease and has found the same to be in good order and repair, free from Hazardous Materials in types and quantities in violation of applicable Hazardous Materials Laws and satisfactory for its purposes hereunder. Regardless, however, of any prior knowledge, examination or inspection made by Tenant and whether or not any patent or latent defect or condition was revealed or discovered thereby, Tenant is leasing the Premises "as is" in its present condition. Tenant waives any claim or action against Landlord in respect of the condition of the Premises including any defects or adverse conditions not discovered or otherwise known by Tenant as of the Commencement Date. TENANT ACKNOWLEDGES AND AGREES THAT (A) IT AND/OR ITS AFFILIATES HAVE HAD THE OPPORTUNITY TO INSPECT THE PREMISES PRIOR TO LANDLORD'S ACQUISITION AND LEASE THEREOF TO TENANT; AND (B) LANDLORD MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, IN RESPECT OF THE PREMISES, EITHER AS TO ITS FITNESS FOR USE, DESIGN OR CONDITION FOR ANY PARTICULAR USE OR PURPOSE OR OTHERWISE, OR AS TO THE NATURE OR QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, OR THE EXISTENCE OF ANY HAZARDOUS MATERIALS, IT BEING AGREED THAT ALL SUCH RISKS, LATENT OR PATENT, ARE TO BE BORNE SOLELY BY TENANT.

**5.2 No Impairment.** The respective obligations of Landlord and Tenant shall not be affected or impaired by reason of (a) any damage to, or destruction of, any Facility, from whatever cause, or any Condemnation of any Facility (except as otherwise expressly and specifically provided in Article XI or Article XII); (b) the interruption or discontinuation of any service or utility servicing any Facility; (c) the lawful or unlawful prohibition of, or restriction upon, Tenant's use of any Facility due to the interference with such use by any Person or eviction by paramount title; (d) any claim that Tenant has or might have against Landlord on account of any breach of warranty or default by Landlord under this Lease or any other agreement by which Landlord is bound; (e) any bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding up or other proceedings affecting Landlord or any assignee or transferee of Landlord; (f) any Licensing Impairment; (g) any adverse adjustment to reimbursement rates at any time or for any reason; or (h) for any other cause whether similar or dissimilar to any of the foregoing. Tenant hereby specifically waives all rights, arising from any occurrence whatsoever, which may now or hereafter be conferred upon it by law or equity (x) to modify, surrender or terminate this Lease or quit or surrender any Facility, or (y) that would entitle Tenant to any abatement, reduction, offset, suspension or deferment of Rent. The obligations of Landlord and Tenant hereunder shall be separate and independent covenants and agreements and Rent shall continue to be payable in all events until the termination of this Lease, other than by reason of an Event of Default. Tenant's sole right to recover damages against Landlord under this Lease shall be to prove such damages in a separate action

## **ARTICLE VI OPERATING COVENANTS**

**6.1 Tenant Personal Property.** Tenant shall obtain and install all items of furniture, fixtures, supplies and equipment not included as Landlord Personal Property as shall be necessary or reasonably appropriate to operate

each Facility in compliance with this Lease (the “**Tenant Personal Property**”). Tenant shall not enter into any equipment leases for Tenant Personal Property without Landlord’s prior written consent which it may grant or withhold in its reasonable discretion. Notwithstanding the foregoing, Landlord’s consent shall not be required for equipment leases for personal property for (a) med carts and related pharmacy equipment used at the Facilities, (b) time clocks used at the Facilities and (c) business office purposes, such as copiers or computer equipment, but specifically excluding desks, chairs, cabinets, tables and the like. At the expiration or earlier termination of this Lease, Tenant shall pay-off any and all equipment leases and cause the same to be terminated and the liens evidenced thereby to be released and title to the items that were covered by such equipment lease(s) shall be transferred to Landlord subject to the provisions of Section 14.3.

**6.2      Landlord Personal Property.** Following the Commencement Date, Landlord may, in its discretion and at its sole cost and expense, cause a third-party consultant to prepare and have delivered to Landlord a complete inventory of all furniture, fixtures, equipment and other items of personal property located at the Facilities and which constitute Landlord Personal Property (the “**Landlord Personal Property Report**”). Following receipt by Landlord, Landlord shall cause a copy of such Landlord Personal Property Report to be delivered to Tenant. Tenant shall have a period of thirty (30) days following its receipt of such Landlord Personal Property Report to deliver to Landlord any written objections to the Landlord Personal Property Report. Failure to deliver any such written objections to Landlord on or before the expiration of said 30-day period shall be deemed Tenant’s approval of the Landlord Personal Property Report. In the event Tenant timely delivers any written objections to Landlord, Landlord shall, in good faith, submit said written objections to the third-party consultant who prepared the Landlord Personal Property Report and said third party consultant’s decision on whether, and to what extent, to amend the Landlord Personal Property Report in connection with such objections, which third party consultant’s decision shall be binding. Tenant may, from time to time, in Tenant’s reasonable discretion, without notice to or approval of Landlord, sell or dispose of any item of the Landlord Personal Property; provided, however, that, unless such item is functionally obsolete, Tenant shall promptly replace such item with an item of similar or superior quality, use and functionality, and any such replacement item shall, for all purposes of this Lease, continue to be treated as part of the “Landlord Personal Property.” Title to any equipment leased by Tenant that is required for the licensing or certification of any Facility shall be acquired in the name of Landlord and delivered to Landlord at termination of this Lease. For the avoidance of doubt, the term Landlord Personal Property specifically excludes any and all personal property or furniture owned by residents at the Facility. Tenant shall, promptly upon Landlord’s request from time to time, provide such information as Landlord may reasonably request relative to any sales, dispositions or replacements of the Landlord Personal Property pursuant to this Section 6.2 and shall provide to Landlord with an updated inventory of the Landlord Personal Property.

**6.3      Primary Intended Use.** During the entire Term, Tenant shall continually use each Facility for its Primary Intended Use (subject to Articles XI and XII) and for no other use or purposes and shall operate each Facility in a manner consistent with a high quality healthcare and/or skilled nursing facility, employing sound reimbursement principles under all applicable Third Party Payor Programs.

**6.4      Compliance with Legal Requirements and Authorizations.**

**6.4.1** Tenant, at its sole cost and expense, shall promptly (a) comply with all Legal Requirements, CC&Rs and Insurance Requirements regarding the use, condition and operation of each Facility for its Primary Intended Use and the Tenant Personal Property, and (b) procure, maintain and comply with all Authorizations. The Authorizations for any Facility shall, to the maximum extent permitted by Legal Requirements, relate and apply exclusively to such Facility, and Tenant acknowledges and agrees that, subject to all applicable Legal Requirements, such Authorizations are appurtenant to the Facilities to which they apply, both during and following the termination or expiration of the Term.

**6.4.2** Tenant and the Premises shall comply in all material respects with all licensing and other Legal Requirements applicable to the Premises and the business conducted thereon and, to the extent applicable, all Third Party Payor Program requirements. Further, Tenant shall not commit any act or omission that would in any way violate any certificate of occupancy affecting any Facility, result in closure of the Facility, result in the termination or suspension of Tenant’s ability to operate any Facility for its Primary Intended Use or result in the termination, suspension, non-renewal or other limitation of any Authorization, including, but not limited to, the authority to admit residents to any Facility or right to receive reimbursement for items or services provided at any Facility from any Third Party Payor Program.

**6.4.3** Tenant shall not:

- (a) transfer any Authorizations to any third party, or to any location other than the Facility operated by such Tenant or as otherwise required by the terms of this Lease nor pledge any Authorizations as collateral security for any loan or indebtedness except as required or expressly permitted by the terms of this Lease;
- (b) rescind, withdraw, revoke, terminate, relinquish, amend, restate, supplement, allow to expire without renewal or otherwise alter the nature tenor or scope of any Authorization for any Facility; or
- (c) amend or otherwise change, by consent, acquiescence or otherwise, any Facility's (i) bed capacity, or the number or type of beds, authorized by the Authorizations applicable to such Facility, (ii) Authorization's category or type, or (iii) certificate to participate in Medicare or Medicaid as applicable to each Facility, in each case as the same exist on the Commencement Date, or apply for approval of any of the foregoing amendments or changes.

**6.4.4** By no later than the date(s) required under the Purchase Agreement and OTA, Tenant shall have filed and submitted (or caused to be filed and submitted) all applications, petitions, and other documents (the "**Required Authorizations Applications**") that are necessary or appropriate for it to obtain the Required Authorizations with respect to each Facility, which Required Authorizations Applications shall include, but not be limited to: (i) a Change of Manager Notice to be filed with the applicable State Agency, (ii) a Change of Ownership/Operator Notice to be filed with the applicable states' departments for Medicaid (if applicable), (iii) an application for each Tenant to obtain an operating license for each Facility from the Washington Department of Social and Health Services, Oregon Department of Human Services,, and any other applicable issuing department in the state in which the Facility is situated, (iv) applications necessary for the transfer or assignment of all Provider Agreements (including all Medicare Provider Agreements or other material Provider Agreements applicable to each Facility) or, if non-assignable, the issuance of new Provider Agreements, to Tenant, (iv) applications necessary for the transfer or assignment of all Medicaid Provider Agreements or, if non-assignable, the issuance of new Medicaid Provider Agreements to Tenant (if applicable). Tenant shall continuously and diligently pursue such issuance of the Required Authorizations, including without limitation by promptly responding to all requests for information, comments and the like from any Governmental Authority. Concurrently with delivery or promptly after receipt (as applicable), Tenant shall provide Landlord with copies of all applications, filings, notices, and correspondence delivered to or received from any Governmental Authority with respect to the Required Authorizations Applications, including, but not limited to, the issuance of or rejection of the application for, the Required Authorizations. Tenant shall keep Landlord fully advised as to the status of Tenant's efforts to obtain the Required Authorizations and of any material developments in connection therewith.

**6.4.5** Tenant shall use its commercially reasonable efforts to cooperate in good faith with the current owner(s) and/or operator(s) of the Facilities (individually, and collectively, "**Current Operator**"), including, without limitation, prior to the acquisition of the Facilities by Landlord pursuant to the Purchase Agreement and/or OTA, to provide such information, documents, materials and other matters reasonably requested by the Current Operator in connection with transfer of ownership and operation of the Facilities.

**6.4.6** Upon Landlord's request (and despite the Required Authorizations not yet having been received), and without limiting amending, or otherwise modifying Tenant's obligations under Section 6.4.4, upon Landlord's acquisition of a Facility, Tenant shall, to the fullest extent permitted under applicable Legal Requirements, execute, deliver, and assume operations at the Facilities pursuant to the form of interim subleases and interim management agreements if the same become applicable under the Purchase Agreement and the OTA.

**6.4.7** Tenant shall, prior to or concurrently with the execution of this Lease, enter into an Operations Transfer Agreement (each, an "**OTA**") with Current Operator with respect to the Premises, which shall provide, inter alia, that the operations of the Premises shall be transitioned to Tenant at 12:00.01 a.m. Pacific Time on the Commencement Date (including expressly any closing under the OTA on an interim management agreement and sublease with the Current Operator). Tenant hereby covenants that it shall comply in all material respects with its

obligations under the OTA, any interim management agreement and sublease, and the Banked Beds Purchase Agreement (including expressly any licensure, insurance, and indemnification provisions in such agreements). As a material part of the consideration for Landlord to enter into this Lease, Tenant hereby agrees and acknowledges that, provided Landlord, Current Operator and/or Seller are not in breach, violation or default of any of its or their respective obligations under the OTA or Purchase Agreement, if Tenant breaches the OTA and/or otherwise causes Landlord to default under the Purchase Agreement or Banked Beds Purchase Agreement, Tenant and Guarantor shall, indemnify, defend, protect and hold harmless Landlord from and against any Losses that Landlord may incur under the Purchase Agreement (including, without limitation, Landlord's forfeiture of its earnest money deposit thereunder) or Banked Beds Purchase Agreement, as a result of Tenant breaching its obligations under the OTA. Further, provided Landlord, Current Operator, Banked Bed Seller, and/or Seller are not in breach, violation or default of any of its or their respective obligations under the OTA, Banked Beds Purchase Agreement, or Purchase Agreement, respectively, in the event Tenant breaches the OTA or this Lease and/or otherwise causes Landlord to default under the Purchase Agreement or Banked Beds Purchase Agreement, Landlord shall have the right to terminate this Lease. Upon termination of this Lease in accordance with this Section 6.4.7 Tenant shall, at Landlord's sole option, assign all of Tenant's right, title, and interest in the OTA to Landlord.

**6.5      Preservation of Business.** Tenant acknowledges that a fair return to Landlord on and protection of its investment in the Premises is dependent, in part, on the concentration of similar businesses of Tenant, Guarantor or any of their Affiliates in the geographical area of each Facility. Tenant further acknowledges that the diversion of staff, residents, or patient care activities from any Facility to other facilities owned or operated by Tenant, Guarantor, or any of their respective Affiliates will have a material adverse effect on the value and utility of such Facility. Therefore, Tenant agrees that during the Term and for a period of *one (1) year* thereafter, none of Tenant, Guarantor, nor any of their respective Affiliates shall, without the prior written consent of Landlord (which may be granted or withheld in Landlord's sole and absolute discretion): (a) operate, own, develop, lease, manage, control, invest in, participate in or otherwise receive revenues from a Competing Facility except for the Competing Facilities identified on Schedule 6.5, (b) permit his, her or its name to be used by, or in connection with, any Competing Facility except for the Competing Facilities identified on Schedule 6.5, or (c) except as is necessary to provide residents or patients with an alternative level of care, protect the health, safety and welfare of the residents, staff and invitees, or allow residents to exercise their freedom of choice and other patients' rights, recommend or solicit the removal or transfer of any resident or patient from any Facility to any other nursing, health care, senior housing, or residential care facility for the elderly or divert actual or potential residents, patients or care activities of any Facility to any other facilities owned or operated by Tenant, Guarantor, or any of their respective Affiliates or from which they receive any type of referral fees or other compensation for transfers. In addition to the foregoing, during the Nonsolicitation Period, none of Tenant, Guarantor, nor any of their respective Affiliates shall directly or indirectly, engage or participate in any effort to induce any management or supervisory personnel working on or in connection with any Facility or the operations thereof to accept employment at any other nursing, health care, senior housing, or retirement housing facility that is operated, owned, developed, leased, managed, controlled, or invested in by Tenant, Guarantor, or any of their respective Affiliates or in which Tenant, Guarantor, or any of their respective Affiliates otherwise participates in or receives revenues from. For the avoidance of doubt, the foregoing restrictions shall not prohibit any management or supervisory personnel serving in a regional capacity from working on or in connection with any Competing Facility or the operations thereof. The obligations of Tenant and Guarantor under this Section 6.5 shall survive the expiration or earlier termination of this Lease.

**6.6      Maintenance of Books and Records.** Tenant shall keep and maintain, or cause to be kept and maintained, proper and accurate books and records in accordance with the Accounting Practices, and a standard modern system of accounting, in all material respects reflecting the financial affairs of Tenant and the results from operations of each Facility, individually and collectively. Landlord shall have the right, from time to time during normal business hours after three (3) Business Days prior oral or written notice to Tenant, itself or through any of Landlord's Representatives, to examine and audit such books and records at the office of Tenant or other Person maintaining such books and records and to make such copies or extracts thereof as Landlord or Landlord's Representatives shall request and Tenant hereby agrees to reasonably cooperate with any such examination or audit at Tenant's cost and expense; provided, however, the cost of such examination or audit shall be borne by Landlord, except during the continuation of an Event of Default, in which case, the cost of any such examination or audit shall be borne by Tenant and shall be payable within fifteen (15) days of Landlord's demand therefor.

**6.7      Financial, Management and Regulatory Reports.**



**6.7.1** Tenant shall provide Landlord with the reports listed in Exhibit D within the applicable time specified therein. All financial information provided shall be prepared in accordance with the Accounting Practices and shall be submitted electronically using the applicable template provided by Landlord from time to time or, if no such template is provided by Landlord, in the form of unrestricted, unlocked “.xls” spreadsheets created using Microsoft Excel (2003 or newer editions) or in such other form as Landlord may reasonably require from time to time. If Tenant or any Entity Guarantor becomes subject to any reporting requirements of the Securities and Exchange Commission during the Term, it shall concurrently deliver to Landlord such reports as are delivered pursuant to applicable securities laws. In addition to, and without limiting any other remedies which Landlord may have under this Lease, at law, or in equity, Tenant shall be assessed with a \$500 administrative fee for each instance in which Tenant fails to provide Landlord with the reports listed in Exhibit D within the applicable time specified therein, which administrative fee shall be immediately due and payable to Landlord.

**6.7.2** In addition to the reports required under Section 6.7.1 above, upon Landlord’s request from time to time, Tenant shall provide Landlord with such additional information and unaudited quarterly financial information concerning each Facility, the operations thereof and Tenant and Entity Guarantor as Landlord may require for purposes of securing financing for the Premises or its ongoing filings with the Securities and Exchange Commission, under both the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, including, but not limited to, 10-Q Quarterly Reports, 10-K Annual Reports and registration statements to be filed by Landlord during the Term. Notwithstanding the foregoing, neither Tenant nor Guarantor shall be required to disclose information that is material non-public information or is subject to the quality assurance immunity or is subject to attorney-client privilege or the attorney work product doctrine.

**6.7.3** Tenant specifically agrees that Landlord may include financial information and such information concerning the operation of any Facility which does not violate the confidentiality of the facility-patient relationship and the physician-patient privilege under applicable laws, in offering memoranda or prospectuses, or similar publications in connection with syndications, private placements or public offerings of Landlord’s securities or interests, or in connection with an acquisition or merger of Landlord or in connection with any lease workout or re-tenancing of the Facilities, and in connection with any other reporting requirements under applicable federal or state laws, including those of any successor to Landlord.

**6.8** **Estoppel Certificates.** Tenant shall, at any time upon not less than five (5) days prior written request by Landlord, have an authorized representative execute, acknowledge and deliver to Landlord or its designee a written statement certifying (a) that this Lease, together with any specified modifications, is in full force and effect, (b) the dates to which Rent and additional charges have been paid, (c) that no default by either party exists or specifying any such default and (d) as to such other matters as Landlord may reasonably request.

**6.9** **Furnish Information.** Tenant shall promptly notify Landlord of any condition or event that constitutes a breach of any term, condition, warranty, representation, or provision of this Lease and of any adverse change in the financial condition of any Tenant or Guarantor and of any Event of Default.

**6.10** **Affiliate Transactions.** No Tenant shall enter into, or be a party to, any transaction with an Affiliate of any Tenant or any of the partners, members or shareholders of any Tenant except in the Ordinary Course of Business and on terms that are fully disclosed to Landlord in advance and are no less favorable to any Tenant or such Affiliate than would be obtained in a comparable arm’s-length transaction with an unrelated third party. For the avoidance of doubt, Tenant’s transactions with its Affiliates under the Management Agreements are in the Ordinary Course of Business.

**6.11** **Waste.** No Tenant shall commit or suffer to be committed any waste on any of the Premises, nor shall any Tenant cause or permit any nuisance thereon.

**6.12** **Additional Covenants.** Tenant shall satisfy and comply with the following performance covenants throughout the Term:

**6.12.1** Commencing as of the second (2<sup>nd</sup>) Lease Year and for the remainder of the Term, Tenant shall maintain a Portfolio Coverage Ratio equal to or greater than the Minimum Rent Coverage Ratio. In the event that as of the applicable Testing Date, the Portfolio Coverage Ratio for the applicable period of determination is less

than the Minimum Rent Coverage Ratio, an Event of Default shall not occur provided that: (a) no other Event of Default shall have occurred and then be continuing, (b) the Portfolio Coverage Ratio as of such Testing Date is greater than 0.90 to 1.00, and (c) Tenant shall immediately deposit with Landlord an amount equal to the difference between: (i) the amount equal to 6 monthly payments of then Base Rent, and (ii) the then amount of any deposits then held under this Section 6.12.1 (the amount of said difference, the “**Additional Deposit**”). The Additional Deposit shall be held by Landlord as an additional security deposit under this Lease and Landlord may, from time to time, without prejudice to any other right or remedy, apply such Additional Deposit to the obligations due from Tenant under this Lease. The Additional Deposit shall not be deemed an advance payment of Rent or a measure of Landlord’s damages for any default under this Lease by Tenant, nor shall it be a bar or defense to any action that Landlord may at any time commence against Tenant. The Additional Deposit shall be the property of Landlord and it may commingle the Additional Deposit with other assets of Landlord, and Tenant shall not be entitled to any interest on the Additional Deposit. Provided that no Event of Default then exists and is continuing, following the date on which Landlord determines that the Portfolio Coverage Ratio for *two* (2) consecutive Testing Dates is greater than or equal to the Minimum Rent Coverage Ratio, Landlord will cause the Additional Deposit to be returned to Tenant.

**6.12.2** Commencing as of the second (2<sup>nd</sup>) Lease Year and for the remainder of the Term, Tenant shall maintain for each fiscal quarter an occupancy rate of at least 75% for each Facility.

**6.12.3** Tenant shall maintain working capital in such an amount reasonably satisfactory to Landlord to support (i) the day-to-day operation of the Facilities and (ii) continued licensure of the Facilities. Upon request from Landlord on not more than a quarterly basis, Tenant shall promptly provide to Landlord written evidence of satisfaction of the requirement of the previous sentence.

**6.12.4** Subject to Section 20.2, Tenant shall not, directly or indirectly, create, incur, assume, guarantee or otherwise become or remain directly or indirectly liable with respect to (i) any Debt except for Permitted Debt; or (ii) any Contingent Obligations except for Permitted Contingent Obligations. Tenant shall not default beyond any notice or cure period on the payment of any Permitted Debt or Permitted Contingent Obligations.

**6.12.5** Tenant shall not, directly or indirectly, (i) acquire or enter into any agreement to acquire any assets other than in the Ordinary Course of Business, or (ii) engage or enter into any agreement to engage in any joint venture or partnership with any other Person.

**6.12.6** Tenant shall not cancel or otherwise forgive or release any material claim or material debt owed to any Tenant by any Person, except for adequate consideration and in the Ordinary Course of Business. If any proceedings are filed seeking to enjoin or otherwise prevent or declare invalid or unlawful Tenant’s occupancy, maintenance, or operation of a Facility or any portion thereof for its Primary Intended Use, Tenant shall cause such proceedings to be vigorously contested in good faith, and shall, without limiting the generality of the foregoing, use all reasonable commercial efforts to bring about a favorable and speedy disposition of all such proceedings and any other proceedings.

**6.12.7** After the occurrence and during the continuation of an Event of Default, and for a period of six (6) months after the waiver or cure of such Event of Default, if such waiver or cure occurs in accordance with the terms of this Lease, Tenant shall not make any Distributions; provided however, that nothing herein shall prevent or be construed to prevent Tenant from making Distributions to fund costs and expenses actually and reasonably incurred in the normal and ordinary course of operating a Facility for its Primary Intended Use or that are otherwise required to operate, repair, replace, restore or maintain a Facility in accordance with the terms of this Lease. Notwithstanding the foregoing, Tenant may make Distributions to pay Taxes then due and payable at any time provided no Event of Default exists and is continuing outside of any applicable notice and cure period and without regard to the 6 month tail period referenced in the initial sentence of this Section.

**6.12.8** As a condition prerequisite to the obligation of Landlord to perform under this Lease, Tenant shall have disclosed to Landlord (or caused any subtenant to disclose to Landlord) the terms of any management agreement or consulting agreement or administrative services agreement between Tenant (or any subtenant) and any other entity (a “**Manager**”) affecting the operational control of any Facility (a “**Management Agreement**”), and Landlord, Agency Lender, and Facility Mortgagee shall have approved such terms and such other entity. Each Manager shall subordinate its right to receive any management fee from any Facility to Tenant’s

obligation to pay Landlord the Base Rent and Additional Rent for such Facility, and to the rights of a Facility Mortgagee under the Facility Mortgage Documents. Tenant covenants that during the Term of this Lease, it shall neither: (i) enter into any Management Agreement with respect to a Facility without Landlord's, Agency Lender's and Facility Mortgagee's approval in their respective sole and absolute discretion, or (ii) amend, modify, renew, replace, or otherwise change the terms of any existing management agreement for a Facility without the prior written consent of Landlord, Agency Lender and the Facility Mortgagee, which consent of Landlord shall not unreasonably withhold, and, in either case, without a satisfactory subordination by such Manager of its right to receive its management fee to the obligation of Tenant to pay the Base Rent and Additional Rent to Landlord, and to the rights of a Facility Mortgagee under the Facility Mortgage Documents. No Management Agreement may be entered into that does not conform to the Agency Lender and/or the Facility Mortgagee's requirements. If required by Legal Requirements, Tenant will also provide notice of any Management Agreement to the applicable State agency.

**6.13 No Liens.** Subject to the provisions of Article VIII relating to permitted contests and excluding the applicable Permitted Encumbrances, Tenant will not directly or indirectly create or allow to remain and will promptly discharge at its expense any lien, encumbrance, attachment, title retention agreement or claim upon any Facility, this Lease or Tenant's interest in any Facility or any attachment, levy, claim or encumbrance in respect of the Rent.

**6.14 Disability Laws.** Tenant shall, at its sole cost and expense, ensure that at all times the Premises shall strictly comply to the extent applicable with the requirements of the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act of 1988, all federal, state and local laws and ordinances related to handicapped access and all rules, regulations, and orders issued pursuant thereto including, without limitation, the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities (collectively the "**Access Laws**"). Tenant shall give prompt notice to Landlord of the receipt by Tenant of any complaints or notices of noncompliance related to the actual or alleged violation of any Access Laws and of the commencement of any proceedings or investigations which relate to compliance with any Access Laws. In the event Tenant receives any notices of any violations of any Access Laws from any Governmental Authority, Tenant shall promptly, at Tenant's sole cost and expense, take such actions as necessary to cause Tenant to comply with its obligations under this Section 6.14.

**6.15 Sustainability; Energy Reporting.**

**6.15.1** Concurrently with the monthly reports required to be delivered by Tenant under Section 6.7 and Exhibit D of this Lease, Tenant shall provide to Landlord or its designated agent energy and water consumption data with respect to Tenant's use of each Facility, including total usage and total charges as they appear on Tenant's electric, gas, water, and other utility bills, in a format reasonably acceptable to Landlord. Tenant hereby authorizes each applicable utility provider to release to Landlord or its designated agent the utility consumption information for each Facility and any other relevant information reasonably requested by Landlord relating thereto, and Tenant hereby agrees to reasonably cooperate with Landlord in connection with Landlord or its designated agent receiving such requested information. Landlord may elect to have a Facility participate in any State or Federal energy benchmarking system, including ENERGY STAR Portfolio Manager® maintained by the United States Environmental Protection Agency. As applicable, Landlord shall provide Tenant with annual updates on the applicable Facility's performance within such benchmarking system.

**6.15.2** As part of each Alteration that Tenant performs, Tenant shall reasonably evaluate implementing the Landlord Sustainability Improvements applicable thereto. As part of Landlord's commitment to the implementation of environmentally sustainable best practices, Landlord intends to maintain an incentive program to encourage and facilitate the making of the Landlord Sustainability Improvements, and Tenant is encouraged to consult with Landlord on what incentives may be available in connection with performing any of the applicable Landlord Sustainability Improvements.

**6.15.3** Landlord may engage one or more third-party vendors (the "**Sustainability Vendor**") to assess and review a Facility's energy performance, emissions and other sustainability metrics as determined by Landlord. Tenant shall designate one or more individuals as the primary contact for the Sustainability Vendor, provide access to the applicable Facility, furnish copies of requested invoices or other documents to verify energy costs and usage, allow the Sustainability Vendor to access and edit ENERGY STAR profiles, and otherwise provide reasonable assistance and cooperation requested by the Sustainability Vendor. If the Sustainability Vendor recommends renovations to a Facility, the implementation or modification of operational methods at a Facility or the installation of

new or replacement equipment at a Facility, in each case, that would reasonably support the sustainability initiatives then adopted by Landlord, Tenant agrees to reasonably consider making such renovations, implementing or modifying such operational methods or installing such new or replacement equipment (each, a “**Sustainability Measure**”). Landlord may elect, in its sole and absolute discretion, to fund the cost of any such Sustainability Measure, in which case, Tenant agrees to make or implement such Sustainability Measure, subject to plans and schedules reasonably approved by both Landlord and Tenant.

## **ARTICLE VII MAINTENANCE AND REPAIR**

**7.1 Tenant’s Maintenance Obligation.** Tenant shall (a) keep and maintain each Facility in good appearance, repair and condition, and maintain proper housekeeping, (b) promptly make all repairs (interior and exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen) necessary to keep each Facility in good and lawful order and condition and in compliance with all Legal Requirements, Insurance Requirements and Authorizations and to maintain each Facility in a high quality operating and structural condition for use for its Primary Intended Use, and (c) keep and maintain all Landlord Personal Property and Tenant Personal Property in good condition and repair and replace such property consistent with prudent industry practice. Without limitation of any other provisions of this Lease, all replacements of Landlord Personal Property made by Tenant shall be purchased for cash and not financed or leased. All repairs performed by Tenant shall be done in a good and workmanlike manner. Landlord shall under no circumstances be required to repair, replace, build or rebuild any improvements on any Facility, or to make any repairs, replacements, alterations, restorations or renewals of any nature or description to any Facility, whether ordinary or extraordinary, structural or non-structural, foreseen or unforeseen, or to make any expenditure whatsoever with respect thereto, or to maintain any Facility in any way. Tenant hereby waives, to the extent permitted by law or any equitable principle, the right to make repairs at the expense of Landlord pursuant to any law currently in effect or hereafter enacted.

**7.2 Premises Condition Report.** Landlord, may from time to time and at Tenant’s sole expense (but, no more than once every twenty-four (24) months at Tenant’s expense), cause a third-party consultant designated by Landlord, in its sole discretion, to inspect any Facility and issue a report (a “**Premises Condition Report**”) with respect to such Facility’s condition and its climate risk assessment. Tenant shall (a), at its own expense, make any and all repairs or replacements that are recommended by such Premises Condition Report that relate to life safety or are otherwise required to be performed by Tenant under Section 7.1 above, and (b) reasonably evaluate implementing strategies to mitigate or avoid the magnitude of damage and/or duration of a disruptive climate event that are recommended by such Premises Condition Report.

**7.3 Notice of Non-Responsibility.** Nothing contained in this Lease and no action or inaction by Landlord shall be construed as (a) constituting the consent or request of Landlord, expressed or implied, to any contractor, subcontractor, laborer, materialman or vendor to or for the performance of any labor or services or the furnishing of any materials or other property for the construction, alteration, addition, repair or demolition of or to any Facility or any part thereof; or (b) giving Tenant any right, power or permission to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against Landlord in respect thereof or to make any agreement that may create, or in any way be the basis for, any right, title, interest, lien, claim or other encumbrance upon the estate of Landlord in any Facility or any portion thereof. Landlord may post, at Tenant’s sole cost, such notices of non-responsibility upon, or of record against, any Facility to prevent the lien of any contractor, subcontractor, laborer, materialman or vendor providing work, services or supplies to Tenant from attaching against such Facility. Tenant agrees to promptly execute and record any such notice of non-responsibility at Tenant’s sole cost.

**7.4 Permitted Alterations.** Without Landlord’s prior written consent, which consent shall not be unreasonably withheld, Tenant shall not make any Capital Alterations or Material Alterations. Tenant may, without Landlord’s consent, make any other Alterations provided the same (a) do not decrease the value of the applicable Facility, (b) do not adversely affect the exterior appearance of such Facility and (c) are consistent in terms of style, quality and workmanship to the original Leased Improvements and Fixtures of such Facility, and provided further that the same are constructed and performed in accordance with the following:

**7.4.1** Such construction shall not commence until Tenant shall have procured and paid for all municipal and other governmental permits and authorizations required therefor (as well as any permits or approvals required in connection with any Permitted Encumbrance of such Facility); provided, however, that any Plans and Specifications required to be filed in connection with any such permits or authorizations that require the approval of Landlord shall have been so approved by Landlord.

**7.4.2** During and following completion of such construction, the parking that is located on the Land of such Facility shall remain adequate for the operation of such Facility for its Primary Intended Use and in no event shall such parking be less than what is required by any applicable Legal Requirements or was located on such Land prior to such construction.

**7.4.3** All work done in connection with such construction shall be done promptly and in a good and workmanlike manner using materials of appropriate grade and quality consistent with the existing materials and in conformity with all Legal Requirements.

**7.4.4** If, by reason of the construction of any Alteration, a new or revised certificate of occupancy for any component of such Facility is required, Tenant shall obtain such certificate in compliance with all applicable Legal Requirements and furnish a copy of the same to Landlord promptly upon receipt thereof.

**7.4.5** Upon completion of any Alteration, Tenant shall promptly deliver to Landlord final lien waivers from each and every general contractor and, with respect to Alterations costing in excess of Fifty Thousand Dollars (\$50,000), each and every subcontractor that provided goods or services costing in excess of Ten Thousand Dollars (\$10,000) in connection with such Alterations indicating that such contractor or subcontractor has been paid in full for such goods or services, together with such other evidence as Landlord may reasonably require to satisfy Landlord that no liens have been or may be created in connection with such Alteration.

**7.4.6** At all times before, during and after construction, the Premises complies with all Access Laws.

**7.5 Capital and Material Alterations.** If Landlord consents to the making of any Capital Alterations or Material Alterations, Landlord may impose commercially reasonable conditions thereon in connection with its approval thereof. In addition to any such imposed conditions, all such Alterations shall be constructed and performed in accordance with Sections 7.4.1 through 7.4.6 above, together with the following:

**7.5.1** Prior to commencing any such Alterations, Tenant shall have submitted to Landlord a written proposal describing in reasonable detail such proposed Alteration and shall provide to Landlord for approval such plans and specifications, permits, licenses, construction budgets and other information (collectively, the “**Plans and Specifications**”) as Landlord shall request, showing in reasonable detail the scope and nature of the proposed Alteration.

**7.5.2** Such construction shall not, and prior to commencement of such construction Tenant’s licensed architect or engineer (to the extent the services of a licensed architect or engineer are required in connection with such Alterations) shall certify to Landlord that such construction shall not, impair the structural strength of such Facility or overburden or impair the operating efficiency of the electrical, water, plumbing, HVAC or other building systems of such Facility.

**7.5.3** Prior to commencing any such Alterations, Tenant’s licensed architect or engineer (to the extent the services of a licensed architect or engineer are required in connection with such Alterations) shall certify to Landlord that the Plans and Specifications conform to and comply with all applicable Legal Requirements and Authorizations.

**7.5.4** Promptly following the completion of the construction of any such Alterations, Tenant shall deliver to Landlord: (a) “as built” drawings of any such Alterations included therein, if applicable, certified as accurate by the licensed architect or engineer selected by Tenant to supervise such work; and (b) a certificate from

Tenant's licensed architect or engineer certifying to Landlord that such Alterations have been completed in compliance with the Plans and Specifications and all applicable Legal Requirements.

**7.5.5** In connection with any such Alterations, Landlord may engage a construction consultant (a "**Construction Consultant**") to perform or assist with Landlord's review and approval of the Plans and Specifications, periodic inspection of the improvement work, certification of progress and completion, review of disbursement requests and lien waivers and such other matters as Landlord may require in connection with such Alterations. The costs and expenses of the Construction Consultant shall be the sole responsibility of Tenant. Tenant shall cooperate with any Construction Consultant and provide such access to books, records, information and the Premises as Construction Consultant may reasonably request in connection with his or her work.

## **7.6 Capital Expenditures.**

**7.6.1** With respect to each Facility, Tenant agrees to expend, during each Lease Year of the Term, an amount (the "**Required Capital Expenditures Amount**") equal to the product of (a) the Required Per Bed Annual Capital Expenditures Amount (as adjusted at the end of each Lease Year to reflect the CPI Increase during the immediately preceding Lease Year), times (b) the weighted average of the number of licensed beds in each Facility during such Lease Year, on Capital Expenditures. Within thirty (30) days following the end of each Lease Year, Tenant shall deliver to Landlord a report (a "**Capital Expenditures Report**"), certified as true, correct and complete by an officer of Tenant, summarizing and describing in reasonable detail all of the Capital Expenditures made by Tenant during the preceding Lease Year on each Facility, and such receipts and other information as Landlord may reasonably request relative to the Capital Expenditures made by Tenant during the applicable Lease Year. If, with respect to any Facility, the amount of the Capital Expenditures so made and reported by Tenant for a particular Lease Year (the "**Actual Capital Expenditures Amount**") is less than the Required Capital Expenditures Amount applicable to such period, Tenant shall, on or prior to the due date of the Capital Expenditures Report for such period, deposit (herein, a "**Capital Expenditures Deposit**") with Landlord an amount equal to the amount by which the Required Capital Expenditures Amount for the applicable period exceeds the Actual Capital Expenditures Amount for such period. If, with respect to any Facility, the Actual Capital Expenditures Amount so made and reported by Tenant during a particular Lease Year is greater than the Required Capital Expenditures Amount applicable to such period (such difference being referred to herein as the "**Excess Capital Expenditures Amount**"), then, (a) provided no Event of Default then exists hereunder, within ten (10) days after Tenant's presentation of its Capital Expenditures Report reflecting such greater expenditure, subject to reasonable extension if required under the Facility Mortgage Documents, Landlord shall pay to Tenant the lesser of (x) the Excess Capital Expenditures Amount or (y) the amount of funds then held by Landlord as Capital Expenditures Deposits with respect to such Facility, and (b) to the extent that the Excess Capital Expenditures Amount exceeds the amount of funds then held by Landlord as Capital Expenditures Deposits with respect to such Facility, such excess shall be credited against the Required Capital Expenditures Amount for up to the next two (2) succeeding Lease Years with respect to such Facility.

**7.6.2** Tenant's obligation to deliver the Capital Expenditures Report applicable to the last Lease Year of the Term, together with Tenant's obligation to deliver any Capital Expenditures Deposit associated therewith, shall survive the expiration or termination of this Lease. If, on the basis of such Capital Expenditures Report, Tenant is entitled to a payment as described in Section 7.6.1 above, then, notwithstanding anything to the contrary, such payment shall be due and payable to Tenant only as and when no Event of Default has occurred and is continuing under this Lease and Tenant has fully performed and satisfied all of its obligations under this Lease.. Except as provided in the preceding sentence, upon the expiration or termination of this Lease, all Capital Expenditures Deposits held by Landlord (including, without limitation, any Capital Expenditures Deposits that are required to be deposited by Tenant with respect to the last Lease Year shall automatically and without further action of the parties become the property of Landlord, without any obligation on Landlord's part to credit Tenant in any manner therefor.

**7.6.3** The Capital Expenditures Deposits held by Landlord shall not bear interest and may be commingled with the other assets of Landlord. If Landlord transfers this Lease, it shall transfer all Capital Expenditures Deposits then held by it to the transferee, and Landlord shall thereafter have no liability of any kind with respect thereto. Following any Event of Default and at Landlord's option, the Capital Expenditures Deposits held by Landlord may, in its sole discretion, be applied to Tenant's obligations in the order that Landlord in its sole discretion may determine.

**7.7 Improvement Funds.** Subject to the terms and conditions of this Section 7.7, Tenant may, from time to time during the Term, request in writing that Landlord disburse funds (“**Improvement Funds**”) in connection with certain proposed Alterations to one or more of the Facilities (each, a “**Proposed Capital Improvement Project**”). For the avoidance of doubt, no Capital Expenditures Funds shall constitute Improvement Funds and no Pre-Approved Cap Ex Project shall constitute a Proposed Capital Improvement Project, and Tenant shall have no obligation to comply with any of the provisions in this Section 7.7 with respect to any Capital Expenditures Funds or Pre-Approved Cap Ex Projects. Landlord shall have the right, in its sole and absolute discretion, to agree to fund or refuse to fund any Proposed Capital Improvement Project. For the avoidance of doubt, Tenant hereby acknowledges and agrees that Landlord shall have no obligation to disburse any Improvement Funds for any Proposed Capital Improvement Project until Landlord has approved in writing such Proposed Capital Improvement Project, which approval may be granted, withheld, or conditioned in Landlord’s sole and absolute discretion. Tenant shall be required to comply with this Section 7.7 in connection with any Proposed Capital Improvement Project.

**7.7.1** Before commencing work on any Proposed Capital Improvement Project that Tenant desires to pursue using Improvement Funds, Tenant must submit to Landlord the following in connection with each such Proposed Capital Improvement Project (collectively, the “**Project Information**”):

(a) A written, narrative description of the applicable Proposed Capital Improvement Project, including a detailed summary of project details, the scope of work, a description of the potential impact on and/or interruption to operations, and a summary of the business rationale for proposing the applicable Proposed Capital Improvement Project. The narrative description shall also summarize Tenant’s plans in connection with contracting with any contractors, subcontractors, or vendors for the completion of the Proposed Capital Improvement Project;

(b) To the extent applicable based on the nature of the applicable Proposed Capital Improvement Project, copies of any plans, specifications, schematics and drawings;

(c) A written description of required permitting and approvals, the application process, and timing, for any applicable jurisdictions. The description of required permitting and approvals shall include, without limitation, a description of any authorizations, permits or licenses required from: (i) any state or local regulatory agency or department, and (ii) the local building department or authority;

(d) A project budget for the pursuit, construction and completion of the Proposed Capital Improvement Project. Said project budget shall include, without limitation, capitalized costs of Landlord. Any fees or other payments to be paid to an affiliate of any Tenant in connection with such Proposed Capital Improvement Project shall be identified as such in the proposed budget. Unless otherwise expressly agreed to in writing by Landlord, in no event shall Landlord have any obligation to fund any Improvement Funds in connection with: (i) any work performed by an employee of Tenant (or its affiliate) or by an affiliate of Tenant or (ii) in connection with Tenant’s (or its affiliate’s) general corporate overhead or corporate expenses;

(e) A project schedule for the commencement and completion of the applicable Proposed Capital Improvement Project, which project schedule should include, without limitation: (i) anticipated time required to complete the Proposed Capital Improvement Project, (ii) estimated start and end dates, and (iii) estimated timing for completion of any significant development or construction milestones (i.e. licensing/permit approval etc.);

(f) Proforma operating financials for the applicable Facility following completion of the applicable Proposed Capital Improvement Project; and

(g) Such other information concerning the Proposed Capital Improvement Project as Landlord may reasonably request.

**7.7.2** Landlord shall have thirty (30) business days to review each Proposed Capital Improvement Project following Landlord’s receipt of the Project Information for such Proposed Capital Improvement

Project. Failure of Landlord to respond to Tenant within said thirty (30) business day period shall be deemed to constitute rejection of such Proposed Capital Improvement Project. If Landlord, acting in its sole and absolute discretion, approves a Proposed Capital Improvement Project, it shall notify Tenant of such approval in writing, which written approval shall include, without limitation: (i) the maximum amount of Improvement Funds that Landlord is willing to disburse in connection with the applicable Proposed Capital Improvement Project (the “**Project Cap**”), (ii) the outside date: (A) by which the Proposed Capital Improvement Project must be complete and (B) after which Landlord shall no longer be obligated to disburse Improvement Funds in connection with such Proposed Capital Improvement Project. Following delivery of such approval letter, such Proposed Capital Improvement Project shall become an “**Approved Capital Improvement Project**”, subject in all events to the terms and conditions of this Lease and the written approval letter. Tenant shall be required to comply with, and its contractors and subcontractors shall be required to comply with, any commercially reasonable insurance requirements imposed by Landlord in connection with any Approved Capital Improvement Project.

**7.7.3** Tenant shall have the right to request disbursement of the Improvement Funds for an Approved Capital Improvement Project not more than once per calendar month, in increments of not less than Fifteen Thousand Dollars (\$15,000) unless the disbursement is the final one, in which case the full amount of such disbursement may be requested. All such requests shall be in writing and in the form of the request for advance contained in Exhibit J attached hereto (“**Request for Advance**”) and shall be accompanied with (i) the following supporting documentation: (A) an itemized account of expenditures to be paid or reimbursed from the requested disbursement, certified by Tenant to be true and correct expenditures which have already been paid or are due and owing and for which no previous disbursement was made hereunder, and (B) copies of invoices or purchase orders from each payee with an identifying reference to the applicable vendor or supplier, which invoices or purchase orders shall support the full amount of costs contained in the requested disbursement; and (ii) mechanic’s lien waivers (conditional and unconditional, as applicable), in form and substance reasonably satisfactory to Landlord, in connection with any repairs, renovations or improvements in excess of Five Thousand Dollars (\$5,000) for which a mechanic’s lien may be filed. Landlord shall have the right to make payment directly to any or all applicable vendors or suppliers if so desired by Landlord. No failure by Landlord to insist on Tenant’s strict compliance with the provisions of this Section 7.7 with respect to any request for advance or disbursement of the Improvement Funds shall constitute a waiver or modification of such provisions with respect to any future or other request for advance or disbursement.

**7.7.4** Landlord shall, within twenty (20) calendar days of Tenant’s delivery of a Request for Advance and compliance with the conditions for disbursement set forth in this Section 7.7, make disbursements of the requested Improvement Funds to pay or reimburse Tenant for the approved, budgeted costs of the applicable Approved Capital Improvements Project.

**7.7.5** No Event of Default or event which, with the giving of notice or the passage of time, or both, would constitute an Event of Default, including, without limitation, the recordation of any mechanic’s or other lien against the Premises (or any portion thereof) in connection with the capital repairs or improvements to be funded by the Improvement Funds, shall have occurred and be continuing at the time of any request for disbursement (or the date of disbursement) of Improvement Funds.

**7.7.6** All repairs or improvements funded with Improvement Funds shall be completed in a good, workmanlike and lien-free manner pursuant to the approved plans and specifications and other Project Information approved by Landlord in connection with the applicable Approved Capital Improvement Project (and in accordance with the project approval letter issued by Landlord in connection with such Approved Capital Improvement Project), subject to change orders made in the ordinary course of a project of the size and scope of the applicable Approved Capital Improvement Project and approved by Landlord (with respect to change orders in excess of \$10,000). If any of such repairs or improvements are completed in a manner not in compliance with this Section 7.7 and the other applicable provisions of this Lease, Tenant shall, promptly after obtaining knowledge thereof or Landlord’s demand therefor, repair or remediate the applicable work to the extent necessary to attain such compliance at its sole cost and expense.

**7.7.7** Amounts used to fund the cost of the Approved Capital Improvement Project, whether provided by Landlord under this Section 7.7 or directly by Tenant, shall not be deemed to constitute funds expended by Tenant on Capital Expenditures under Section 7.6 above.



**7.7.8** To the extent any Approved Capital Improvement Project would constitute Capital Alterations or Material Alterations, Tenant shall comply with the provisions of Section 7.5 of this Lease.

**7.7.9** Each and every renovation or improvement funded by Landlord under this Section 7.7 shall immediately become a part of the Premises and shall belong to Landlord subject to the terms and conditions of this Lease.

**7.7.10** No disbursement of Improvement Funds shall be used to remedy any condition which constitutes a default by Tenant under the provisions of this Lease.

**7.7.11** From and after the date of disbursement of any Improvement Funds by Landlord, the annual amount of Base Rent then payable under this Lease shall be increased by the product of: (i) the amount of the Improvement Funds disbursed by Landlord, and (ii) the then Improvement Fund Rate. Such increased Base Rent shall commence to be payable on the next Payment Date following disbursement of such Improvement Funds (together with any prorated portion of the Base Rent payable with respect to the month in which such Improvement Funds were advanced). Upon request of Landlord, Tenant shall execute such amendments to this Lease, side letters or other instruments to document the foregoing increase in Base Rent.

**7.7.12** Landlord's reasonable and customary costs relating to its review, processing, oversight, management and approval of all Proposed Capital Improvement Projects and Approved Capital Improvement Projects, including all of Landlord's out-of-pocket costs (including, without limitation, attorneys' fees), shall be reimbursed to Landlord as Improvement Funds. Such reimbursements to Landlord shall be added to the costs for the applicable Approved Capital Improvement Project and shall be applied against the Project Cap for such Approved Capital Improvement Project.

**7.7.13** In no event shall Landlord be obligated to disburse Improvement Funds in connection with any Approved Capital Improvement Project to the extent such disbursement would cause Landlord to have funded disbursements for such Approved Capital Improvement Project in excess of the applicable Project Cap. Notwithstanding: (i) any decision on the part of Landlord to cease funding Improvement Funds due to the existence of an Event of Default, the failure of Tenant to satisfy a condition to funding disbursements of Improvement Funds, cost overruns for an Approved Capital Improvement Project, or the existence of any other circumstance pursuant to which Landlord is not obligated to disburse Improvement Funds pursuant to this Section 7.7, and (ii) Tenant having exceeded the Project Cap for an Approved Capital Improvement Project and, therefore, there not being sufficient Improvement Funds to finish and complete an Approved Capital Improvement Projects as required by this Section, Tenant shall remain responsible to complete each Approved Capital Improvement Project on the terms and conditions, and to the standards, required by this Section 7.7, the other applicable provisions of this Lease, and the written approval letter issued by Landlord in connection with such Approved Capital Improvement Project.

**7.7.14** Landlord shall not be obligated to make a disbursement of Improvement Funds until and unless Landlord has reviewed and confirmed that all work completed at the time of the request for the disbursement of Improvement Funds has been performed in a good and workmanlike manner, that all materials and fixtures usually furnished and installed at that stage of construction have been so furnished and installed and are of appropriate grade and quality consistent with or superior to the previously existing materials and fixtures, and that the Approved Capital Improvements Project can be complete by the outside date established by Landlord pursuant the project approval letter issued by Landlord in connection with such Approved Capital Improvement Project.

**7.7.15** Tenant hereby covenants and agrees that all amounts of Improvement Funds disbursed to Tenant shall be used solely to pay for the costs and expenses incurred in connection with the applicable Approved Capital Improvement Project and incurred in accordance with the approved project budget applicable thereto.

**7.7.16** As a condition to Landlord's payment of Tenant's final Request for Advance in connection with any Approved Capital Improvement Project (but without limitation of any other terms or conditions governing disbursements of Improvement Funds pursuant to this Section 7.7), Tenant must deliver to Landlord in connection with such Approved Capital Improvement Project (i) fully and complete final and unconditional releases of lien from each contractor, subcontractor, or other person or entity performing work, labor, and/or services in connection with the Approved Capital Improvement Project in an amount equal to or exceeding five thousand dollars (\$5,000), (ii) if

requested by Landlord, a title report or commitment for the applicable real property dated after completion of the Approved Capital Improvement Project, (iii) evidence reasonably acceptable to Landlord that the Approved Capital Improvement Project was completed in a good, workmanlike and lien-free manner, in compliance with all laws, rules, regulations, codes and ordinances and all covenants, conditions and restrictions (or similar use, maintenance or ownership obligations) encumbering or binding upon the applicable real property and in accordance in all material respects with the Project Information, (iv) evidence reasonably acceptable to Landlord that Tenant has obtained all authorizations required by applicable law in connection with the completion and operation of the Approved Capital Improvement Project, (v) a bill of sale with respect to any personal property incorporated into the Approved Capital Improvement Project and purchased by Tenant in connection with its performance of the work in connection with such Approved Capital Improvement Project, (vi) if applicable, Landlord shall have received copies of any and all authorizations, regulatory agreements, provider agreements, or similar documentation required under applicable legal requirements or otherwise advisable for the use of the applicable Facility for its intended use and receipt of reimbursement of other payments under third party programs following completion of the Approved Capital Improvement Project, and (vii) if a new or revised certificate of occupancy for any component of the Facility is required as a result of the Approved Capital Improvement Project, a copy of such certificate in compliance with all applicable laws, rules, regulations, codes and ordinances.

**7.8      Encroachments.** If any of the Leased Improvements of any Facility shall, at any time, encroach upon any property, street or right-of-way adjacent to such Facility, then, promptly upon the request of Landlord, Tenant shall, at its expense, subject to its right to contest the existence of any encroachment and, in such case, in the event of any adverse final determination, either (a) obtain valid waivers or settlements of all claims, liabilities and damages resulting from each such encroachment, whether the same shall affect Landlord or Tenant, or (b) make such changes in the Leased Improvements, and take such other actions, as Tenant, in the good faith exercise of its judgment, deems reasonably practicable, to remove such encroachment, including, if necessary, the alteration of any of the Leased Improvements (an “**Encroachment Solution**”); provided, however, Tenant’s inability to obtain an Encroachment Solution shall not be an Event of Default provided that (i) Tenant is able to continue the operation of the Leased Improvements for the Primary Intended Use substantially in the manner and to the extent the Leased Improvements were operated prior to the assertion of such encroachment and (ii) no third-party claim is brought against Landlord or Tenant with respect to such encroachment. Any such alteration shall be made in conformity with the applicable requirements of Sections 7.4 and 7.5.

## **ARTICLE VIII PERMITTED CONTESTS**

Tenant, upon prior written notice to Landlord and at Tenant’s expense, may contest, by appropriate legal proceedings conducted in good faith and with due diligence, the amount, validity or application, in whole or in part, of any licensure or certification decision, Imposition, Legal Requirement, Insurance Requirement, lien, attachment, levy, encumbrance, charge or claim; provided, however, that (a) in the case of an unpaid Imposition, lien, attachment, levy, encumbrance, charge, or claim, the commencement and continuation of such proceedings shall suspend the collection thereof from Landlord and from the applicable Facility, (b) neither the applicable Facility nor any Rent therefrom nor any part thereof or interest therein would be reasonably likely to be in danger of being sold, forfeited, attached or lost pending the outcome of such proceedings, (c) in the case of a Legal Requirement, neither Landlord nor Tenant would be in any danger of civil or criminal liability for failure to comply therewith pending the outcome of such proceedings; (d) Tenant shall give such security as may be demanded by Landlord to insure ultimate payment of, or compliance with, the same and to prevent any sale or forfeiture (or risk thereof) of the applicable Facility or the Rent by reason of such non-payment or non-compliance; (e) in the case of the contest of an Insurance Requirement, the coverage required by Article IX shall be maintained, and (f) if such contest is resolved against Landlord or Tenant, Tenant shall pay to the appropriate payee the amount required to be paid, together with all interest and penalties accrued thereon, and otherwise comply with the applicable Legal Requirement or Insurance Requirement. Landlord, at Tenant’s expense, shall execute and deliver to Tenant such authorizations and other documents as may reasonably be required in any such contest, and, if reasonably requested by Tenant or if Landlord so desires, shall join as a party therein. The provisions of this Article VIII shall not be construed to permit Tenant to contest the payment of Rent or any other amount payable by Tenant to Landlord hereunder. Tenant shall indemnify, defend, protect and hold harmless Landlord from and against any Losses of any kind that may be imposed upon Landlord in connection with any such contest and any Losses resulting therefrom and the provisions of this Article VIII shall survive the termination or expiration of this Lease.

## **ARTICLE IX INSURANCE**

**9.1     Required Policies.** During the Term, Tenant shall maintain the following insurance with respect to each Facility at its sole cost and expense:

**9.1.1**     Fire and Extended Coverage against loss or damage by fire, vandalism and malicious mischief, extended coverage perils commonly known as “Special Risk,” and all physical loss perils normally included in such Special Risk insurance, including but not limited to sprinkler leakage and windstorm, together with coverage for earthquake (including earth movement and tsunami) flood including storm surge (if such Facility is located in whole or in part within a designated 100-year flood plain area) and terrorism, to the extent not included or specifically excluded from such Special Risk Insurance, all in an amount equal to one hundred percent (100%) of the full replacement cost of such Facility (as replacement cost is defined below in Section 9.3), and including the following:

- (a)       building ordinance coverage endorsement (Building Ordinance A (coverage for loss to the undamaged portion of the building) will be at 100% of the building replacement cost and Building Ordinance B (demolition) and Building Ordinance C (increased cost of construction) will each be at 10% of the building replacement cost);
- (b)       Fungus and Mold coverage;
- (c)       Agreed amount endorsement; and
- (d)       Named Storm requirement included.

**9.1.2**     If such Facility contains steam boilers, pressure vessels or similar apparatus, insurance with an agreed amount endorsement (such that the insurance carrier has accepted the amount of coverage and has agreed that there will be no co-insurance penalty), covering the major components of the central heating, air conditioning and ventilating systems, boilers, other pressure vessels, high pressure piping and machinery, elevators and escalators, if any, and other similar equipment installed in such Facility, in an amount equal to one hundred percent (100%) of the full replacement cost of such Facility, which policy shall insure against physical damage to and loss of occupancy and use of such Facility arising out of an accident, explosion, or breakdown covered thereunder;

**9.1.3**     If there is any storage tank, whether above ground or below ground, located at such Facility, whether or not in use, Pollution Liability Insurance with the same limits as required for the commercial general liability insurance pursuant to Section 9.1.5 below;

**9.1.4**     Business Interruption and Extra Expense Coverage for loss of business income on an actual loss sustained basis for no less than eighteen (18) months with a 365 day extended period of indemnity, covering perils consistent with the requirements of Section 9.1.1, including either an agreed amount endorsement or a waiver of any co-insurance provisions, so as to prevent Tenant, Landlord and any other insured thereunder from being a co-insurer, and containing an extended period indemnity endorsement that provides that the continued loss of business income will be insured until such income returns to the same level it was prior to the loss or the expiration of not fewer than six (6) months after the date of the completed repairs;

**9.1.5**     Commercial General Liability Coverage (including products and completed operations liability and broad form coverage, host liquor liability, broad form property damage, blanket contractual liability, independent contractors liability, personal injury and advertising injury coverage and medical payments coverage) against claims for bodily injury, death, medical expenses, property damage occurring on, in or about such Facility, affording the parties protection of not less than One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) in the annual aggregate and a Per Location Aggregate endorsement will be required;

**9.1.6**     Employee Dishonesty coverage for all of Tenant’s employees who participate directly or indirectly in the management and maintenance of the Premises and assets therein or thereon, accounts and records in the amount of \$1,000,000;

**9.1.7** Professional Liability Coverage for damages for injury, death, loss of service or otherwise on account of professional services rendered or which should have been rendered, with no exclusion for patient abuse or sexual molestation, in a minimum amount of One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) in the annual aggregate, together with Sexual Abuse Limits of One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) in the annual aggregate;

**9.1.8** Worker's Compensation Coverage for injuries sustained by Tenant's employees in the course of their employment and otherwise consistent with all applicable Legal Requirements and employer's liability coverage with limits of not less than One Million Dollars (\$1,000,000) each accident, One Million Dollars (\$1,000,000) bodily injury due to disease each employee and One Million Dollars (\$1,000,000) bodily injury due to disease;

**9.1.9** Automobile Liability coverage with limits as follows: \$1,000,000 combined single limit for bodily injury and property damage including coverage for all owned, hired and non-owned vehicles or equipment;

**9.1.10** Prior to Tenant constructing any Capital Alteration or Material Alteration, Tenant, at its sole cost and expense, shall carry, or cause to be carried (a) completed operations coverage as a part of the commercial general liability insurance policy and shall renew such coverage for a minimum of ten (10) years after the project is complete, (b) builder's risk insurance, completed value form, covering all physical loss, in an amount and subject to policy conditions satisfactory to Landlord, and (c) such other insurance, in such amounts, as Landlord deems necessary to protect Landlord's interest in the Premises from any act or omission of Tenant's contractors or subcontractors. Tenant shall deliver a Builder's Risk Completed Value form insurance policy for one hundred percent (100%) of the replacement value of the completed improvements (including, without limitation, one hundred (100%) percent of the replacement cost value of all improvements and betterments, and shall include, without limitation, coverage for loss by testing, collapse, theft, flood, and earth movement. Such insurance policy shall also include coverage for: (i) loss suffered with respect to materials, equipment, machinery, and supplies whether on-site, in transit, or stored off-site and with respect to temporary structures, hoists, sidewalks, retaining walls, and underground property unless required to be insured by any contractor or subcontractor, and coverage for damage caused by "War" or the acts of terrorists, whether certified or uncertified, unless waived by Landlord in writing; (ii) soft costs (including delayed opening) that are recurring costs, which shall include, without limitation, delayed opening loss of income/revenue coverage for a period of recovery of not less than eighteen (18) months commencing from the date the Improvements were to be completed as approved by Landlord in its sole discretion, as well as costs to reproduce plans, specifications, blueprints and models in connection with any restoration following a casualty; (iii) demolition, debris removal and increased cost of construction, including, without limitation, increased costs arising out of changes in applicable Legal Requirements; and (iv) operation of building laws. The policy must include "permission to occupy" and may have a "Normal" sinking, cracking or settling exclusion; no other sinking, cracking or settling exclusion will be accepted; and a total "Rain, Sleet, or Snow". exclusion must not be included;

**9.1.11** Cyber Insurance (including privacy liability, first party data breach response services, and regulatory defense and penalties), including coverage for third parties, with limits not less than One Million Dollars (\$1,000,000) per claim or data breach, and including (a) a specific exception to the insured v. insured exclusion as it relates to claims brought by Landlord or any insured party of Landlord as an additional insured and (b) an exclusion severability provision. If Tenant accepts credit cards, Cyber Insurance shall also include coverage for Payment Card Industry fines, expenses and costs with limits not less than One Million Dollars (\$1,000,000) per claim; and

**9.1.12** Such other reasonable insurance policies and in such reasonable limits and policy amounts as Facility Mortgagee from time to time may reasonably request against such other insurable hazards and risks, which at the time of such request from Facility Mortgagee are commonly insured against for property and business similar to the Facility, located in or around the region in which the Facility is located, and such reasonable changes to existing coverages set forth in this Lease required by Facility Mortgagee.

## **9.2     General Insurance Requirements.**

**9.2.1** All of the policies of insurance required to be maintained by Tenant under this Article IX shall (a) be written in form satisfactory to Landlord and any Facility Mortgage and issued by insurance companies (i) with a policyholder and financial rating of not less than "A-"/"IX" in the most recent version of Best's Key Rating

Guide and (ii) authorized to do insurance business in the applicable Situs State; (b) provide that any insurance maintained by Landlord for or with respect to the Premises shall be excess and noncontributory with Tenant's insurance; and (c) include a waiver of all rights of subrogation and recovery against Landlord.

**9.2.2** All liability type policies (with the exception of Tenant's workers' compensation/employer's liability insurance and professional liability insurance) must name Landlord as an "additional insured." All property policies shall name Landlord as "loss payee." All business interruption policies shall name Landlord as "loss payee" with respect to Rent only. Losses shall be payable to Landlord and/or Tenant as provided herein. In addition, the policies, as appropriate, shall name as an "additional insured" or "loss payee" any Facility Mortgagee by way of a standard form of mortgagee's loss payable endorsement. Any loss adjustment shall require the written consent of Landlord, Tenant, and each Facility Mortgagee unless the amount of the loss is less than \$100,000 in which event no consent shall be required.

**9.2.3** Tenant shall provide Landlord copies of the original policies or a satisfactory ACORD 28 (property) and ACORD 25 (liability) evidencing the existence of the insurance required by this Lease and showing the interest of Landlord (and any Facility Mortgagee(s)) prior to the commencement of the Term or, for a renewal policy, not less than ten (10) days prior to the expiration date of the policy being renewed. If Landlord is provided with an ACORD certificate, it may demand that Tenant provide a complete copy of the related policy within ten (10) days.

**9.2.4** Tenant's obligations to carry the insurance provided for herein may be brought within the coverage of a so-called "blanket" policy or policies of insurance carried and maintained by Tenant with blanket limit of not less than \$10,000,000; provided, however, that the coverage afforded Landlord will not be reduced or diminished or otherwise be materially different from that which would exist under a separate policy meeting all other requirements hereof by reason of the use of the blanket policy, and provided further that the requirements of this Article IX (including satisfaction of the Facility Mortgagee's requirements and the approval of the Facility Mortgagee) are otherwise satisfied, and provided further that Tenant maintains specific allocations acceptable to Landlord. For any liability policies covering one or more other properties in addition to the Premises, Landlord may require excess limits as Landlord reasonably determines.

**9.2.5** Each insurer under the insurance policies maintained by Tenant pursuant to this Article IX shall agree, by endorsement on the policy or policies issued by it, or by independent instrument furnished to Landlord, that it will give to Landlord thirty (30) days' written notice before the policy or policies in question shall be altered or cancelled.

**9.3 Replacement Costs.** The term "replacement cost" shall mean the actual replacement cost of the insured property from time to time with new materials and workmanship of like kind and quality (including the cost of compliance with changes in zoning and building codes and other laws and regulations, demolition and debris removal and increased cost of construction). If Landlord believes that the replacement cost has increased at any time during the Term, it shall have the right to have such replacement cost redetermined by an impartial national insurance company reasonably acceptable to both parties (the "impartial appraiser"). The determination of the impartial appraiser shall be final and binding, and, as necessary, Tenant shall increase, but not decrease, the amount of the insurance carried pursuant to this Article IX to the amount so determined by the impartial appraiser. Each party shall pay one-half (1/2) of the fee, if any, of the impartial appraiser. If Tenant has made Alterations, Landlord may at Tenant's expense have the replacement cost redetermined at any time after such Alterations are made.

**9.4 Claims-Made Policies.** If Tenant obtains and maintains the commercial general liability coverage and/or professional liability coverage described in Sections 9.1.5 and 9.1.7 above on a "claims-made" basis, Tenant shall provide continuous liability coverage for claims arising during the Term and providing for an extended reporting period reasonably acceptable to Landlord for a minimum of three (3) years after expiration or earlier termination of the Term. If such policy is canceled or not renewed for any reason whatsoever, Tenant must provide evidence of a replacement policy reflecting coverage with retroactive coverage back to the Commencement Date and maintain such coverage for a period of at least three (3) years beyond the expiration or earlier termination of the Term or Tenant must obtain tail coverage for the length of the remaining Term plus an additional three (3) years beyond the expiration or earlier termination of the Term.

**9.5     Non-Renewal.** If Tenant fails to cause the insurance required under Article IX to be issued in the names herein called for, fails to pay the premiums therefor or fails to deliver such policies or certificates thereof to Landlord, at the times required, Landlord shall be entitled, but shall have no obligation, to obtain such insurance and pay the premiums therefor, in which event the cost thereof, together with interest thereon at the Agreed Rate, shall be repayable to Landlord upon demand therefor.

**9.6     Deductibles.** Deductibles/self-insured retentions for the insurance policies required under this Article IX shall not be greater than \$50,000.00; provided, however, that the deductibles/self-insured retentions for losses sustained from earthquake (including earth movement), flood or windstorm (i.e., wind/hail) may be equal to, but not greater than, five percent (5%) of the replacement cost of the applicable Facility.

**9.7     Increase in Limits; Types of Coverages.** If, from time to time after the Commencement Date, Landlord determines in the exercise of its commercially reasonable judgment that the limits of the insurance required to be maintained by Tenant hereunder are no longer commensurate to the limits being regularly required by institutional landlords of similar properties in the applicable Situs State or their institutional lenders and/or Agency Lender or that a particular type of insurance coverage is being regularly required by institutional landlords of similar properties in the applicable Situs State or their institutional lenders and/or Agency Lender and is not then required hereunder, Landlord may notify Tenant of the same, indicating the particular limit or type of coverage that Landlord has determined should be increased or carried by Tenant, as applicable. Unless Tenant, in the exercise of its commercially reasonable judgment, objects to Landlord's determination, then within thirty (30) days after the receipt of such notice, Tenant shall thereafter increase the particular limit or obtain the particular coverage, as applicable, unless and until further modified pursuant to the provisions of this Section 9.7. Notwithstanding anything herein to the contrary, Landlord shall not request a modification of the insurance requirements under this Section 9.7 of this Lease more frequently than once every three (3) years. If Tenant, in the exercise of its commercially reasonable judgment, objects to Landlord's determination made under this Section 9.7 and Landlord and Tenant are unable to agree upon the matter within fifteen (15) days of Tenant's receipt of the applicable notice from Landlord, such determination shall be made by a reputable insurance company, consultant or expert (an "**Insurance Arbitrator**") with experience in the skilled nursing insurance industry as mutually identified by Landlord and Tenant in the exercise of their reasonable judgment. As a condition to a determination of commercial reasonableness with respect to any particular matter, the Insurance Arbitrator shall be capable of providing, procuring or identifying particular policies or coverages that would be available to Tenant and would satisfy the requirement in issue. The determinations made by any such experts shall be binding on Landlord and Tenant for purposes of this Section 9.7, and the costs, fees and expenses of the same shall be shared equally by Tenant and Landlord. If Tenant and Landlord are unable to mutually agree upon an Insurance Arbitrator, each party shall within ten (10) days after written demand by the other select one Insurance Arbitrator. Within ten (10) days of such selection, the Insurance Arbitrators so selected by the parties shall select a third (3<sup>rd</sup>) Insurance Arbitrator who shall be solely responsible for rendering a final determination with respect to the insurance requirement in issue. If either party fails to select an Insurance Arbitrator within the time period set forth above, the Insurance Arbitrator selected by the other party shall alone render the final determination with respect to the insurance requirement in issue in accordance with the foregoing provisions and such final determination shall be binding upon the parties. If the Insurance Arbitrators selected by the parties are unable to agree upon a third (3<sup>rd</sup>) Insurance Arbitrator within the time period set forth above, either party shall have the right to apply at Tenant's and Landlord's joint expense to the presiding judge of the court of original trial jurisdiction in the county in which any Facility is located to name the third (3<sup>rd</sup>) Insurance Arbitrator. Notwithstanding anything to the contrary, Tenant must satisfy any changes or modifications to insurance coverage or obtain additional coverages required by a Facility Mortgagee under Section 9.1.1 of this Lease, which such changes and requirements shall not be subject to arbitration under this Section 9.7.

**9.8     No Separate Insurance.** Tenant shall not, on Tenant's own initiative or pursuant to the request or requirement of any third party, (a) take out separate insurance concurrent in form or contributing in the event of loss with that required in this Article IX to be furnished by, or which may reasonably be required to be furnished by, Tenant or (b) increase the amounts of any then existing insurance by securing an additional policy or additional policies, unless all parties having an insurable interest in the subject matter of the insurance, including in all cases Landlord and all Facility Mortgagees, are included therein as additional insureds and the loss is payable under such insurance in the same manner as losses are payable under this Lease. Notwithstanding the foregoing, nothing herein shall prohibit Tenant from insuring against risks not required to be insured hereby, and as to such insurance, Landlord and any Facility Mortgagee need not be included therein as additional insureds, nor must the loss thereunder be payable

in the same manner as losses are payable hereunder except to the extent required to avoid a default under the Facility Mortgage.

## **ARTICLE X REPRESENTATIONS AND WARRANTIES**

**10.1 General.** Each party represents and warrants to the other that: (a) this Lease and all other documents executed or to be executed by it in connection herewith have been duly authorized and shall be binding upon it; (b) it is duly organized, validly existing and in good standing under the laws of the state of its formation and is duly authorized and qualified to perform this Lease within the applicable Situs State; and (c) neither this Lease nor any other document executed or to be executed in connection herewith violates the terms of any other agreement of such party.

### **10.2 Anti-Terrorism Representations.**

**10.2.1** Tenant hereby represents and warrants that neither Tenant, nor any persons or entities holding any legal or beneficial interest whatsoever in Tenant, are (a) the target of any sanctions program that is established by Executive Order of the President or published by the Office of Foreign Assets Control, U.S. Department of the Treasury (“**OFAC**”); (b) designated by the President or OFAC pursuant to the Trading with the Enemy Act, 50 U.S.C. App. § 5, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06, the Patriot Act, Public Law 107-56, Executive Order 13224 (September 23, 2001) or any Executive Order of the President issued pursuant to such statutes; or (c) named on the following list that is published by OFAC: “List of Specially Designated Nationals and Blocked Persons” (collectively, “**Prohibited Persons**”). Tenant hereby represents and warrants to Landlord that no funds tendered to Landlord by Tenant under the terms of this Lease are or will be directly or indirectly derived from activities that may contravene U.S. federal, state or international laws and regulations, including anti-money laundering laws. If the foregoing representations are untrue at any time during the Term, an Event of Default will be deemed to have occurred, without the necessity of notice to Tenant.

**10.2.2** Tenant will not during the Term of this Lease engage in any transactions or dealings, or be otherwise associated with, any Prohibited Persons in connection with the use or occupancy of the Premises. A breach of the representations contained in this Section 10.2 by Tenant shall constitute a material breach of this Lease and shall entitle Landlord to any and all remedies available hereunder, or at law or in equity.

**10.3 Additional Representations and Warranties.** To induce Landlord to execute this Lease and perform its obligations hereunder, Tenant hereby represents and warrants to Landlord that the following are true and correct as of the Commencement Date:

**10.3.1** Other than the Authorizations being pursued pursuant to the Required Authorizations Applications, no consent or approval of, or filing, registration or qualification with any Governmental Authority or any other Person is required to be obtained or completed by Tenant or any Affiliate in connection with the execution, delivery, or performance of this Lease that has not already been obtained or completed.

**10.3.2** The identity of the holders of the partnership or membership interests or shares of stock, as applicable, in Tenant and Kalesta and their respective percentage of ownership as of the Commencement Date are set forth on Exhibit I. No partnership or limited liability company interests, or shares of stock, in Tenant and Kalesta, other than those described above, are issued and outstanding. There are no preemptive or other outstanding rights, options, warrants, conversion rights or similar agreements or understandings for the purchase or acquisition from Tenant or Kalesta of any partnership or limited liability company interest of or shares of stock in Tenant or Kalesta except as may be set forth in Tenant’s (or Kalesta’s, as applicable) organizational and formation documents, complete, true and accurate copies of which have been provided to Landlord.

**10.3.3** Neither Tenant nor Guarantor is insolvent and there has been no Bankruptcy Action by or against any of them. Tenant’s assets do not constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted.

**10.3.4** All financial statements and other documents and information previously furnished by or on behalf of any Tenant or Guarantor (or Kalesta) to Landlord in connection with the Facilities and this Lease are true, complete and correct in all material respects and fairly present on a consistent basis with the financial conditions of the subjects thereof for the immediately prior periods as of the respective dates thereof and do not fail to state any material fact necessary to make such statements or information not misleading, and no material adverse change with respect to any Facility, Tenant or Guarantor has occurred since the respective dates of such statements and information. Neither Tenant nor any Guarantor has any material liability, contingent or otherwise, not disclosed in such financial statements and which is required to be disclosed in such financial statements in accordance with the Accounting Practices.

**10.3.5** Tenant has each Authorization and other rights from, and has made all declarations and filings with, all applicable Governmental Authorities, all self-regulatory authorities and all courts and other tribunals necessary to engage in the management and operation of the Facilities for the Primary Intended Use. No Governmental Authority is, to Tenant's knowledge, considering limiting, suspending or revoking any such Authorization. All such Authorizations are valid and in full force and effect and Tenant is in material compliance with the terms and conditions of all such Authorizations.

**10.3.6** Tenant, Kalesta, and their respective employees and agents (i) are not currently excluded, suspended, debarred or otherwise ineligible to participate in any "Federal health care program" as defined in 42 U.S.C. section 1320a-7b(f) or in any other government payment program; (ii) are not bound to be excluded, suspended, debarred or otherwise declared ineligible to participate in any Federal health care program or other government payment program; and (iii) have not received any written notice of any federal, state or local government investigation, neither Tenant nor Kalesta has knowledge of any circumstances that may result in Tenant, Kalesta or its respective employees or agents being excluded from participation in any Federal health care program or other government payment program.

## **ARTICLE XI DAMAGE AND DESTRUCTION**

**11.1 Notice of Damage or Destruction.** Tenant shall promptly notify Landlord of any damage or destruction of any Facility in excess of \$25,000. Said notification shall include: (a) the date of the damage or destruction and the Facility or Facilities damaged, (b) the nature of the damage or destruction together with a description of the extent of such damage or destruction, (c) a preliminary estimate of the cost to repair, rebuild, restore or replace the Facility, and (d) a preliminary estimate of the schedule to complete the repair, rebuilding, restoration or replacement of the Facility.

**11.2 Restoration.** Tenant shall diligently repair or reconstruct any Facility that has been damaged or destroyed to a like or better condition than existed prior to such damage or destruction in accordance with Sections 7.4 and 7.5. Any net insurance proceeds payable with respect to such damage or destruction shall be paid directly to Landlord and; provided Tenant is diligently performing the restoration and repair work with respect to such Facility and no Event of Default has occurred hereunder, shall be used for the repair or reconstruction of such Facility. Landlord shall disburse any such net insurance proceeds as and when required by Tenant in accordance with normal and customary practice for the payment of a general contractor in connection with construction projects similar in scope and nature to the work being performed by or on behalf of Tenant, including, without limitation, the withholding of ten percent (10%) of each disbursement until the required work is completed as evidenced by a certificate of occupancy or similar evidence issued upon an inspection by the applicable Governmental Authority and proof has been furnished to Landlord that no lien has attached or will attach to the applicable Facility in connection with the restoration and repair work.

**11.3 Insufficient or Excess Proceeds.** If the net insurance proceeds paid to Landlord in connection with any such damage or destruction are insufficient, Tenant shall nevertheless remain responsible, at its sole cost and expense, to repair and reconstruct the applicable Facility as required in this Article XI and Tenant shall provide the required additional funds. Tenant expressly assumes all risk of loss in connection with any damage or destruction to a Facility, whether or not such damage or destruction is insurable or insured against. Tenant shall pay any insurance deductible and any other uninsured Losses. If the net insurance proceeds paid to Landlord in connection with any such damage or destruction are more than sufficient, the surplus shall belong and be paid to Tenant; provided, however,



that any such surplus shall be paid by Landlord to Tenant only following the disbursement of net insurance proceeds necessary to complete the repair and restoration work as required pursuant to this Article XI. Tenant shall not have any right under this Lease, and hereby waives all rights under applicable law, to abate, reduce, or offset rent by reason of any damage or destruction of any Facility by reason of an insured or uninsured casualty.

**11.4 Facility Mortgagee.** Notwithstanding anything in this Lease to the contrary, Tenant hereby acknowledges and agrees that any Facility Mortgagee may retain and disburse any net insurance proceeds payable in connection with any damage or destruction to a Facility. In such event, Tenant shall comply with the requests and requirements of such Facility Mortgagee in connection with the performance of the repair and restoration work and the disbursement of the net insurance proceeds in connection therewith. If, in connection with any damage or destruction to a Facility that results in the loss of 50% or more of the licensed beds or would cost more than 50% of the value of the Facility to restore, any Facility Mortgagee elects to require that any net insurance proceeds payable in connection with such damage or destruction to a Facility be applied by Landlord to reduce the outstanding principal balance of any Facility Mortgage, Landlord may elect, in its sole discretion and by notice to Tenant delivered promptly after the receipt by Landlord of notice of such election from Facility Mortgagee, to terminate this Lease as to the affected Facility, in which event the current Rent shall be equitably abated as of the effective date of such termination based on the allocable share of Landlord's initial investment in the Premises to the affected Facility. Notwithstanding anything in this Lease to the contrary, Tenant shall remain liable for any uninsured portion of any damage or destruction if this Lease is so terminated as to the applicable Facility. If Landlord elects not to terminate this Lease as to the affected Facility (despite the applicable Facility Mortgagee having made the election to require that any net insurance proceeds payable in connection with such damage or destruction to a Facility be applied by Landlord to reduce the outstanding principal balance of such Facility Mortgage), Landlord's own funds shall be disbursed to Tenant from time to time as, when, and subject to the satisfaction of the same terms, conditions and requirements as would have governed the disbursement of net insurance proceeds that Landlord's funds replace.

## **ARTICLE XII CONDEMNATION**

**12.1 General.** Except as provided to the contrary in this Article XII, a Condemnation of any Facility or any portion thereof shall not terminate this Lease, which shall remain in full force and effect, and Tenant hereby waives all rights under applicable law to abate, reduce or offset Rent by reason of any such Condemnation.

**12.2 Notice of Taking.** Tenant and Landlord, as the case may be, promptly upon obtaining knowledge of the institution of any proceeding for a Condemnation, shall each notify the other and any Facility Mortgagee thereof and Tenant, Landlord and Facility Mortgagee shall be entitled to participate in any Condemnation proceeding.

**12.3 Complete Taking.** In the event of a Complete Taking of any Facility and as of the effective date of such Complete Taking, this Lease shall automatically terminate with respect to such Facility and the current Base Rent shall be proportionally reduced based on the ratio of the applicable Facility's Cash Flow to the Cash Flow of all Facilities. The applicable calculations of Cash Flow shall be based on Tenant's financials for the calendar quarter most recently ended as of the effective date of such Complete Taking.

**12.4 Partial Taking.** In the event of a Partial Taking of any Facility, this Lease shall remain in effect as to such Facility and, except as specifically set forth herein, Tenant's obligation to make payments of Rent and to pay all other charges required under this Lease with respect to such Facility shall remain unabated during the Term notwithstanding such Partial Taking. If such Partial Taking results in a reduced number of beds at such Facility, then the current Base Rent shall be proportionally reduced based on (a) the ratio of the number of beds reduced at such Facility to the total number of beds at such Facility (prior to such Partial Taking) and (b) the ratio of the applicable Facility's Cash Flow to the Cash Flow of all Facilities. The applicable calculations of Cash Flow shall be based on Tenant's financials for the calendar quarter most recently ended as of the effective date of such Partial Taking. By way of example only, if (1) a Facility originally containing 100 beds suffers a casualty and the number of beds is reduced to 80; (2) the total Base Rent under this Lease, prior to such casualty, is \$1,000,000; (3) the total Cash Flow for all Facilities is \$12,000,000.00; and (4) the Cash Flow for the damaged Facility is \$4,000,000.00, then the Base Rent would be reduced by \$66,666.66 (i.e.,  $(20 \text{ beds}/100 \text{ beds}) * (\$4,000,000/\$12,000,000) * \$1,000,000$ ).

If there is a Partial Taking of any Facility, Tenant, at its sole cost and expense (subject to reimbursement from the award from such Condemnation, as provided in Section 12.6 below), shall repair and restore such Facility in accordance with Sections 7.4 and 7.5 such that the remaining portion of such Facility may continue to be operated for its Primary Intended Use and as otherwise required under this Lease.

**12.5 Temporary Taking.** In the event of a Temporary Taking of any Facility, this Lease shall remain in effect as to such Facility, Tenant's obligation to make payments of Rent and to pay all other charges required under this Lease with respect to such Facility shall remain unabated during the Term notwithstanding such Temporary Taking, and Tenant shall be responsible for all obligations hereunder not affected by such Temporary Taking.

**12.6 Award Distribution.** Landlord alone shall be entitled to receive and retain any award for a Condemnation other than a Temporary Taking; provided, however, Landlord shall make available to Tenant the portion of the award necessary and specifically identified for restoration of the affected Facility (pursuant to Landlord's disbursement requirements); and provided, further, that Tenant shall be entitled to submit its own claim in the event of any such Condemnation with respect to the value of Tenant's leasehold interest in the applicable Facility, Tenant's personal property, Tenant's lost profits and/or the relocation costs incurred by Tenant as a result thereof. In the event of a Temporary Taking of any Facility, Tenant shall be entitled to receive and retain any and all awards for the Temporary Taking. If the period of the Temporary Taking shall extend beyond the Expiration Date, that part of the award for such Temporary Taking which represents compensation for the use or occupancy of such Facility (or a part thereof) shall be divided between Landlord and Tenant so that Tenant shall receive so much thereof as represents the period to and including the Expiration Date and Landlord shall receive so much as represents the period subsequent to the Expiration Date and, if applicable, Landlord shall be entitled to receive that portion which represents reimbursement for the cost of restoring the Premises as a result of such Temporary Taking.

**12.7 Relationship to Facility Mortgage.** Notwithstanding anything herein to the contrary, in the event that any Facility Mortgagee is entitled to any Condemnation award, or any portion thereof, under the terms of any Facility Mortgage, such award shall be applied, held and/or disbursed in accordance with the terms of the Facility Mortgage. In the event that the Facility Mortgagee elects to apply the award to the indebtedness secured by the Facility Mortgage in the case of a Partial Taking as to which the restoration provisions of this Article XII apply, Landlord agrees to make available to Tenant for restoration of such Facility funds equal to the amount applied by the Facility Mortgagee.

## **ARTICLE XIII DEFAULT**

**13.1 Events of Default.** The occurrence of any of the following shall constitute an "Event of Default" and there shall be no cure period therefor except as otherwise expressly provided in this Section 13.1:

**13.1.1** Tenant shall fail to pay any installment of Rent within five (5) calendar days of its Payment Date;

**13.1.2** (a) The revocation or termination of any Authorization that would have a material adverse effect on the operation of any Facility for its Primary Intended Use; (b) except as permitted pursuant to the terms of Article XI or Article XII in connection with a casualty or Condemnation, the voluntarily cessation of operations at any Facility; (c) the sale or transfer of all or any portion of any Authorization; or (d) the use of any Facility other than for its Primary Intended Use;

**13.1.3** Any material suspension, limitation or restriction placed upon Tenant, any Authorization, any Facility, the operations at any Facility or Tenant's ability to admit residents or patients at the Premises (e.g., an admissions ban or non-payment for new admissions by any Third Party Payor Program resulting from an inspection survey); provided, however, if any such material suspension, limitation or restriction is curable by Tenant under the applicable Authorization or Legal Requirement, it shall not constitute an Event of Default if Tenant promptly commences to cure such breach and thereafter diligently pursues such cure to the completion thereof within the lesser of: (a) the time period in which the applicable governmental agency has given Tenant to undertake corrective action, or (b) thirty (30) days after the occurrence of any such material suspension, limitation or restriction;

**13.1.4** a default shall occur under any other lease or agreement between Landlord or an Affiliate of Landlord and Tenant (or Guarantor) or an Affiliate of Tenant (or Guarantor), or any letter of credit, guaranty, mortgage, deed of trust, or other instrument executed by Tenant (or Guarantor) or an Affiliate of Tenant (or Guarantor) in favor of Landlord or an Affiliate of Landlord, in every case, whether now or hereafter existing, where the default is not cured within any applicable grace period set forth therein;

**13.1.5** [reserved];

**13.1.6** [reserved];

**13.1.7** if in any twelve (12) month period during the Term, any Governmental Authority having jurisdiction over the operation of the Facility removes ten percent (10%) or more of the patients or residents who reside in the Facility for violations of standards of care and the same results in a material adverse effect on Tenant.

**13.1.8** [reserved];

**13.1.9** a material default by Tenant, any Guarantor or any Affiliate of Tenant or any Guarantor shall occur under any lease, guaranty, loan or financing agreement with any other party, which in the sole and reasonable judgment of Landlord, would reasonably be expected to materially adversely affect Tenant's ability to perform its obligations under this Lease or Guarantor's ability to perform its obligations under the Guaranty, that is not cured within any applicable cure period provided for therein;

**13.1.10** Tenant, any Guarantor, or any Affiliate of Tenant or any Guarantor shall (a) admit in writing its inability to pay its debts generally as they become due; (b) file a petition in bankruptcy or a petition to take advantage of any insolvency act; (c) make an assignment for the benefit of its creditors; (d) consent to the appointment of a receiver of itself or of the whole or any substantial part of its property; or (e) file a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof;

**13.1.11** Any petition is filed by or against any Tenant, any Guarantor, or any Affiliate of any Tenant or any Guarantor under federal bankruptcy laws, or any other proceeding is instituted by or against any Tenant, any Guarantor or any Affiliate of any Tenant or any Guarantor seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for any Tenant, any Guarantor or any Affiliate of any Tenant or any Guarantor, or for any substantial part of the property of any Tenant, any Guarantor or any Affiliate of any Tenant or any Guarantor, and Tenants fails to notify Landlord of such proceeding within three (3) Business Days of the institution thereof and such proceeding is not dismissed within sixty (60) days after institution thereof, or any Tenant, any Guarantor or any Affiliate of any Tenant or any Guarantor shall take any action to authorize or effect any of the actions set forth above in this Section 13.1.11;

**13.1.12** Any of the representations or warranties made by Tenant in this Lease or by Guarantor in the Guaranty proves to be untrue when made in any material respect;

**13.1.13** Tenant fails to observe or perform any term, covenant or other obligation of Tenant set forth in Section 6.7 and such failure is not cured within ten (10) days after receipt of notice of such failure from Landlord; provided, however the failure to timely deliver any of the required items identified under the heading "Regulatory Reporting" on Exhibit D attached hereto, to the extent applicable to the Facility, shall be an Event of Default without notice and cure opportunity;

**13.1.14** a default or breach by any Guarantor under the Guaranty beyond the expiration of any applicable notice or cure period contained therein;

**13.1.15** any act or omission by Tenant, any permitted Affiliate subtenant, or any Affiliate manager, if applicable, that, through no act or omission on the part of Landlord, constitutes a default by Landlord that continues and remains uncured beyond any applicable notice or grace period under the Facility Mortgage Documents;

**13.1.16** failure of Tenant to pay any and all Bed Taxes assessed against the Facility prior to delinquency or in accordance with any payment plan with the applicable Government Authority, provided, however, any accrued and unpaid Bed Taxes assessed against the Facility must be fully paid at least thirty (30) days prior to the termination of this Lease;

**13.1.17** Any financial statement or other document or information furnished by or on behalf of any Tenant or Guarantor to Landlord under Section 6.7: (i) is untrue, incomplete or incorrect in any material respect, or (ii) as applicable, fails to fairly and accurately present the financial condition of the subject thereof for the period covered thereby in any material respect, or (iii) fails to state any material fact necessary to make such statement or information not misleading in any material respect;

**13.1.18** Tenant fails to perform or comply with the provisions of Section 6.11, Section 6.12, Section 6.13, Article IX or Article XVII within the applicable time periods set forth therein, if any; or

**13.1.19** Tenant fails to observe or perform any other term, covenant or condition of this Lease and such failure is not cured by Tenant within thirty (30) days after notice thereof from Landlord, unless such failure cannot with due diligence be cured within a period of thirty (30) days, in which case such failure shall not be deemed to be an Event of Default if Tenant commences the cure within such thirty (30) day period, proceeds promptly and with due diligence to cure the failure and diligently completes the curing thereof within sixty (60) days after such notice from Landlord; provided, however, that such notice shall be in lieu of and not in addition to any notice required under applicable law.

**13.2 Remedies.** Upon the occurrence of an Event of Default, Landlord may exercise all rights and remedies under this Lease and the laws of the applicable Situs State that are available to a lessor of real and personal property in the event of a default by its lessee, and as to the Lease Collateral, all remedies granted under the laws of the applicable Situs State to a secured party under its Uniform Commercial Code. Landlord shall have no duty to mitigate damages unless required by applicable law and shall not be responsible or liable for any failure to relet any Facility or to collect any rent due upon any such reletting. Tenant shall pay Landlord, immediately upon demand, all expenses incurred by it in obtaining possession and reletting any Facility, including fees, commissions and costs of attorneys, architects, agents and brokers.

**13.2.1** Without limiting the foregoing, Landlord shall have the right (but not the obligation) to do any of the following upon an Event of Default: (a) sue for the specific performance of any covenant of Tenant as to which it is in breach; (b) enter upon any Facility, terminate this Lease, dispossess Tenant from any Facility and/or collect money damages by reason of Tenant's breach, including the acceleration of all Rent which would have accrued after such termination and all obligations and liabilities of Tenant under this Lease which survive the termination of the Term; (c) elect to leave this Lease in place and sue for Rent and other money damages as the same come due; (d) (before or after repossession of a Facility pursuant to clause (b) above and whether or not this Lease has been terminated) relet such Facility to such tenant, for such term (which may be greater or less than the remaining balance of the Term), rent, conditions (which may include concessions or free rent) and uses as it may determine in its sole discretion and collect and receive any rents payable by reason of such reletting; and (e) sell any Lease Collateral in a non-judicial foreclosure sale.

**13.2.2** Upon the occurrence of an Event of Default, and upon commencement of proceedings to enforce the rights of Landlord hereunder, Landlord shall be entitled, as a matter of right, to appoint a receiver to take possession of the Premises, pending the outcome of such proceedings, to manage the operation of the Premises, to collect and disburse all rents, issues, profits and income generated thereby and to the extent applicable and possible, to preserve or replace any Authorization or to otherwise substitute the licensee or provider thereof. If a receiver is appointed pursuant hereto, the receiver shall be paid a reasonable fee for its services and all such fees and other expenses incurred by Landlord in connection with the appointment of the receiver shall be paid in addition to, and not in limitation of, the Rent otherwise due to Landlord hereunder. Tenant irrevocably consents to the appointment of a

receiver following an Event of Default and thus stipulates to and agrees not to contest the appointment of a receiver under such circumstances and for such purposes.

**13.2.3** If Tenant at any time shall fail to make any payment or perform any act on its part required to be made or performed under this Lease, then Landlord may, without waiving or releasing Tenant from any obligations or default hereunder, make such payment or perform such act for the account and at the expense of Tenant, and enter upon the applicable Facility for the purpose of taking all such action as may be reasonably necessary. No such entry shall be deemed an eviction of Tenant. All sums so paid by Landlord and all necessary and incidental costs and expenses (including reasonable attorneys' fees and expenses) incurred in connection with the performance of any such act by it, together with interest at the Agreed Rate from the date of the making of such payment or the incurring of such costs and expenses, shall be payable by Tenant to Landlord upon Landlord's written demand therefor.

**13.2.4** No right or remedy herein conferred upon or reserved to Landlord is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing at law or in equity. Any notice or cure period provided herein shall run concurrently with any provided by applicable law.

**13.2.5** If Landlord initiates judicial proceedings or if this Lease is terminated by Landlord pursuant to this Article XIII, Tenant waives, to the extent permitted by applicable law, (a) any right of redemption, re-entry, or repossession; and (b) the benefit of any laws now or hereafter in force exempting property from liability for rent or for debt.

**13.2.6** Notwithstanding anything in this Lease to the contrary, and without limiting any of the other rights or remedies conferred upon Landlord under this Lease or at law or in equity, upon the occurrence of a Facility Default, Landlord may, at its option and by notice to Tenant, terminate this Lease immediately as to any one or more of the Facilities (selected in Landlord's discretion and by notice to Tenant) to which such Facility Default relates (a termination of this Lease as to less than all of the Facilities as provided in this Section 13.2.6 is herein referred to as a "**Limited Termination Election**") (the Facility or Facilities as to which Landlord elects to terminate this Lease as provided in this Section 13.2.6 are herein referred to as "**Terminated Facilities**"). Upon delivery of a termination notice as provided in this Section 13.2.6, Tenant shall have no right to cure the Facility Default in question, all rights of Tenant under this Lease shall cease as to the Terminated Facilities so specified and the provisions of this Section 13.2.6 shall apply. Without limitation of the foregoing, if Landlord makes a Limited Termination Election, the deletion of the applicable Terminated Facilities from this Lease shall not in any way or manner limit Tenant's continuing obligation (on a joint and several basis) for the damages and other amounts owing on account of the Event of Default giving rise to the deletion from this Lease of such Terminated Facilities or the termination of this Lease as to such Terminated Facilities.

(a) If this Lease is terminated as to one or more Terminated Facilities pursuant to this Section 13.2.6, then without necessity of any further action of the parties, this Lease shall terminate as to the Terminated Facility or Terminated Facilities, and the Terminated Facility or Terminated Facilities shall be separated and removed herefrom, at such time (such date, the "**Facility Removal Date**") as Landlord delivers notice to Tenant exercising its termination rights pursuant to this Section 13.2.6 (such notice, a "**Termination Notice**"). As of the applicable Facility Removal Date, this Lease shall be automatically and ipso facto amended to:

- (i) Delete and eliminate the Terminated Facility or Terminated Facilities herefrom;
- (ii) Exclude the applicable Terminated Facility or Terminated Facilities from the definition of "Premises"; and
- (iii) The current Rent shall be equitably reduced as of the Facility Removal Date based on the allocable share of Landlord's initial investment in the Premises to the Terminated Facility or Terminated Facilities.

(b) Promptly (and in any event within ten (10) days after delivery of Landlord's request therefor), Tenant shall execute and deliver to Landlord such instrument(s) as Landlord may from time to time request reflecting the elimination of any Terminated Facility or Terminated Facilities herefrom on the terms described above.

**13.3 Application of Funds.** Notwithstanding anything in this Lease to the contrary, any payment, deposit, escrow, insurance proceed or award for a Condemnation received or held by Landlord under any of the provisions of this Lease may, following any Event of Default that continues uncured beyond any applicable notice or cure period and at Landlord's option, in its sole discretion, be applied to Tenant's obligations in the order that Landlord in its sole discretion may determine.

#### **ARTICLE XIV OBLIGATIONS OF TENANT ON EXPIRATION OR TERMINATION OF LEASE**

**14.1 Surrender.** On the Expiration Date or earlier termination or cancellation of this Lease (or the earlier dispossession of Tenant from any Facility), Tenant shall deliver to Landlord or Landlord's designee (a) possession of each Facility in a neat and clean condition, with each Facility being fully operational as of such date and in compliance with all Authorizations, and (b) all business records (other than corporate financial records or proprietary materials), data, patient and resident records, and patient and resident trust accounts, which may be necessary, desirable or advisable for the operation of each Facility for its Primary Intended Use. Tenant shall have no obligation to perform any Alterations necessitated by, or imposed in connection with, a change of ownership inspection survey for the transfer of operation of such Facility to Landlord or Landlord's designee unless such Alterations were previously required hereunder or by the applicable licensing authorities to be undertaken by Tenant prior to the Expiration Date (or earlier termination date or cancellation of this Lease or earlier dispossession of Tenant from any Facility) and Tenant failed to do so.

**14.2 Transition.**

**14.2.1** In connection with the expiration or earlier termination of this Lease with respect to any Facility, or the earlier dispossession of Tenant from any Facility, Landlord shall have the right to require an Operational Transfer with respect to such Facility by delivery to Tenant of a Transition Notice (as defined below). As used in this Lease, "**Operational Transfer**" shall mean the transfer and transition, practically and legally, of the day-to-day operations of a Facility for the Primary Intended Use of such Facility to Landlord and/or Landlord's designee without interruption of the business activities therein, regulatory or otherwise. Landlord may exercise its right to require an Operational Transfer by delivering written notice to Tenant of Landlord's election to require an Operational Transfer (a "**Transition Notice**") at any time.

**14.2.2** In connection with an Operational Transfer, or at the time of Tenant's surrender of a Facility to Landlord or its designee, Tenant shall cooperate fully with Landlord or its designee in transferring (or obtaining) all Authorizations and Governmental Payors' certifications and shall take all necessary actions, including, without limitation, filing such applications, petitions and transfer notices and making such assignments, conveyances and transfers as are necessary, desirable or advisable to accomplish an Operational Transfer. In connection therewith, Tenant shall transfer, to the extent permitted by applicable law, to Landlord or Landlord's designee all contracts, including contracts with Governmental Authorities, which may be necessary, desirable or advisable for the operation of each Facility for its Primary Intended Use. Subject to all applicable Legal Requirements, Tenant hereby assigns, effective upon the Expiration Date or earlier termination or cancellation of this Lease (or the earlier dispossession of Tenant from any Facility), all rights to operate the Facility to Landlord or its designee, including all required Authorizations and all rights to apply for or otherwise obtain them. In furtherance of the foregoing, Tenant agrees to enter into a commercially reasonable operations transfer agreement with Landlord or Landlord's designee, which agreement shall provide, inter alia, for the proration of operational revenues and liabilities based on when Landlord or its designee actually takes possession of the applicable Facility or Facilities.

**14.2.3** Tenant agrees to enter into interim sublease agreements or management agreements as may be necessary to effect a transfer of the operations of the Facility or Facilities for their Primary Intended Use prior to the time that Landlord or its designee, as applicable, holds all Authorizations from all applicable Governmental

Authorities necessary to so operate such Facility or Facilities, and (b) Tenant shall remain as licensee and participating provider in any payment programs with Governmental Payors or third party payors in which a Facility participates until such time as Landlord or its designee has received all Authorizations necessary to operate any Facility. Notwithstanding the foregoing, as a condition to Tenant remaining as licensee and participating provider as set forth above, Landlord or its designee shall, except in connection with a termination of this Lease resulting from an Event of Default (or the earlier dispossession of Tenant from any Facility as a result of an Event of Default), indemnify, defend, protect and hold harmless Tenant from and against any loss, damage, cost or expense incurred by Tenant on account of any third party claim to the extent directly caused by the acts or omissions of Landlord or its designee and during the period while relying on Tenant's status as licensee or participating provider in any payment programs with Governmental Payors or third party payment programs in which a Facility participates.

**14.2.4** Notwithstanding anything in this Lease which may be construed to the contrary, if (i) Landlord delivers a Transition Notice as to a particular Facility or Facilities, (ii) the Term expires prior to the delivery of a Transition Notice but Landlord has not delivered a Closure Notice, or (iii) this Lease is terminated as a result of an Event of Default and Landlord has not delivered a Closure Notice, then in all such cases Tenant shall thereafter continue to operate the Facility or Facilities in accordance with all of the requirements of this Lease until the earliest to occur of the following: (a) the date on which a successor operator assumes operation of such Facility, (b) the date that is one hundred eighty (180) days after the Expiration Date, or (c) the date on which such Facility is closed by Tenant in accordance with and pursuant to the requirements of this Lease and in connection with a Closure Notice delivered by Landlord.

**14.2.5** If Tenant operates one or more Facilities after the Expiration Date or earlier termination of this Lease (either pursuant to Landlord's request or pursuant to Section 14.2.4, then, from and after the expiration of this Lease and until the earliest to occur of the dates described in Section 14.2.4 (the "**Reimbursement Period**"), (a) Landlord shall provide Tenant with an operating budget, (b) Landlord shall include in the aforesaid operating budget, and Tenant shall continue to pay during the Reimbursement Period, all Rent that would have been owing under this Lease if this Lease had not expired (equitably prorated if Tenant operates less than all of the Facilities), and (c) Landlord shall reimburse Tenant for any operating deficits that Tenant may be required to fund out-of-pocket on account of operating losses and expenses incurred by Tenant by reason of, or arising out of compliance with, such budget with respect to the Reimbursement Period. Any such reimbursement shall be due from Landlord to Tenant within thirty (30) days after request by Tenant, provided that Tenant shall furnish such documentation of any operating deficits, losses and expenses as Landlord may reasonably request.

**14.2.6** Notwithstanding anything to the contrary contained in this Lease, Tenant shall not, prior to delivery of a Closure Notice by Landlord to Tenant, commence to wind up and terminate the operations of any Facility or relocate the patients or occupants of any Facility to any other health care facility (a "**Facility Termination**"). Notwithstanding the foregoing, if Landlord has not delivered a Closure Notice or a Transition Notice to Tenant prior to the day that is one hundred twenty (120) days following the Expiration Date, then Tenant may commence the Facility Termination as to such Facility or Facilities and, upon the closure of such Facility or Facilities in accordance with this Lease and all applicable Legal Requirements, Tenant shall vacate such Facility or Facilities and surrender possession thereof to Landlord in accordance with all applicable requirements of this Lease. If, prior to the day that is one hundred twenty (120) days following the Expiration Date, Landlord delivers a Transition Notice to Tenant, Tenant shall not commence or otherwise engage in a Facility Termination with respect to the applicable Facility or Facilities. If Landlord delivers a Closure Notice and elects to institute a Facility Termination, Tenant shall, upon the prior written approval of Landlord, take all commercially reasonable steps necessary, in compliance with all Legal Requirements and Authorizations, to timely effectuate the same, all at Tenant's sole cost and expense.

**14.2.7** The terms of this Section 14.2 shall survive the expiration or sooner termination of this Lease.

**14.3 Tenant Personal Property.** Provided that no Event of Default then exists, in connection with the surrender of the Premises, Tenant may upon at least five (5) Business Days prior notice to Landlord remove from the Premises in a workmanlike manner all Tenant Personal Property, leaving the Premises in good and presentable condition and appearance, including repairing any damage caused by such removal; provided, however, that prior to any such removal, Landlord shall have the right and option to purchase for itself or its designee all or some of the Tenant Personal Property for its then net book value during such five (5) Business Day notice period, in which case

Tenant shall so convey the requested Tenant Personal Property to Landlord or its designee by executing a bill of sale in a form reasonably required by Landlord. If there is any Event of Default then existing, Tenant will not remove any Tenant Personal Property from the Premises and instead will, on demand from Landlord, convey it to Landlord or its designee for no additional consideration by executing a bill of sale in a form reasonably required by Landlord. Title to any Tenant Personal Property which is not removed by Tenant as permitted above upon the expiration of the Term shall, at Landlord's election, vest in Landlord or its designee; provided, however, that Landlord may remove and store or dispose at Tenant's expense any or all of such Tenant Personal Property which is not so removed by Tenant without obligation or accounting to Tenant.

**14.4 Facility Trade Name.** If this Lease is terminated by reason of an Event of Default or Landlord exercises its option to purchase or is otherwise entitled to retain the Tenant Personal Property pursuant to Section 14.3 above, Landlord or its designee shall be permitted to use the name under which each Facility has done business during the Term in connection with the continued operation of such Facility for its Primary Intended Use, but for no other use and not in connection with any other property or facility.

**14.5 Holding Over.** Unless at the request of Landlord pursuant to Section 14.2.4 or otherwise with the written consent of Landlord, if Tenant shall for any reason remain in possession of any Facility after the Expiration Date, such possession shall be a tenancy at sufferance and during the period of such possession, Tenant shall pay as rental on the first (1st) Business Day of each month an amount equal to the product of (x) the number of days in such calendar month and (b) 150% of 1/30th of the monthly Base Rent payable with respect to the last Lease Year, plus all Additional Rent accruing during the month and all other sums, if any, payable by Tenant pursuant to this Lease (collectively, the "**Holdover Rent**"). Landlord and Tenant hereby agree and acknowledge that the parties do not intend for the payment of the Holdover Rent on a monthly basis to create a periodic tenancy. Nothing contained herein shall constitute the consent, express or implied, of Landlord to the holding over of Tenant after the Expiration Date, nor shall anything contained herein be deemed to limit Landlord's remedies

## **ARTICLE XV INDEMNIFICATION**

In addition to the other indemnities contained in this Lease, and notwithstanding the existence of any insurance carried by or for the benefit of Landlord or Tenant, and without regard to the policy limits of any such insurance, and to the maximum extent permitted by applicable law, Tenant shall protect, indemnify, save harmless and defend Landlord and the Landlord Indemnified Parties from and against all foreseeable or unforeseeable Losses of any kind or nature imposed upon or incurred by or asserted against Landlord or any Landlord Indemnified Parties on account of any matter or thing, action or failure to act arising out of or in connection with this Lease, the Premises, or the operations of Tenant on any portion of the Premises, including, without limitation, by reason of: (a) any accident, injury to or death of Persons or loss of or damage to property occurring on or about any portion of the Premises; (b) any use, misuse, non-use, condition, maintenance or repair of any Facility by Tenant; (c) any failure on the part of Tenant to perform or comply with any of the terms of this Lease or the breach of any representation or warranty made by Tenant herein; (d) any negligence or misconduct on the part of Tenant or any Affiliate of Tenant or their respective directors, officers, shareholders, members, contractors, subcontractors, agents and employees; (e) any protest by Tenant pursuant to Section 4.1.4; and (f) any claim for malpractice, negligence or misconduct committed by any Person on or working from any Facility. Notwithstanding anything in this Lease to the contrary, Tenant's indemnification obligations under this Lease shall include, and extend to, any and all Losses regardless of whether the possibility of any such Losses has been disclosed to Tenant in advance or whether the possibility of any such Losses could have been reasonably foreseen by Tenant. Any amounts which become payable by Tenant under this Article XV shall be paid within ten (10) days after demand by Landlord, and if not timely paid, shall bear interest at the Agreed Rate from the date of such demand until paid. Tenant, at its expense, shall contest, resist and defend any such claim, action or proceeding asserted or instituted against Landlord or any Landlord Indemnified Parties with counsel acceptable to Landlord in its sole discretion and shall not, under any circumstances, compromise or otherwise dispose of any suit, action or proceeding without obtaining Landlord's written consent. Landlord, at its election and sole cost and expense, shall have the right, but not the obligation, to participate in the defense of any claim for which Landlord or any Landlord Indemnified Parties are indemnified hereunder. If Tenant does not act promptly and completely to satisfy its indemnification obligations hereunder, Landlord may resist and defend any such claims or causes of action against Landlord or any Landlord Indemnified Party at Tenant's sole cost. The terms of this Article XV shall survive the expiration or sooner termination of this Lease. For purposes of this Article XV, any acts or omissions of Tenant,



or by employees, agents, assignees, contractors, subcontractors or others acting for or on behalf of Tenant (whether or not they are negligent, intentional, willful or unlawful), shall be strictly attributable to Tenant. Notwithstanding anything to the contrary, Tenant shall have no duty to protect, indemnify, save harmless or defend Landlord or any of the Landlord Indemnified Parties from and against any Losses arising out of the gross negligence or willful misconduct of Landlord or any Landlord Indemnified Party. With respect to any Losses for which Landlord or any Landlord Indemnified Parties is entitled to seek indemnification from Seller or Current Operator under the OTA and/or Purchase Agreement, Landlord agrees to reasonably cooperate with Tenant to seek recovery under the OTA and/or Purchase Agreement.

If Landlord or any Landlord Indemnified Parties obtains recovery under any insurance policy or other source after Tenant makes any required indemnification payment with respect to the same Losses, then Landlord or such Landlord Indemnified Parties shall promptly reimburse Tenant for the amount of such recovery received by Landlord or such Landlord Indemnified Parties (not to exceed the payment previously made by Tenant with respect to such Losses).

## **ARTICLE XVI LANDLORD'S FINANCING**

**16.1 Grant Lien.** Without the consent of Tenant, Landlord may from time to time, directly or indirectly, create or otherwise cause to exist any Facility Mortgage upon any Facility or interest therein. This Lease is and at all times shall be subject and subordinate to any such Facility Mortgage which may now or hereafter affect any Facility or interest therein and to all renewals, modifications, consolidations, replacements, restatements and extensions thereof or any parts or portions thereof; provided, however, so long as no Event of Default has occurred and is continuing, no Facility Mortgagee shall have the right to disturb Tenant's leasehold interest or possession of any Facility or interfere with any other rights of Tenant accorded by the terms of this Lease. This provision shall be self-operative and no further instrument of subordination shall be required to give it full force and effect; provided, however, that in confirmation of such subordination, Tenant shall execute promptly any certificate or document that Landlord or any Facility Mortgagee may request for such purposes so long as the same contains commercially reasonable non-disturbance and attornment provisions.

**16.2 Attornment.** If Landlord's interest in any Facility or interest therein is sold, conveyed or terminated upon the exercise of any remedy provided for in any Facility Mortgage Documents (or in lieu of such exercise), or otherwise by operation of law: (a) at the request and option of the new owner or superior lessor, as the case may be, Tenant shall attorn to and recognize the new owner or superior lessor as Tenant's "landlord" under this Lease or enter into a new lease substantially in the form of this Lease with the new owner or superior lessor, and Tenant shall take such actions to confirm the foregoing within ten (10) days after request; and (b) the new owner or superior lessor shall not be (i) liable for any act or omission of Landlord under this Lease occurring prior to such sale, conveyance or termination; (ii) subject to any offset, abatement or reduction of rent because of any default of Landlord under this Lease occurring prior to such sale, conveyance or termination; (iii) bound by any previous modification or amendment to this Lease or any previous prepayment of more than one month's rent, unless such modification, amendment or prepayment shall have been approved in writing by such Facility Mortgagee or, in the case of such prepayment, such prepayment of rent has actually been delivered to such new owner or superior lessor; or (iv) liable for any security deposit or other collateral deposited or delivered to Landlord pursuant to this Lease unless such security deposit or other collateral has actually been delivered to such new owner or superior lessor.

**16.3 Cooperation; Modifications.** Notwithstanding anything in this Lease to the contrary, Tenant hereby agrees that in connection with obtaining any Facility Mortgage for any Facility or interest therein, including, without limitation, where the Facility Mortgagee is an Agency Lender, Tenant shall: (i) execute and deliver to such Agency Lender or other Facility Mortgagee (on the form required by such Agency Lender or other Facility Mortgagee) any tenant regulatory agreements (including, without limitation, the form of regulatory agreement typically required by Agency Lenders), subordination and non-disturbance agreements (including, without limitation, the form of subordination, assignment and security agreement typically required by Agency Lenders), intercreditor agreements and riders to the extent Tenant has accounts receivable financing, and deposit control agreements or other similar agreements customarily required by Agency Lenders and other Facility Mortgagees in connection with a mortgage relating to a skilled nursing facility, and (ii) modify this Lease as necessary to incorporate the provisions and requirements generally imposed by an Agency Lender or other Facility Mortgagee in connection with a facility lease

relating to a skilled nursing facility encumbered with a Facility Mortgage by an Agency Lender or other Facility Mortgagee, including, without limitation, requirements that: (a) Tenant comply with the operational requirements set forth in the applicable Facility Mortgage Documents (including, without limitation, the obligations under any regulatory agreement or subordination agreement with an Agency Lender or other Facility Mortgagee), (b) in lieu of any duplicative impound and/or reserve obligations hereunder, obligate Tenant to fund reserves with the Agency Lender or other Facility Mortgagee for taxes, insurance and/or capital improvement and repair obligations as may be required by said Agency Lender or other Facility Mortgagee, and (c) Tenant obtain additional insurance coverages to those expressly set forth in this Lease; provided that no such modification to this Lease shall materially impair any of the rights or benefits of Tenant hereunder or materially increase the obligations or liabilities of Tenant hereunder. Tenant further agrees to execute amendments to this Lease or enter into a new lease or master lease with such terms, provisions and addendums as may be required by HUD or by Facility Mortgagee consistent with HUD's requirements for insuring loans secured by skilled nursing facilities, including, without limitation, any HUD mandated addendum, provided such amendments or new lease or master lease shall not materially and adversely alter Tenant's rights or increase Tenant's rental obligations hereunder; further provided, that upon Landlord's request, Tenant agrees to amend this Lease to be cross-defaulted with the new HUD operating lease or master lease, as the case may be. Tenant further agrees to amend any Management Agreement then in effect to conform to HUD's requirements. In the event any Agency Lender or other Facility Mortgagee requires, as a condition to making a Facility Mortgage, an intercreditor agreement with any receivables lender of Tenant, Tenant shall enter into any such intercreditor agreement and shall take all commercially reasonable efforts to cause said receivables lender to enter into such intercreditor agreement and any Agency Lender mandated rider with said Agency Lender or other Facility Mortgagee on terms acceptable to said Agency Lender or other Facility Mortgagee. Subject to the consent rights of the Agency Lender or Facility Mortgagee, Landlord may adjust and reallocate the amounts of Base Rent allocated to each Facility covered in this Lease for the purposes of maximizing reimbursements from the Medicaid or Medicare programs and/or maximizing the amount of Federal Housing Administration ("FHA") insured debt which can be refinanced on the subject Facility, so long as the total amount of Base Rent for all of the Facilities in the aggregate shall not be increased.

**16.4 Compliance with Facility Mortgage Documents.** Tenant acknowledges that any Facility Mortgage Documents executed by Landlord or any Affiliate of Landlord may impose certain obligations on the "borrower" or other counterparty thereunder to comply with or cause the operator and/or lessee of any Facility to comply with all representations, covenants and warranties contained therein relating to such Facility and the operator and/or lessee of such Facility, including, covenants relating to (a) the maintenance and repair of such Facility; (b) maintenance and submission of financial records and accounts of the operation of such Facility and related financial and other information regarding the operator and/or lessee of such Facility and such Facility itself; (c) the procurement of insurance policies with respect to such Facility; (d) periodic inspection and access rights in favor of the Facility Mortgagee; and (e) without limiting the foregoing, compliance with all applicable Legal Requirements relating to such Facility and the operations thereof. For so long as any Facility Mortgages encumber any Facility or interest therein, Tenant covenants and agrees, at its sole cost and expense and for the express benefit of Landlord, to operate such Facility in strict compliance with the terms and conditions of the Facility Mortgage Documents (other than payment of any indebtedness evidenced or secured thereby) and to timely perform all of the obligations of Landlord relating thereto, or to the extent that any of such duties and obligations may not properly be performed by Tenant, Tenant shall cooperate with and assist Landlord in the performance thereof (other than payment of any indebtedness evidenced or secured thereby); provided, however, this Section 16.4 shall not be deemed to impose on Tenant obligations materially more burdensome than Tenant's obligations otherwise under this Lease. If any new Facility Mortgage Documents to be executed by Landlord or any Affiliate of Landlord would impose on Tenant any obligations under this Section 16.4, Landlord shall provide copies of the same to Tenant for informational purposes (but not for Tenant's approval) prior to the execution and delivery thereof by Landlord or any Affiliate of Landlord.

## **ARTICLE XVII ASSIGNMENT AND SUBLETTING**

**17.1 Prohibition.** Without the prior written consent of Landlord, which may be withheld or conditioned in its sole and absolute discretion, Tenant shall not suffer or permit any Transfer (including, without limitation, a Transfer of this Lease or any interest herein) other than a Transfer that is expressly permitted pursuant to the terms of this Lease. Any such purported Transfer without Landlord's prior written consent (each an "Unapproved Transfer") shall be void and shall, at Landlord's sole option, constitute an Event of Default giving rise to Landlord's right, among other things, to terminate this Lease. If Landlord elects to waive its right to terminate this Lease as a result of any

such Unapproved Transfer, this Lease shall continue in full force and effect; provided, however, that as of the date of such Unapproved Transfer, the Base Rent shall be increased by five percent (5%). If any of the Premises secure a HUD Loan, Tenant and its transferee shall comply with HUD's Transfer of Physical Assets and/or Change of Operator requirements, as applicable to Tenant, and Tenant and its transferee shall bear all costs in connection with the same.

**17.2 Landlord Consent.** If Landlord consents to a Transfer, such Transfer shall not be effective and valid unless and until the applicable transferee executes and delivers to Landlord any and all documentation reasonably required by Landlord. Any consent by Landlord to a particular Transfer shall not constitute consent or approval of any subsequent Transfer, and Landlord's written consent shall be required in all such instances. No consent by Landlord to any Transfer shall be deemed to release Tenant from its obligations hereunder and Tenant shall remain fully liable for payment and performance of all obligations under this Lease. Without limiting the generality of the foregoing, in connection with any sublease arrangement that has been approved by Landlord, as a condition precedent to any such approval, any such sublease agreement shall include provisions required by Landlord pertaining to protecting its status as a real estate investment trust.

**17.3 Transfers to Affiliates.** Notwithstanding Section 17.1 to the contrary, but subject to the rights of any Facility Mortgagee, Tenant may, without Landlord's prior written consent, assign this Lease or sublease any Facility to a Person wholly owned and Controlled by Tenant or any Guarantor if all of the following are first satisfied: (a) such assignee fully assumes Tenant's obligations hereunder; (b) Tenant remains fully liable hereunder and Guarantor remains fully liable under the Guaranty; (c) the use of such Facility remains unchanged; (d) Landlord in its reasonable discretion shall have approved the form and content of all documents for such assignment or sublease and received an executed counterpart thereof; (e) Tenant delivers evidence to Landlord that such assignment or subletting is permissible under all applicable Authorizations or that all necessary consents have been obtained to consummate such assignment or subletting; and (f) Tenant and/or such assignee executes and delivers such other documents as may be reasonably required by Landlord to effectuate the assignment and continue the security interests and other rights of Landlord pursuant to this Lease or any other documents executed in connection herewith.

**17.4 Permitted Occupancy Agreements.** Notwithstanding Section 17.1 to the contrary, Tenant may enter into an occupancy agreement with residents of each Facility without the prior written consent of Landlord provided that (a) the agreement does not provide for life care services; (b) the agreement does not contain any type of rate lock provision or rate guaranty for more than one calendar year; (c) the agreement does not provide for any rent reduction or waiver other than for an introductory period not to exceed thirty (30) days; (d) Tenant may not collect rent for more than one month in advance other than one month of rent collected as security for the performance of the resident's obligations to Tenant, which amount is held in a separate escrow account for the benefit of such resident; and (e) all residents of each Facility are accurately shown in accounting records for such Facility. Without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed, Tenant shall not materially change the form of resident occupancy agreement that was submitted to Landlord prior to the Commencement Date; provided, however, no consent will be required for changes required by applicable law, including applicable licensure laws, but all changes to the form of resident occupancy agreement will be provided to Landlord as and when such changes are made.

**17.5 Costs.** Tenant shall reimburse Landlord for Landlord's reasonable costs and expenses incurred in conjunction with the processing and documentation of any assignment, master subletting or management arrangement, including reasonable attorneys' or other consultants' fees whether or not such assignment, master sublease or management agreement is ultimately consummated or executed.

**17.6 Subleases.** Tenant shall have the right to sublease a portion of any Facility without the prior consent of Landlord, provided that: (i) any such sublease is either (A) of an entire Facility to a Tenant Affiliate or a Guarantor Affiliate pursuant to Section 17.3 above or (B) of a portion of a Facility for a use ancillary and complimentary to the Facility's Primary Intended Use (such as a barber shop or physical therapy), (ii) any such sublease does not provide for any percentage rent (or if it does provide for percentage rent then such percentage rent is based on a percentage of the subtenant's gross revenues and not on a percentage of income, profits, any other amount other than gross revenues) and is otherwise in form and substance reasonably acceptable to Landlord, (iii) prior to the effectiveness of any such sublease, Landlord has reviewed and approved the form of Sublease and Tenant has caused the subtenant thereunder to enter into any commercially reasonable subordination agreements required by Landlord, and (iv) with respect to

subleases pursuant to clause (i)(B) above, the aggregate amount of space sublet at any given Facility shall not exceed, in the aggregate, an amount equal to ten percent (10%) of the rentable floor area of said Facility.

## **ARTICLE XVIII CERTAIN RIGHTS OF LANDLORD**

**18.1     Right of Entry.** Landlord, any Facility Mortgagee and any of their respective representatives may enter on any Facility at any reasonable time after reasonable notice to Tenant to inspect such Facility for compliance to this Lease, to exhibit such Facility for sale, lease or mortgaging, or for any other reason; provided, however, that no such notice shall be required in the event of an emergency, upon an Event of Default or to post notices of non-responsibility under any mechanic's or materialman's lien law. No such entry shall unreasonably interfere with residents, patients, patient care or the operations of such Facility.

**18.2     Conveyance by Landlord.** If Landlord or any successor owner of any Facility shall convey such Facility other than as security for a debt, Landlord or such successor owner, as the case may be, shall thereupon be released from all future liabilities and obligations of the Landlord under this Lease arising or accruing from and after the date of such conveyance or other transfer and, subject to Section 16.2, all such future liabilities and obligations shall thereupon be binding upon the new owner.

**18.3     Granting of Easements, etc.** Landlord may, from time to time, with respect to each Facility: (a) grant easements, covenants and restrictions, and other rights in the nature of easements, covenants and restrictions, (b) release existing easements, covenants and restrictions, or other rights in the nature of easements, covenants or restrictions, that are for the benefit of such Facility, (c) dedicate or transfer unimproved portions of such Facility for road, highway or other public purposes, (d) execute petitions to have such Facility annexed to any municipal corporation or utility district, (e) execute amendments to any easements, covenants and restrictions affecting such Facility and (f) execute and deliver to any Person any instrument appropriate to confirm or effect such grants, releases, dedications and transfers (to the extent of its interests in such Facility) without the necessity of obtaining Tenant's consent provided that such easement or other instrument or action contemplated by this Section 18.3 does not unreasonably interfere with Tenant's operations at such Facility. Notwithstanding anything in this Lease to the contrary, Landlord hereby reserves the right to enter into any sublease, license agreement, easement or other agreement pursuant to which a third party is given the right to access, maintain, or operate an antenna, cell tower, satellite dish, or other communication or telecommunication equipment on the Premises. Any license fees, rent, or other consideration received on account of any such agreement shall be payable to Landlord.

## **ARTICLE XIX ENVIRONMENTAL MATTERS**

**19.1     Hazardous Materials.** Tenant shall not allow any Hazardous Materials to be located in, on, under or about any Facility or incorporated in any Facility; provided, however, that Hazardous Materials may be brought, kept, used or disposed of in, on or about a Facility in quantities and for purposes similar to those brought, kept, used or disposed of in, on or about similar facilities used for purposes similar to such Facility's Primary Intended Use and which are brought, kept, used and disposed of in strict compliance with all Hazardous Materials Laws.

**19.2     Notices.** Tenant shall immediately advise Landlord in writing of (a) any Environmental Activities in violation of any Hazardous Materials Laws; (b) any Hazardous Materials Claims against Tenant or any Facility; (c) any remedial action taken by Tenant in response to any Hazardous Materials Claims or any Hazardous Materials on, under or about any Facility in violation of any Hazardous Materials Laws; (d) Tenant's discovery of any occurrence or condition on or in the vicinity of any Facility that materially increase the risk that such Facility will be exposed to Hazardous Materials; and (e) all communications to or from Tenant, any governmental authority or any other Person relating to Hazardous Materials Laws or Hazardous Materials Claims with respect to any Facility, including copies thereof.

**19.3     Remediation.** If Tenant becomes aware of a violation of any Hazardous Materials Laws relating to any Hazardous Materials in, on, under or about any Facility or any adjacent property, or if Tenant, Landlord or any Facility becomes subject to any order of any federal, state or local agency to repair, close, detoxify, decontaminate or otherwise remediate any Facility or any property adjacent thereto, Tenant shall immediately notify Landlord of such

event and, at its sole cost and expense, cure such violation or effect such repair, closure, detoxification, decontamination or other remediation in accordance with all applicable Legal Requirements and subject to Landlord's prior approval as to scope, process, content and standard for completion. If Tenant fails to implement and diligently pursue any such cure, repair, closure, detoxification, decontamination or other remediation, Landlord shall have the right, but not the obligation, to carry out such action and to recover from Tenant all of Landlord's costs and expenses incurred in connection therewith.

**19.4 Indemnity.** Tenant shall indemnify, defend, protect, save, hold harmless and reimburse Landlord for, from and against any and all Losses (whether or not arising out of third-party claims and regardless of whether liability without fault is imposed, or sought to be imposed, on Landlord) incurred in connection with, arising out of, resulting from or incident to, directly or indirectly, during (but not before or after) the Term, (a) Environmental Activities, including the effects of such Environmental Activities on any Person or property within or outside the boundaries of the Land of any Facility, (b) the presence of any Hazardous Materials in, on, under or about any Facility and (c) the violation of any Hazardous Material Laws. For purposes hereof, Losses include interest, costs of response, removal, remedial action, containment, cleanup, investigation, design, engineering and construction, damages (including actual, consequential and punitive damages) for personal injuries and for injury to, destruction of or loss of property or natural resources, relocation or replacement costs, penalties, fines, charges or expenses, attorney's fees, expert fees, consultation fees and court costs, and all amounts paid in investigating, defending or settling any of the foregoing.

**19.5 Environmental Inspections.** Landlord shall have the right, from time to time, during normal business hours and upon not less than five (5) days written notice to Tenant, except in the case of an emergency in which event no notice shall be required, to conduct an inspection of any Facility to determine Tenant's compliance with this Article XIX. Such inspection may include such testing, sampling and analyses as Landlord deems reasonably necessary and may be performed by experts retained by Landlord. All costs and expenses incurred by Landlord under this 19.5 shall be paid on demand by Tenant; provided, however, absent reasonable grounds to suspect Tenant's breach of its obligations under this Article XIX, Tenant shall not be required to pay for more than one (1) such inspection in any two (2) year period with respect to each Facility. The obligations set forth in this Article XIX shall survive the expiration or earlier termination of this Lease.

**19.6 Extension of Term.** Notwithstanding any other provision of this Lease to the contrary, if any Hazardous Materials are discovered on, under or about any portion of the Premises in violation of any Hazardous Materials Law, at Landlord's option, in its discretion, the Term shall be automatically extended and this Lease shall remain in full force and effect until the earlier to occur of the completion of all remedial action or monitoring, as approved by Landlord, in accordance with all Hazardous Materials Laws, or the date specified in a notice from Landlord to Tenant terminating this Lease (which date may be subsequent to the date upon which the Term was to have expired). During any such extension of the Term pursuant to this Section 19.6, Tenant shall continue to pay all Base Rent, Additional Rent, and such other amounts in effect immediately prior to such extended Term.

## **ARTICLE XX LANDLORD'S SECURITY INTEREST**

**20.1 Grant of Security Interest.** For the purpose of securing the payment and performance obligations of Tenant hereunder, Tenant, as debtor, hereby grants to Landlord, as secured party, a security interest in and an express contractual lien upon, all of Tenant's right, title and interest in all assets of Tenant, including, without limitation, the Property Collateral, Accounts Collateral and Authorization Collateral (collectively, the "**Lease Collateral**"). This Lease constitutes a security agreement covering all such Lease Collateral. This security interest and agreement shall survive the termination of this Lease resulting from an Event of Default. Tenant shall pay all filing and reasonable record search fees and other costs for such additional security agreements, financing statements, fixture filings and other documents as Landlord may reasonably require to perfect or continue the perfection of its security interest. Additionally, Tenant shall promptly execute such other separate security agreements with respect to the Lease Collateral as Landlord may request from time to time to further evidence the security interest in the Lease Collateral created by this Lease. Tenant shall keep all Lease Collateral free and clear of all Liens other than Liens in favor of Landlord or as otherwise expressly permitted pursuant to Section 20.2 or Liens in favor of a vendor with respect to leased Tenant Personal Property or equipment used exclusively at one or more of the Facilities so long as aggregate annual payments under such leases do not exceed \$25,000. With respect to any of the Lease Collateral

now owned or acquired by Tenant during the Term, this security interest and agreement shall survive the termination of this Lease. Additionally, Tenant shall promptly execute such other separate security agreements with respect to the Lease Collateral as Landlord may request from time to time to further evidence the security interest in the Lease Collateral created by this Lease.

**20.2 Accounts Receivable Financing.** With Landlord's prior written consent, which consent shall not be unreasonably withheld, the security interests and liens granted to Landlord in the Accounts Collateral may be subordinated to any first priority security interest granted in connection with accounts receivable financing secured by Tenant so long as: (a) Tenant's financiers execute an intercreditor agreement with Landlord (and Agency Lender or Facility Mortgagee, if applicable) (an "**Intercreditor**") in form and substance reasonably acceptable to Landlord (and Agency Lender or Facility Mortgagee, if applicable), including, if a HUD-insured loan secured by any of the Premises is in place, any HUD-mandated Rider thereto (the "**Rider to Intercreditor**"), if applicable (the Intercreditor and the Rider to Intercreditor are referred to hereinafter, collectively, as the "**Intercreditor Documents**"), and (b) no Event of Default exists hereunder. The Intercreditor Documents and the accounts receivable financing lender loan documents shall be subject to the prior review and approval of Landlord and Facility Mortgagee, which review and approval shall not unreasonably withheld, conditioned, or delayed. Landlord and Facility Mortgagee shall not be required to execute and deliver the Intercreditor, and subordinate its lien in the accounts receivable and deposit accounts unless and until: (y) a copy of all relevant documents comprising the proposed accounts receivable financing (the "**AR Loan Documents**") have been delivered to Landlord and Facility Mortgagee, and (z) Landlord and Facility Mortgagee have reasonably reviewed and approved of the terms and conditions of the AR Loan Documents, which review and approval shall not be unreasonably withheld, conditioned, or delayed. Tenant shall pay Landlord's outside counsel's legal fees incurred in connection with Landlord's and Facility Mortgagee's review and approval of the Intercreditor and AR Loan Documents. Notwithstanding anything to the contrary in the foregoing, any accounts receivable financing obtained by Tenant must satisfy all HUD requirements for accounts receivable financings. In the event Tenant or a Tenant Sublessee elects to and secures accounts receivable financing as contemplated herein, Tenant shall provide, or cause its Tenant Sublessee to provide, to Facility Mortgagee, upon request, a legal opinion of counsel for Tenant or Tenant Sublessee regarding the enforceability of the Intercreditor Documents and related AR Loan Documents executed by Tenant or Tenant Sublessee, the due formation of Tenant and Tenant Sublessee, and the due authorization and delivery by Tenant or Tenant Sublessee of such documents in such form as may be reasonably requested by the Facility Mortgagee.

**20.3 Certain Changes.** In no way waiving or modifying the provisions of Article XVII above, Tenant shall give Landlord at least thirty (30) days' prior written notice of any change in Tenant's principal place of business, name, identity, jurisdiction of organization or corporate structure.

## **ARTICLE XXI QUIET ENJOYMENT**

So long as Tenant shall pay the Rent as the same becomes due and shall fully comply with all of the terms of this Lease and fully perform its obligations hereunder, Tenant shall peaceably and quietly have, hold and enjoy each Facility for the Term, free of any claim or other action by Landlord or anyone claiming by, through or under Landlord, but subject to all liens and encumbrances of record as of the Commencement Date or thereafter provided for in this Lease or consented to by Tenant.

## **ARTICLE XXII REIT RESTRICTIONS**

**22.1 Characterization of Rents.** The parties hereto intend that Rent and other amounts paid by Tenant hereunder will qualify as "rents from real property" within the meaning of Section 856(d) of the Code, or any similar or successor provision thereto and this Lease shall be interpreted consistent with this intent

**22.2 General REIT Provisions.** Tenant understands that, in order for Landlord, or any Affiliate of Landlord that is a real estate investment trust, to qualify as a real estate investment trust, certain requirements must be satisfied, including the provisions of Section 856 of the Code. Accordingly, Tenant agrees, and agrees to cause its Affiliates, permitted subtenants, if any, and any other parties subject to its control by ownership or contract, to reasonably cooperate with Landlord to ensure that such requirements are satisfied, including providing Landlord or

any of its Affiliates with information about the ownership of Tenant and its Affiliates. Tenant agrees, and agrees to cause its Affiliates, upon request by Landlord or any of its Affiliates, to take all action reasonably necessary to ensure compliance with such requirements.

**22.3 Prohibited Transactions.** Notwithstanding anything to the contrary herein, Tenant shall not (a) sublet, assign or enter into a management arrangement for any Facility on any basis such that the rental or other amounts to be paid by the subtenant, assignee or manager thereunder would be based, in whole or in part, on either (x) the income or profits derived by the business activities of the subtenant, assignee or manager or (y) any other formula such that any portion of any amount received by Landlord would fail to qualify as “rents from real property” within the meaning of Section 856(d) of the Code, or any similar or successor provision thereto; (b) furnish or render any services to the subtenant, assignee or manager or manage or operate any Facility so subleased, assigned or managed; (c) sublet, assign or enter into a management arrangement for any Facility to any Person (other than a taxable REIT subsidiary of Landlord) in which Tenant or Landlord owns an interest, directly or indirectly (by applying constructive ownership rules set forth in Section 856(d)(5) of the Code); or (d) sublet, assign or enter into a management arrangement for any Facility in any other manner which could cause any portion of the amounts received by Landlord pursuant to this Lease or any sublease to fail to qualify as “rents from real property” within the meaning of Section 856(d) of the Code, or any similar or successor provision thereto, or which could cause any other income of Landlord to fail to qualify as income described in Section 856(c)(2) of the Code. The requirements of this Section 22.3 shall likewise apply to any further subleasing by any subtenant.

**22.4 Personal Property REIT Requirements.** Notwithstanding anything to the contrary herein, upon request of Landlord, Tenant shall cooperate with Landlord in good faith and provide such documentation and/or information as may be in Tenant’s possession or under Tenant’s control and otherwise readily available to Tenant regarding the valuation of the Premises to assist Landlord in its determination that Rent allocable for purposes of Section 856 of the Code to the Landlord Personal Property at the beginning and end of a calendar year does not exceed 15% of the total Rent due hereunder (the “**Personal Property REIT Requirement**”). Tenant shall take such reasonable action as may be requested by Landlord from time to time to ensure compliance with the Personal Property REIT Requirement as long as such compliance does not (a) increase Tenant’s monetary obligations under this Lease, (b) materially and adversely increase Tenant’s non-monetary obligations under this Lease or (c) materially diminish Tenant’s rights under this Lease. Accordingly, if requested by Landlord and at Landlord’s expense, Tenant shall cooperate with Landlord as may be necessary from time to time to more specifically identify and/or value the Landlord Personal Property in connection with the compliance with the Personal Property REIT Requirement.

## **ARTICLE XXIII NOTICES**

All notices and demands, certificates, requests, consents, approvals and other similar instruments under this Lease shall be in writing and sent by personal delivery, U. S. certified or registered mail (return receipt requested, postage prepaid) or FedEx or similar generally recognized overnight carrier regularly providing proof of delivery, addressed as follows:

If to Tenant:

c/o Kalesta Healthcare Group, LLC  
600 Pennsylvania Avenue, Unit 31  
Los Gatos, CA 95030  
Attn: Scott Clawson

If to Landlord:

c/o Eagle Arc Partners  
17 State Street, Suite 2525  
New York, NY 10004  
Attention: Samuel Rieder  
and Elliott Mandelbaum

With a copy to:

Baker Donelson Bearman Caldwell & Berkowitz, PC  
1900 Republic Centre  
633 Chestnut Street  
Chattanooga, TN 37450  
Attention Amy Mahone, Esq.

With copies to:

Ice Miller LLP  
600 Superior Avenue East, 13<sup>th</sup> Floor  
Cleveland, OH 44114  
Attn: Daniel Gottesman, Esq.

A party may designate a different address by notice as provided above. Any notice or other instrument so delivered (whether accepted or refused) shall be deemed to have been given and received on the date of delivery established by U.S. Post Office return receipt or the carrier's proof of delivery or, if not so delivered, upon its receipt. Delivery to any officer, general partner or principal of a party shall be deemed delivery to such party. Notice to any one co-Tenant shall be deemed notice to all co-Tenants.

#### ARTICLE XXIV MISCELLANEOUS

**24.1 Memorandum of Lease.** This Lease shall not be recorded, but either party may record a memorandum of lease in which shall be described the parties to this Lease and the Premises. The party requesting that the memorandum of lease be recorded shall prepare and pay all costs of recording the memorandum of lease, and the other party agrees to execute at any and all times such instruments as may be reasonably required for such recording. Upon the expiration or earlier termination of this Lease, Landlord may release the memorandum of lease recorded against the Premises. For this purpose, Tenant constitutes and appoints Landlord its true and lawful attorney-in-fact with full power of substitution to execute a release of such memoranda in the name of Tenant. Such power of attorney shall be deemed to be a power coupled with an interest and cannot be revoked. To the extent any transfer tax, conveyance tax, excise tax, or similar tax is imposed by any Governmental Authority as a result of this Lease, Tenant shall pay same to the applicable Governmental Authority.

**24.2 No Merger.** There shall be no merger of this Lease or of the leasehold estate created hereby by reason of the fact that the same Person may acquire, own or hold, directly or indirectly, (a) this Lease or the leasehold estate created hereby or any interest in this Lease or such leasehold estate and (b) the fee estate in the Premises.

**24.3 No Waiver.** No failure by Landlord to insist upon the strict performance of any term hereof or to exercise any right, power or remedy hereunder and no acceptance of full or partial payment of Rent during the continuance of any Event of Default shall constitute a waiver of any such breach or of any such term. No waiver of any breach shall affect or alter this Lease, which shall continue in full force and effect with respect to any other then existing or subsequent breach.

**24.4 Acceptance of Surrender.** No surrender to Landlord of this Lease or any Facility, or of any interest therein, shall be valid or effective unless agreed to and accepted in writing by Landlord, and no act by Landlord or any representative or agent of Landlord, other than such a written acceptance by Landlord, shall constitute an acceptance of any such surrender.

**24.5 Attorneys' Fees.** If Landlord or Tenant brings an action or other proceeding against the other to enforce any of the terms, covenants or conditions hereof or any instrument executed pursuant to this Lease, or by reason of any breach or default hereunder or thereunder, the party prevailing in any such action or proceeding and any appeal thereupon shall be paid all of its costs and reasonable outside attorneys' fees incurred therein.

**24.6 Brokers.** Landlord and Tenant each warrants to the other that it has not had any contact or dealings with any Person which would give rise to the payment of any fee or brokerage commission in connection with this Lease, and each shall indemnify, protect, hold harmless and defend the other from and against any liability for any fee or brokerage commission arising out of any act or omission of such indemnifying party.



**24.7 Severability.** If any term or provision of this Lease or any application thereof shall be held invalid or unenforceable, the remainder of this Lease and any other application of such term or provision shall not be affected thereby.

**24.8 Non-Recourse.** Tenant specifically agrees to look solely to the Premises for recovery of any judgment from Landlord; provided, however, the foregoing is not intended to, and shall not, limit any right that Tenant might otherwise have to obtain injunctive relief against Landlord, or any action not involving the personal liability of Landlord. Furthermore, in no event shall Landlord be liable to Tenant for any indirect or consequential damages suffered by Tenant from whatever cause.

**24.9 Successors and Assigns.** This Lease shall be binding upon Landlord and its successors and assigns and, subject to the provisions of Article XVII, upon Tenant and its successors and assigns.

**24.10 Governing Law; Jury Waiver.** This Lease shall be governed by and construed and enforced in accordance with the internal laws of Maryland, without regard to the conflict of laws rules thereof; provided that the law of the applicable Situs State shall govern procedures for enforcing, in the respective Situs State, provisional and other remedies directly related to such Facility and related personal property as may be required pursuant to the law of such Situs State, including without limitation the appointment of a receiver; and, further provided that the law of the Situs State also applies to the extent, but only to the extent, necessary to create, perfect and foreclose the security interests and liens created under this Lease. **EACH PARTY HEREBY WAIVES ANY RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER PARTY AGAINST THE OTHER IN CONNECTION WITH ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, INCLUDING RELATIONSHIP OF THE PARTIES, TENANT'S USE AND OCCUPANCY OF THE PREMISES, OR ANY CLAIM OF INJURY OR DAMAGE RELATING TO THE FOREGOING OR THE ENFORCEMENT OF ANY REMEDY.**

**24.11 Entire Agreement.** This Lease constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be changed or modified except by an agreement in writing signed by the parties. Landlord and Tenant hereby agree that all prior or contemporaneous oral understandings, agreements or negotiations relative to the leasing of the Premises are merged into and revoked by this Lease. All exhibits and schedules to this Lease are hereby incorporated herein by this reference.

**24.12 Headings.** All titles and headings to sections, articles or other subdivisions of this Lease are for convenience of reference only and shall not in any way affect the meaning or construction of any provision.

**24.13 Counterparts.** This Lease may be executed in any number of counterparts, each of which shall be a valid and binding original, but all of which together shall constitute one and the same instrument. Executed copies hereof may be delivered by telecopier, email or other electronic means and upon receipt will be deemed originals and binding upon the parties hereto, regardless of whether originals are delivered thereafter.

**24.14 Joint and Several.** If more than one Person is the Tenant under this Lease, the liability of such Persons under this Lease shall be joint and several.

**24.15 Interpretation; Relationship.**

**24.15.1** Both Landlord and Tenant have been represented by counsel and this Lease and every provision hereof has been freely and fairly negotiated. Consequently, all provisions of this Lease shall be interpreted according to their fair meaning and shall not be strictly construed against any party. Whenever the words "including", "include" or "includes" are used in this Lease, they shall be interpreted in a non-exclusive manner as though the words "without limitation" immediately followed. Whenever the words "herein," "hereof" and "hereunder" and other words of similar import are used in this Lease, they shall be interpreted to refer to this Lease as a whole and not to any particular article, section or other subdivision. Whenever the words "day" or "days" are used in this Lease, they shall mean "calendar day" or "calendar days" unless expressly provided to the contrary. All references in this Lease to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Lease.

**24.15.2** The relationship between Landlord and Tenant shall be that of landlord-tenant only. No term in this Lease and no course of dealing between the parties shall be deemed to create any relationship of agency, partnership, joint venture, tenancy in common or joint tenancy or any fiduciary duty by Landlord to Tenant or any other party.

**24.16 Time of Essence.** Time is of the essence of this Lease and each provision hereof in which time of performance is established and whenever action must be taken (including the giving of notice or the delivery of documents) hereunder during a certain period of time or by a particular date that ends or occurs on a day that is not a Business Day, then such period or date shall be extended until the immediately following Business Day.

**24.17 Further Assurances.** The parties agree to promptly sign all documents reasonably requested by the other party to give effect to the provisions of this Lease.

**24.18 Immediate Repairs.** Tenant shall cause the repairs and/or maintenance items identified on Exhibit G attached hereto to be completed within the time periods set forth herein.

**24.19 Deletion of Facility.**

**24.19.1** If this Lease is terminated as to one or more Facilities (but not all of the Facilities) including without limitation as a result of a Condemnation, the provisions of this Section 24.18 shall be applicable. Without necessity of any further action of the parties, this Lease shall terminate as to the Facility or Facilities (the “**Deleted Facility**”) being removed from this Lease and the Deleted Facility or Facilities shall be separated and removed from this Lease at such time (such date, the “**Property Removal Date**”) as Landlord specifies in the notice delivered to Tenant.

**24.19.2** As of the applicable Property Removal Date, this Lease shall be amended automatically (and without any further action by the parties) to (A) remove the Deleted Facility or Facilities from this Lease, (B) exclude the Deleted Facility or Facilities from the definition of the Premises, (C) provide that current Rent shall be equitably abated as of the Property Removal Date based on the allocable share of Landlord’s initial investment in the Premises to the Deleted Facility, (D) revise Exhibit H attached hereto to remove the Deleted Property(ies), and (E) reflect such other changes as are reasonably required to reflect the foregoing and the removal of the Deleted Facilities from this Lease.

**24.19.3** Promptly (and in any event within 10 days after delivery of Landlord’s request therefor), Tenant shall execute and deliver to Landlord such instruments as Landlord may from time to time request (including without limitation a completely amended and restated master lease) reflecting the elimination of any Deleted Facility or Facilities from this Lease on the terms described above and such other amendments that Landlord determines are reasonably necessary to effect the deletion of the Deleted Facility or Facilities from this Lease.

**24.20 Excess Beds.**

**24.20.1** For the avoidance of doubt, Tenant hereby acknowledges and agrees that all of the bed rights (whether related to a bed that is in service or not at any given time) associated with the operating licenses and other Authorizations for each Facility are owned by, and are the property of, Landlord and are appurtenant to the applicable Facility where located, notwithstanding that the rights to operate such beds may be held in Tenant’s name under Tenant’s Authorizations to operate a Facility. Throughout the Term (including any Extension Term), Tenant shall maintain and preserve all of the bed rights associated with the Authorizations for each Facility, including without limitation (i) bed rights that are “banked,” suspended or on similar status, and (ii) rights to currently or historically unused, non-operational or excess beds (collectively herein, and together with the bed rights associated with any such beds, “**Excess Beds**”). Tenant shall not commit any act or omission that would reasonably be expected to result in the sale, transfer, suspension, revocation, decertification or other material limitation of all or any portion of the bed rights associated with the operating licenses and other Authorizations for each Facility.

**24.20.2** Landlord may, at any time and from time to time, upon written notice to Tenant (an “**Excess Bed Notice**”) require Tenant (at no material expense to Tenant, and without compensation to Tenant) to cooperate in

reactivating and transferring some or all of the Excess Beds at any Facility to any Person designated by Landlord, including without limitation the execution and delivery of an amendment to this Lease withdrawing the Excess Beds herefrom (and terminating this Lease with respect to such Excess Beds). In the event that Tenant wishes to redeploy the Excess Beds that are the subject of an Excess Bed Notice itself and place them back into productive service for its own account at a Facility, it shall provide Landlord, within ten (10) days of receipt of Landlord's Excess Bed Notice, with (a) written notice of its request to redeploy such Excess Beds scheduled to be transferred, together with (b) a reasonably detailed description of its proposed plans and timeline for doing so and including, without limitation, detailed financial projections showing the financial impact redeployment of such Excess Beds will have on the applicable Facilities. Tenant's redeployment request and the plans, timeline, and projections submitted in connection therewith shall be subject to Landlord's approval, which shall not be unreasonably withheld. If approved, Tenant shall thereafter have ninety (90) days from receipt of Landlord's approval to initiate and make reasonable progress toward the accomplishment of such plans and timeline. If (x) Tenant fails to timely give notice of its intent to redeploy the Excess Beds, (y) Tenant does not, in the reasonable judgment of Landlord, make adequate progress on its redeployment plan and timeline by the ninetieth (90<sup>th</sup>) day following Landlord's approval, or (z) Landlord reasonably denies its approval of Tenant's plan and timeline, then Landlord shall have the right to proceed with the transfer described in the Excess Bed Notice and Tenant shall cooperate therewith as outlined herein. From and after the completion of any such transfer, Tenant shall be relieved of all obligations to maintain and preserve the bed rights in the transferred Excess Beds.

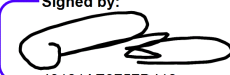
**24.20.3** Without limiting Landlord's express rights hereunder, during the Term Tenant may submit a written request to Landlord requesting Landlord's approval, which shall not be unreasonably withheld, to Tenant redeploying Excess Beds and placing them back into productive service at one or more Facilities. Said written notice shall include a detailed description of Tenant's proposed plans and timeline for redeploying said Excess Beds and shall also include detailed financial projections showing the financial impact of such redeployment. In the event Landlord approves of any such redeployment, all costs in connection therewith shall be borne exclusively by Tenant.

*[Signature page follows]*

**IN WITNESS WHEREOF**, this Lease has been executed by Landlord and Tenant as of the date first written above.

**TENANT:**

KAPALUA BEACH, LLC  
KAANAPALI BEACH, LLC,  
each a Washington limited liability company

Signed by:  
  
By: 49131AE9757D413...  
Name: Ryan Williams  
Title: Manager

*[Signatures continue on next page]*

**LANDLORD:**

2424 156TH AVE NORTHEAST WA  
LLC, and 516 23RD AVE SE WA LLC  
each a Delaware limited liability company

By:   
Name: Elliott Mandelbaum  
Title: Authorized Signer

By:   
Name: Samuel Rieder  
Title: Authorized Signer

## JOINDER


Scott Clawson, Kayla Clawson, Ryan Williams, Trista Williams, and Kalesta Healthcare Group, LLC, a California limited liability company, collectively as Guarantor, hereby joins in this Lease for the limited purpose of assuming and agreeing to be directly bound by the obligations of Guarantor (or, as applicable) the representations, warranties and agreements of Guarantor contained in Sections 1.1, 2.5, 6.4, 6.5, 6.7, 10.3, 17.3, and 19.4.

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Scott Clawson, an individual

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Kayla Clawson, an individual

Signed by:  
  
49131AE9757D413...


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Ryan Williams, an individual

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Trista Williams, an individual

**KALESTA HEALTHCARE GROUP, LLC,**  
a California limited liability company

Signed by:  
  
49131AE9757D413...

By: \_\_\_\_\_  
Name: Ryan Williams  
Title: Manager

## JOINDER

Scott Clawson, Kayla Clawson, Ryan Williams, Trista Williams, and Kalesta Healthcare Group, LLC, a California limited liability company, collectively as Guarantor, hereby joins in this Lease for the limited purpose of assuming and agreeing to be directly bound by the obligations of Guarantor (or, as applicable) the representations, warranties and agreements of Guarantor contained in Sections 1.1, 2.5, 6.4, 6.5, 6.7, 10.3, 17.3, and 19.4.

Signed by:  


\_\_\_\_\_  
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Scott Clawson, an individual

\_\_\_\_\_  
Kayla Clawson, an individual

\_\_\_\_\_  
Ryan Williams, an individual

\_\_\_\_\_  
Trista Williams, an individual

**KALESTA HEALTHCARE GROUP, LLC,**  
a California limited liability company

By: \_\_\_\_\_  
Name: Ryan Williams  
Title: Manager

## JOINDER

Scott Clawson, Kayla Clawson, Ryan Williams, Trista Williams, and Kalesta Healthcare Group, LLC, a California limited liability company, collectively as Guarantor, hereby joins in this Lease for the limited purpose of assuming and agreeing to be directly bound by the obligations of Guarantor (or, as applicable) the representations, warranties and agreements of Guarantor contained in Sections 1.1, 2.5, 6.4, 6.5, 6.7, 10.3, 17.3, and 19.4.

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Scott Clawson, an individual

Signed by:

*Kayla Clawson*

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Kayla Clawson, an individual

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Ryan Williams, an individual

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Trista Williams, an individual

**KALESTA HEALTHCARE GROUP, LLC,**  
a California limited liability company

By: \_\_\_\_\_  
Name: Ryan Williams  
Title: Manager



## JOINDER

Scott Clawson, Kayla Clawson, Ryan Williams, Trista Williams, and Kalesta Healthcare Group, LLC, a California limited liability company, collectively as Guarantor, hereby joins in this Lease for the limited purpose of assuming and agreeing to be directly bound by the obligations of Guarantor (or, as applicable) the representations, warranties and agreements of Guarantor contained in Sections 1.1, 2.5, 6.4, 6.5, 6.7, 10.3, 17.3, and 19.4.

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Scott Clawson, an individual

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Kayla Clawson, an individual

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Ryan Williams, an individual

Signed by:

*Trista Williams*

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Trista Williams, an individual

**KALESTA HEALTHCARE GROUP, LLC,**  
a California limited liability company

By: \_\_\_\_\_  
Name: Ryan Williams  
Title: Manager

## EXHIBIT A

### DEFINED TERMS

For all purposes of this Lease, except as otherwise expressly provided in the Lease or unless the context otherwise requires, the following terms have the meanings assigned to them in this exhibit and include the plural as well as the singular:

**“Access Laws”** has the meaning set forth in Section 6.14.

**“Accounting Practices”** shall mean such sound, customary, prudent and professional accounting practices and standards as may be employed by Tenant and its accountants, which, in the absence of written consent by Landlord, shall be consistent with the historical accounting practices and standards utilized by Tenant and its accountants in preparation of the financial statements and other information provided to Landlord at or prior to the Commencement Date.

**“Accounts Collateral”** means, collectively, all of the following: (i) all of the accounts, accounts receivable, payment intangibles, health-care-insurance receivables and any other right to the payment of money in whatever form, of any of the Tenant Sublessees, or any other indebtedness of any Person owing to any of the Tenant Sublessees (whether constituting an account, chattel paper, document, instrument or general intangible), whether presently owned or hereafter acquired, arising from the provision of merchandise, goods or services by any Tenant Sublessee, or from the operations of any Tenant Sublessee at each Facility, including, without limitation, the right to payment of any interest or finance charges and other obligations with respect thereto; (ii) all of the rights, titles and interests of any of the Tenant Sublessees in, to and under all supporting obligations and all other liens and property subject thereto from time to time securing or purporting to secure any such accounts, accounts receivable, payment intangibles, health-care insurance receivables or other indebtedness owing to any of the Tenant Sublessees; (iii) all of the rights, titles and interests of any of the Tenant Sublessees in, to and under all guarantees, indemnities and warranties, letter-of-credit rights, supporting obligations, insurance policies, financing statements and other agreements or arrangements of whatever character from time to time supporting or securing payment of any such accounts, accounts receivable, payment intangibles, health-care insurance receivables or other indebtedness owing to any of the Tenant Sublessees; (iv) all of the now owned or hereafter acquired deposits of any of the Tenant Sublessees representing proceeds from accounts and any deposit account into which the same may be deposited, all other cash collections and other proceeds of the foregoing accounts, accounts receivable, payment intangibles, health-care insurance receivables or other indebtedness (including, without limitation, late charges, fees and interest arising thereon, and all recoveries with respect thereto that have been written off as uncollectible), and all deposit accounts into which the same are deposited; (v) all proceeds (whether constituting accounts, chattel paper, documents, instruments or general intangibles) with respect to the foregoing; and (vi) all books and records with respect to any of the foregoing.

**“Actual Capital Expenditures Amount”** has the meaning set forth in Section 7.6.1

**“Acquisition RE Imposition Credit”** has the meaning set forth in Section 4.5.1.

**“Additional Bellevue Beds”** as the meaning set forth in Section 24.21.

**“Additional Deposit”** has the meaning set forth in Section 6.12.1.

**“Additional Rent”** has the meaning set forth in Section 2.2.

**“Affiliate”** means with respect to any Person, any other Person which Controls, is Controlled by or is under common Control with the first Person.

**“Agency Lender”** means any of: (i) the U.S. Department of Housing and Urban Development (“HUD”), (ii) the Federal National Mortgage Association (Fannie Mae), or (iii) the Federal Home Loan Mortgage Corporation (Freddie Mac), or any designees, agents, originators, or servicers of any of the foregoing.

**“Agreed Rate”** means, on any date, a rate equal to five percent (5%) per annum above the Prime Rate, but in no event greater than the maximum rate then permitted under applicable law. Interest at the aforesaid rates shall be determined for actual days elapsed based upon a 360 day year.

**“Alterations”** means, with respect to each Facility, any alteration, improvement, exchange, replacement, modification or expansion of the Leased Improvements or Fixtures at such Facility.

**“Approved Capital Improvement Project”** has the meaning set forth in Section 7.7.

**“AR Loan Documents”** has the meaning set forth in Section 20.2.

**“Authorization”** means, with respect to each Facility, any and all licenses, permits, certifications, accreditations, Provider Agreements, CONs, certificates of exemption, approvals, waivers, variances and other governmental or “quasi-governmental” authorizations necessary or advisable for the use of such Facility for its Primary Intended Use and receipt of reimbursement or other payments under any Third Party Payor Program in which such Facility participates.

**“Authorization Collateral”** means any Authorizations issued or licensed to, or leased or held by, Tenant.

**“Bankruptcy Action”** means, with respect to any Person, (i) such Person filing a voluntary petition under the Bankruptcy Code or any other federal or state bankruptcy or insolvency law; (ii) the filing of an involuntary petition against such Person under the Bankruptcy Code or any other federal or state bankruptcy or insolvency law which is not dismissed within sixty (60) days of the filing thereof, or soliciting or causing to be solicited petitioning creditors for any involuntary petition against such Person; (iii) such Person filing an answer consenting to or otherwise acquiescing in or joining in any involuntary petition filed against it, by any other Person under the Bankruptcy Code or any other federal or state bankruptcy or insolvency law, or soliciting or causing to be solicited petitioning creditors for any involuntary petition from any Person; (iv) such Person seeking, consenting to or acquiescing in or joining in an application for the appointment of a custodian, receiver, trustee, or examiner for such Person or any portion of the Facility; (v) such Person making an assignment for the benefit of creditors; or (vi) such Person taking any action in furtherance of any of the foregoing.

**“Bankruptcy Code”** means 11 U.S.C. § 101 *et seq.*, as the same may be amended from time to time.

**“Base Rent”** has the meaning set forth in Section 2.1.

**“Bed Taxes”** has the meaning set forth in the definition of “Impositions”.

**“Business Day”** means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which national banks in the City of New York, New York, are authorized, or obligated, by law or executive order, to close.

**“Capital Alterations”** means any Alteration for which the budgeted cost exceeds Twenty-five Thousand Dollars (\$25,000).

**“Capital Expenditures”** mean, with respect to each Facility, repairs, replacements and improvements to such Facility (other than the Landlord Personal Property) that (i) constitute capital expenditures in accordance with GAAP and (ii) have been completed in a good, workmanlike and lien free fashion and in compliance with all Legal Requirements and the terms of Sections 7.4 and 7.5 applicable to any Alterations. Capital Expenditures shall not include (a) expenses related to routine repairs and maintenance, (b) purchases of office equipment, or (c) any other expenditures reasonably determined by Landlord to be inappropriately characterized as a “capital expenditure”.

**“Capital Expenditures Deposit”** has the meaning set forth in Section 7.6.1.

**“Capital Expenditures Report”** has the meaning set forth in Section 7.6.1.

**“Cash Flow”** shall mean the aggregate net income of Tenant attributable to the operation of the Facilities as reflected on the income statement of Tenant, plus (i) the provision for depreciation and amortization in such income statement, plus (ii) the provision for management fees in such income statement, plus (iii) the provision for income taxes in such income statement, plus (iv) the provision for Base Rent payments and interest and lease payments, if any, relating to the Facilities in such income statement, plus (v) the provision for any other non-operating items in such income statement, and minus (vi) an imputed management fee equal to five percent (5%) of gross revenues of the Facilities (net of contractual allowances).

**“CC&Rs”** has the meaning set forth in Section 4.2.

**“Change in Control”** means, as applied to any Person, a change in the Person that ultimately exerts effective Control over the first Person.

**“Closure Notice”** means a written notice delivered by Landlord to Tenant pursuant to which Landlord notifies Tenant that Tenant may commence a Facility Termination as to a particular Facility or Facilities.

**“CMS”** means the United States Department of Health, Centers for Medicare and Medicaid Services or any successor agency thereto.

**“Code”** means the Internal Revenue Code of 1986 and, to the extent applicable, the Treasury Regulations promulgated thereunder, each as amended from time to time.

**“Commencement Date”** means the date on which Landlord acquires the Premises as is further described in Section 1.1.1 of this Lease.

**“Competing Facility”** means a skilled nursing facility, assisted living facility, memory care facility, independent living facility or other health care facility providing services similar to those of the Primary Intended Use of any Facility, licensed or unlicensed, existing or to be constructed that (i) competes in any direct or indirect way with, or is comparable in any way to, any Facility and (ii) is located within a 5-mile radius of any Facility.

**“Complete Taking”** means the Condemnation of all or substantially all of a Facility or a Condemnation that results in a Facility no longer being capable of being operated for its Primary Intended Use.

**“CON”** means, with respect to each Facility, a certificate of need or similar permit or approval (not including conventional building permits) from a Governmental Authority related to (i) the construction and/or operation of such Facility for the use of a specified number of beds in a nursing facility, assisted living facility, senior independent living facility and/or rehabilitation hospital, or (ii) the alteration of such Facility or (iii) the modification of the services provided at such Facility used as a nursing facility, assisted living facility, senior independent living facility and/or rehabilitation hospital.

**“Condemnation”** means the exercise of any governmental power, whether by legal proceedings or otherwise, by a Condemnor or a voluntary sale or transfer by Landlord to any Condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.

**“Condemnor”** means any public or quasi-public authority, or private corporation or individual, having the power of condemnation.

**“Contingent Obligation”** means any direct or indirect liability of Tenant: (i) with respect to any Debt of another Person; (ii) with respect to any undrawn portion of any letter of credit issued for the account of Tenant as to which Tenant is otherwise liable for the reimbursement of any drawing; (iii) to make take-or-pay or similar payments if required regardless of nonperformance by any other party or parties to an agreement; or (iv) for any obligations of another Person pursuant to any guaranty or pursuant to any agreement to purchase, repurchase or otherwise acquire any obligation or any property constituting security therefor, to provide funds for the payment or discharge of such obligation or to preserve the solvency, financial condition or level of income of another Person. The amount of any

Contingent Obligation shall be equal to the amount of the obligation so guaranteed or otherwise supported or, if not a fixed and determinable amount, the maximum amount so guaranteed or otherwise supported.

“**Control**”, together with the correlative terms “**Controlled**” and “**Controls**,” means, as applied to any Person, the possession, directly or indirectly, of the power to direct the management and policies of that Person, whether through ownership, voting control, by contract or otherwise.

“**Construction Consultant**” has the meaning set forth in Section 7.5.5.

“**CPI**” means the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index for All Urban Consumers, United States Average, Subgroup “All Items” (1982 - 1984 = 100). If the foregoing index is discontinued or revised during the Term, the governmental index or computation with which it is replaced shall be used to obtain substantially the same result as if such index had not been discontinued or revised.

“**CPI Increase**” means the percentage increase (but not decrease) in (i) the CPI in effect as of the date that is the first day of the calendar month that is sixty (60) days prior to the beginning of each Lease Year (or sixty (60) days prior to the beginning of each calendar year, as applicable), over (ii) the CPI in effect as of the date that is the first day of the calendar month that is sixty (60) days prior to the beginning of the immediately preceding Lease Year (or sixty (60) days prior to the beginning of the immediately preceding calendar year, as applicable).

“**Current Operator**” has the meaning set forth in Section 6.4.5.

“**Debt**” For any Person, without duplication: (i) all indebtedness of such Person for borrowed money, for amounts drawn under a letter of credit or for the deferred purchase price of property for which such Person or its assets is liable; (ii) all unfunded amounts under a loan agreement, letter of credit or other credit facility for which such Person would be liable if such amounts were advanced thereunder; (iii) all amounts required to be paid by such Person as a guaranteed payment to partners or a preferred or special dividend, including any mandatory redemption of shares or interests; (iv) all indebtedness guaranteed by such Person, directly or indirectly; (v) all obligations under leases that constitute capital leases for which such Person is liable; (vi) all obligations of such Person under interest rate swaps, caps, floors, collars and other interest hedge agreements, in each case whether such Person is liable contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations such Person otherwise assures a creditor against loss; (vii) off-balance sheet liabilities of such Person; and (viii) obligations arising under bonus, deferred compensation, incentive compensation or similar arrangements, other than those arising in the Ordinary Course of Business.

“**Deleted Facility**” has the meaning set forth in Section 24.20.1.

“**Distributions**” means any payments or distributions (including salaries, bonuses, fees, principal, interest, dividends, liquidating distributions, management fees, cash flow distributions or lease payments) to any guarantor or any Affiliate of Tenant or any Guarantor, or any shareholder, member, partner or other equity interest holder of Tenant, any Guarantor or any Affiliate of Tenant or any Guarantor.

“**Environmental Activities**” mean, with respect to each Facility, the use, generation, transportation, handling, discharge, production, treatment, storage, release or disposal of any Hazardous Materials at any time to or from such Facility or located on or present on or under such Facility.

“**Event of Default**” has the meaning set forth in Section 13.1.

“**Excess Beds**” has the meaning set forth in Section 24.20.1.

“**Excess Bed Notice**” has the meaning set forth in Section 24.20.2.

“**Excess Capital Expenditures Amount**” has the meaning set forth in Section 7.6.

“**Expiration Date**” means the Initial Expiration Date, as such date may be extended pursuant to Section 1.4.

**“Extension Notice”** has the meaning set forth in Section 1.4.

**“Extension Term”** has the meaning set forth in Section 1.4.

**“Facility”** means each healthcare facility located on the Premises, as identified on Exhibit H attached hereto, including, where the context requires, the Land, Leased Improvements, Intangibles and Landlord Personal Property associated with such healthcare facility.

**“Facility Default”** means an Event of Default that relates directly to one or more of the Facilities (such as, for example only and without limitation, an Event of Default arising from a failure to maintain or repair, or to operate for the Primary Intended Use, or to maintain the required Authorizations for, one or more of the Facilities), as opposed to an Event of Default that, by its nature, does not relate directly to any of the Facilities.

**“Facility Mortgage”** means any mortgage, deed of trust or other security agreement or lien encumbering any Facility and securing an indebtedness of Landlord or any Affiliate of Landlord or any ground, building or similar lease or other title retention agreement to which any Facility are subject from time to time.

**“Facility Mortgage Documents”** means with respect to each Facility Mortgage and Facility Mortgagee, the applicable Facility Mortgage, loan or credit agreement, lease, note, collateral assignment instruments, guarantees, indemnity agreements and other documents or instruments evidencing, securing or otherwise relating to the loan made, credit extended, lease or other financing vehicle pursuant thereto. Facility Mortgage Documents shall also include, without limitation, any documents typically required by any Agency Lender in connection with a Facility Mortgage, including, but not limited to: (i) tenant regulatory agreements, (ii) intercreditor agreements with any receivables lender of Tenant, and (iii) any subordination, assignment, and security agreements.

**“Facility Mortgagee”** means the holder or beneficiary of a Facility Mortgage and any other rights of the lender, credit party or lessor under the applicable Facility Mortgage Documents, including, without limitation, any Agency Lender.

**“Facility Removal Date”** has the meaning set forth in Section 13.2.6.

**“Facility Termination”** has the meaning set forth in Section 14.2.6.

**“Fair Market Rental”** means the fair market rent for the Premises as determined pursuant to Exhibit E.

**“Fair Market Value”** means the fair market value of a Facility as determined pursuant to Exhibit E.

**“FF&E Payment”** has the meaning set forth in Section 24.21.2

**“FHA”** has the meaning set forth in Section 16.3.

**“Fixtures”** means all equipment, machinery, fixtures and other items of real and/or personal property, including all components thereof, now and hereafter located in, on, or used in connection with and permanently affixed to or incorporated into the Leased Improvements, including all furnaces, boilers, heaters, electrical equipment, heating, plumbing, lighting, ventilating, refrigerating, incineration, air and water pollution control, waste disposal, air-cooling and air-conditioning systems, apparatus, sprinkler systems, fire and theft protection equipment and built-in oxygen and vacuum systems, all of which, to the greatest extent permitted by law, are hereby deemed to constitute real estate, together with all replacements, modifications, alterations and additions thereto.

**“GAAP”** means generally accepted accounting principles, consistently applied.

**“Governmental Authority”** means any court, board, agency, commission, bureau, office or authority or any governmental unit (federal, state, county, district, municipal, city or otherwise) and any regulatory, administrative or other subdivision, department or branch of the foregoing, whether now or hereafter in existence, including, without

limitation, CMS, the United States Department of Health and Human Services, any state licensing agency or any accreditation agency or other quasi-governmental authority.

**“Governmental Payor”** means any state or federal health care program providing medical assistance, health care insurance or other coverage of health care items or services for eligible individuals, including but not limited to the Medicare program more fully described in Title XVIII of the Social Security Act (42 U.S.C. §§ 1395 *et seq.*) and the Medicaid program more fully described in Title XIX of the Social Security Act (42 U.S.C. §§ 1396 *et seq.*) and the regulations promulgated thereunder.

**“Guarantor”** has the meaning set forth in the Recitals to this Lease.

**“Guaranty”** has the meaning set forth in the Recitals to this Lease.

**“Hazardous Materials”** mean (i) any petroleum products and/or by-products (including any fraction thereof), flammable substances, explosives, radioactive materials, hazardous or toxic wastes, substances or materials, known carcinogens or any other materials, contaminants or pollutants which pose a hazard to any Facility or to Persons on or about any Facility or cause any Facility to be in violation of any Hazardous Materials Laws; (ii) asbestos in any form which is friable; (iii) urea formaldehyde in foam insulation or any other form; (iv) transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty (50) parts per million or any other more restrictive standard then prevailing; (v) medical wastes and biohazards; (vi) radon gas; and (vii) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or may or could pose a hazard to the health and safety of the occupants of any Facility or the owners and/or occupants of property adjacent to or surrounding any Facility, including, without limitation, any materials or substances that are listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101) as amended from time to time, excluding however any materials or substances used in connection with the daily operations of a skilled nursing, assisted living, or similar facility, so long as such materials and substances are used in compliance with all applicable Hazardous Materials Law.

**“Hazardous Materials Laws”** mean any laws, ordinances, regulations, rules, orders, guidelines or policies relating to the environment, health and safety, Environmental Activities, Hazardous Materials, air and water quality, waste disposal and other environmental matters.

**“Hazardous Materials Claims”** mean any and all enforcement, clean-up, removal or other governmental or regulatory actions or orders threatened, instituted or completed pursuant to any Hazardous Material Laws, together with all claims made or threatened by any third party against any Facility, Landlord or Tenant relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials.

**“Impositions”** means any property (real and personal) and other taxes and assessments levied or assessed with respect to this Lease, any Facility, Tenant’s interest therein or Landlord, with respect to any Facility, including, without limitation, any state or county occupation tax, transaction privilege, franchise taxes, margin taxes, business privilege, rental tax or other excise taxes. “Impositions” shall also include any bed taxes, franchise permit fees, and other taxes and assessments levied or assessed in connection with a Facility’s beds (**“Bed Taxes”**). Notwithstanding the foregoing, Impositions shall not include any local, state or federal income tax based upon the net income of Landlord and any transfer tax or stamps arising from Landlord’s transfer of any interest in any Facility.

**“Improvement Funds”** has the meaning set forth in Section 7.7.

**“Improvement Fund Rate”** means the greater of: (A) a percentage rate equal to the greater of: (i) the quotient obtained by dividing (1) the annual amount of Base Rent payable on the day prior to the date of applicable disbursement from the Improvement Funds, by (2) the aggregate purchase price paid by Landlord (or its affiliate) for the Premises and all other investments made by Landlord for the Premises (including without limitation previous disbursements from Improvement Funds), and (ii) the average lease rate charged by Landlord (or its affiliates) in connection with the most recent five (5) skilled nursing facility acquisitions completed by Landlord (or its affiliates) as of the date of determination; and (B) 8.5%.

**“Initial Expiration Date”** has the meaning set forth in Section 1.4.

**“Initial Term”** has the meaning set forth in Section 1.4.

**“Intercreditor”** has the meaning set forth in Section 20.2.

**“Intercreditor Documents”** has the meaning set forth in Section 20.2.

**“Insurance Arbitrator”** has the meaning set forth in Section 9.7.

**“Insurance Requirements”** mean all terms of any insurance policy required by this Lease and all requirements of the issuer of any such policy, together with all fire underwriters’ regulations promulgated from time to time.

**“Intangibles”** means the interest, if any, of Landlord in and to any of the following intangible property owned by Landlord in connection with the Land and the Leased Improvements: (i) the identity or business of each Facility as a going concern, including, without limitation, any names or trade names by which each Facility may be known, and all registrations for such names, if any; (ii) to the extent assignable or transferable, the interest, if any, of Landlord in and to each and every guaranty and warranty concerning the Leased Improvements or Fixtures, including, without limitation, any roofing, air conditioning, heating, elevator and other guaranty or warranty relating to the construction, maintenance or repair of the Leased Improvements or Fixtures; and (iii) the interest, if any, of Landlord in and to all Authorizations to the extent the same can be assigned or transferred in accordance with applicable law; provided, however, that the foregoing shall not include any CON issued to or held by Landlord which shall only be licensed to Tenant on a temporary basis, which license shall be revocable at any time by Landlord.

**“Land”** means, individually and collectively, the real property described in Exhibit B attached to this Lease.

**“Landlord”** has the meaning set forth in the opening preamble, together with any and all successors and assigns of the Landlord originally named herein.

**“Landlord Personal Property”** means the machinery, equipment, furniture and other personal property described in Exhibit C attached to this Lease, together with all replacements, modifications, alterations and substitutes thereof (whether or not constituting an upgrade).

**“Landlord Indemnified Parties”** means Landlord’s Affiliates and Landlord’s and its Affiliates’ agents, employees, owners, partners, members, managers, contractors, representatives, consultants, attorneys, auditors, officers and directors.

**“Landlord Sustainability Improvements”** means those improvements, renovations and operational methods described on Exhibit F attached hereto, as the same may be modified from time to time by Landlord upon written notice to Tenant.

**“Landlord’s Representatives”** means Landlord’s agents, employees, contractors, consultants, attorneys, auditors, architects and other representatives.

**“Lease”** has the meaning set forth in the opening preamble.

**“Lease Collateral”** has the meaning set forth in Section 20.1.

**“Lease Year”** shall mean the period from the applicable Commencement Date (in the event of multiple Commencement Dates) through the last day of the month in which the first anniversary of the first Commencement Date occurs and, thereafter, each subsequent 12 consecutive month period thereafter during the Term; provided, however, that if the Commencement Date occurs on a day other than the first day of a calendar month, then (i) the first partial calendar month and the first full calendar month shall together be regarded as the first month of the first Lease Year, and (ii) the Base Rent for such partial month shall be prorated and payable based on the number of days



in that partial month, and (iii) the initial Term shall be increased by the period of such partial month, such that the beginning of each subsequent Lease Year always occurs on the first day of a calendar month, and the last day of each Lease Year and the natural expiration of the initial Term and any Extension Term always occurs on the last day of a calendar month.

**“Leased Improvements”** means all buildings, structures and other improvements of every kind now or hereafter located on the Land including, alleyways and connecting tunnels, sidewalks, utility pipes, conduits, and lines (on-site and off-site to the extent Landlord has obtained any interest in the same), parking areas and roadways appurtenant to such buildings and structures.

**“Legal Requirements”** means all federal, state, county, municipal and other governmental statutes, laws (including common law and Hazardous Materials Laws), rules, policies, guidance, codes, orders, regulations, ordinances, permits, licenses, covenants, conditions, restrictions, judgments, decrees and injunctions applicable to Tenant or affecting any Facility or the applicable Tenant Personal Property or the maintenance, construction, use, condition, operation or alteration thereof, whether now or hereafter enacted and in force, including, any and all of the foregoing that relate to the use of each Facility for its Primary Intended Use.

**“Licensing Impairment”** means, with respect to each Facility, (i) the revocation, suspension or non-renewal of any Authorization, (ii) any withholding, non-payment, reduction or other adverse change respecting any Provider Agreement, (iii) any admissions hold under any Provider Agreement, or (iv) any other act or outcome similar to the foregoing that would impact Tenant’s ability to continue to operate such Facility for its Primary Intended Use or to receive any rents or profits therefrom.

**“Limited Termination Election”** has the meaning set forth in Section 13.2.6.

**“Losses”** mean all claims, demands, expenses, actions, judgments, damages, penalties, fines, liabilities, losses of every kind and nature, suits, administrative proceedings, costs and fees, including, without limitation, reasonable attorneys’ and reasonable consultants’ fees and expenses; provided, however Losses shall exclude any incidental, exemplary, punitive, or consequential damages or any damages based on loss of profits or diminution in value caused by any act, omission, event, fact, circumstance or condition that existed (or is deemed to have existed) at any time prior to the Commencement Date.

**“Manager”** has the meaning set forth in Section 6.12.8.

**“Management Agreement”** has the meaning set forth in Section 6.12.8.

**“Material Alterations”** mean any Alterations that (i) would materially enlarge or reduce the size of the applicable Facility, (ii) would tie in or connect with any improvements on property adjacent to the applicable Land, or (iii) would affect the structural components of the applicable Facility or the main electrical, mechanical, plumbing, elevator or ventilating and air conditioning systems for such Facility in any material respect.

**“Minimum Rent Coverage Ratio”** shall mean a Portfolio Coverage Ratio of 1.30 to 1.00.

**“Nonsolicitation Period”** means the period commencing on the date that is two (2) years prior to the expiration of the then Term and expiring on the date that is one (1) year following the expiration of the Term; provided, however, if during the Nonsolicitation Period, Tenant delivers an Extension Notice pursuant to this Lease, then (absent the existence an Event of Default on the date such Extension Notice is delivered) the Nonsolicitation Period shall not commence until the date that is two (2) years prior to the expiration of the then Extension Term.

**“OFAC”** has the meaning set forth in Section 10.2.1.

**“Operational Transfer”** has the meaning set forth in Section 14.2.

**“Ordinary Course of Business”** means in respect of any transaction involving Tenant, the ordinary course of business of Tenant, as conducted by Tenant in accordance with past practices. In respect of any transaction

involving a Facility or the operations thereof, the ordinary course of operations for such Facility, as conducted by Tenant in accordance with past practices.

**“OTA”** has the meaning set forth in Section 6.4.7.

**“Partial Taking”** means any Condemnation of a Facility or any portion thereof that is not a Complete Taking.

**“Payment Date”** means any due date for the payment of the installments of Base Rent or any other sums payable under this Lease.

**“Permitted Contingent Obligations”** means each of the following: (i) Contingent Obligations arising in respect of Tenant’s obligations under this Lease; (ii) Contingent Obligations resulting from endorsements for collection or deposit in the Ordinary Course of Business; (iii) Contingent Obligations incurred in the Ordinary Course of Business with respect to surety and appeal bonds, performance bonds and other similar obligations not to exceed, with respect to any particular Tenant, \$50,000 in the aggregate at any time outstanding; (iv) Contingent Obligations arising with respect to customary indemnification obligations in favor of purchasers in connection with dispositions of personal property assets permitted under this Lease; (v) subject to Section 20.2, Contingent Obligations arising in connection with Permitted Debt and (vi) other Contingent Obligations not permitted by clauses (i) through (iv) above, not to exceed, with respect to each Tenant, \$100,000 in the aggregate at any time outstanding.

**“Permitted Debt”** means the following: (i) the obligations of Tenant under this Lease, (ii) subject to Section 20.2, accounts receivable financing, (iii) financing of insurance premiums, and (iv) trade accounts payable arising and paid on a timely basis in the Ordinary Course of Business.

**“Permitted Encumbrances”** means, with respect to each Facility, collectively, (i) all easements, covenants, conditions, restrictions, agreements and other matters with respect to such Facility that (a) are of record as of the Commencement Date, (b) Landlord entered into after the Commencement Date (subject to the terms hereof); or (c) are specifically consented to in writing by Landlord, (ii) any liens for Impositions that are not yet due and payable; (iii) occupancy rights of residents and patients of such Facility; (iv) liens of mechanics, laborers, materialman, suppliers or vendors for sums not yet due, provided that such reserve or other appropriate provisions as shall be required by law or GAAP or pursuant to prudent commercial practices shall have been made therefor and (v) liens and security interests required to be granted in favor of Landlord under or in connection with this Lease and (vi) liens and security interests with respect to Permitted Debt.

**“Person”** means any individual, partnership, association, corporation, limited liability company or other entity.

**“Personal Property REIT Requirement”** has the meaning set forth in Section 22.4.

**“Plans and Specifications”** has the meaning set forth in Section 7.5.1.

**“Pledge Agreement”** has the meaning set forth in Section 3.1.

**“Pledged Collateral”** has the meaning set forth in Section 3.1.

**“Portfolio Coverage Ratio”** means, as determined on a Testing Date based on the applicable period of determination or measurement, the ratio of (i) the Cash Flow for all of the Facilities for the applicable period to (ii) Base Rent payments relating to such Facilities payable under this Lease for the applicable period.

**“Premises”** means, collectively, the Land, Leased Improvements, Related Rights, Fixtures, Intangibles and Landlord Personal Property.

**“Premises Condition Report”** has the meaning set forth in Section 7.2.

**“Primary Intended Use”** means, as to each Facility, the type of healthcare facility corresponding to such Facility as shown on Exhibit H attached hereto, with no less than the number of licensed beds as shown on Exhibit H and for ancillary services relating thereto.

**“Prime Rate”** means, on any date, a rate equal to the annual rate on such date reported in *The Wall Street Journal* to be the “prime rate.”

**“Prohibited Persons”** has the meanings set forth in Section 10.2.1.

**“Project Cap”** has the meaning set forth in Section 7.7.

**“Project Information”** has the meaning set forth in Section 7.7.

**“Property Collateral”** means all of Tenant’s right, title and interest in and to the Tenant Personal Property and any and all products, rents, proceeds and profits thereof in which Tenant now owns or hereafter acquires an interest or right.

**“Property Removal Date”** has the meaning set forth in Section 24.20.1.

**“Property Tax Reserve”** has the meaning set forth in Section 4.5.2.

**“Proposed Capital Improvement Project”** has the meaning set forth in Section 7.7.

**“Provider Agreements”** means any agreements issued to or held by Tenant pursuant to which any Facility is licensed, certified, approved or eligible to receive reimbursement under any Third Party Payor Program.

**“Purchase Agreement”** means, individually or collectively, as the context may require, that certain Purchase and Sale Agreement (Mission Healthcare at Bellevue) dated April 1, 2025 by and between Eagle Arc Acquisitions LLC, as buyer (with Landlord as a designated nominee thereunder with respect to the Facilities), and Mission Healthcare Investment, LLC, as seller, with respect to the acquisition, *inter alia*, of the Bellevue Facility and that certain Purchase and Sale Agreement dated May 21, 2025 by and between Eagle Arc Acquisitions LLC, as buyer (with Landlord as a designated nominee thereunder with respect to the Facilities), and Puyallup Devco LLC, as seller, with respect to the acquisition, *inter alia*, of the Puyallup Facility.

**“Real Property Impositions”** means: (i) any real property Impositions secured by a lien encumbering any Facility or any portion thereof, and (ii) all Bed Taxes.

**“Reimbursement Period”** has the meaning set forth in Section 14.2.5.

**“Related Rights”** means all easements, rights and appurtenances relating to the Land and the Leased Improvements.

**“Rent”** means, collectively, Base Rent and Additional Rent.

**“Request for Advance”** has the meaning set forth in Section 7.7.

**“Required Authorizations”** shall mean Tenant’s initial receipt of all licenses, permits, certifications, accreditations, Provider Agreements, CONs, certificates of exemption, approvals, waivers, variances and other governmental or “quasi-governmental” authorizations necessary or advisable for Tenant, as named licensee or operator, to use a Facility for its Primary Intended Use and receipt of reimbursement or other payments under any Third Party Payor Program in which such Facility participates. For the avoidance of doubt, Required Authorizations shall include any and all Authorizations applied for in connection with the submittal of the Required Authorization Applications.

**“Required Capital Expenditures Amount”** has the meaning set forth in Section 7.6.1.

**“Required Per Bed Annual Capital Expenditures Amount”** means five hundred dollars (\$500) per bed per Lease Year, which amount shall increase annually per the CPI Increase pursuant to Section 7.6.

**“Rider to Intercreditor”** has the meaning set forth in Section 20.2.

**“Situs State”** means the state or commonwealth where a Facility is located.

**“Sustainability Measure”** shall have the meaning set forth in Section 6.15.

**“Sustainability Vendor”** shall have the meaning set forth in Section 6.15.

**“Temporary Taking”** means any Condemnation of a Facility or any portion thereof, whether the same would constitute a Complete Taking or a Partial Taking, where the Condemnor or its designee uses or occupies such Facility, or any portion thereof, for no more than twelve consecutive (12) months.

**“Tenant”** has the meaning set forth in the opening preamble, together with any and all permitted successors and assigns of the Tenant originally named herein.

**“Tenant Personal Property”** shall have the meaning set forth in Section 6.1.

**“Tenant Sublessees”** mean Tenant, and any direct or indirect subtenants or operator of any Facility, together with their successors and assigns and any additions thereto or replacements thereof.

**“Term”** means the Initial Term, plus any duly authorized Extension Terms. The Term shall also include any extension by Landlord pursuant to Section 19.6 (unless Landlord otherwise so elects).

**“Terminated Facilities”** has the meaning set forth in Section 13.2.6.

**“Termination Notice”** has the meaning set forth in Section 13.2.6.

**“Testing Date”** means the date as of which the Portfolio Coverage Ratio shall be determined for the applicable measurement period, which date shall be the last day of each calendar quarter during the Term. Upon each Testing Date, the Portfolio Coverage Ratio shall be determined based upon the twelve trailing calendar months ending on such Testing Date.

**“Third Party Payor Programs”** shall mean any third party payor programs pursuant to which healthcare facilities qualify for payment or reimbursement for medical or therapeutic care or other goods or services rendered, supplied or administered to any admittee, occupant, resident or patient by or from any Governmental Authority, Governmental Payor, bureau, corporation, agency, commercial insurer, non-public entity, “HMO,” “PPO” or other comparable party.

**“Transfer”** means any of the following, whether effectuated directly or indirectly, through one or more step transactions or tiered transactions, voluntarily or by operation of law, (i) assigning, conveying, selling, pledging, mortgaging, hypothecating or otherwise encumbering, transferring or disposing of all or any part of this Lease or Tenant’s leasehold estate hereunder, (ii) subletting of all or any part of any Facility; (iii) engaging the services of any Person for the management or operation of all or any part of any Facility; (iv) conveying, selling, assigning, transferring, pledging, hypothecating, encumbering or otherwise disposing of any stock, partnership, membership or other interests (whether equity or otherwise) in Tenant, Guarantor or any Person that Controls Tenant or any Guarantor, if such conveyance, sale, assignment, transfer, pledge, hypothecation, encumbrance or disposition results, directly or indirectly, in a Change in Control of Tenant or Guarantor (or of such controlling Person); (v) merging or consolidating Tenant, Guarantor, or any Person that Controls Tenant or Guarantor with or into any other Person, if such merger or consolidation, directly or indirectly, results in a Change in Control of Tenant or Guarantor (or in such controlling Person); (vi) dissolving Tenant or Guarantor or any Person that Controls Tenant or Guarantor; (vii) selling, conveying, assigning, or otherwise transferring all or substantially all of the assets of Tenant, Guarantor or any Person that Controls Tenant or Guarantor; (viii) selling, conveying, assigning or otherwise transferring any of the assets of

Tenant or Guarantor, if the consolidated net worth of Tenant or Guarantor immediately following such transaction is not at least equal to the consolidated net worth of Tenant or Guarantor, as applicable, as of the Commencement Date; (ix) assigning, conveying, selling, pledging, mortgaging, hypothecating or otherwise encumbering, transferring or disposing of any Authorization; or (ix) entering into or permitting to be entered into any agreement or arrangement to do any of the foregoing or granting any option or other right to any Person to do any of the foregoing, other than to Landlord under this Lease. For purposes hereof, Guarantor shall be deemed a Person that Controls Tenant, whether or not the same is true.

**“Transition Notice”** shall have the meaning set forth in Section 14.2.1.

**“Unapproved Transfer”** shall have the meaning set forth in Section 17.1.

**EXHIBIT B**  
**DESCRIPTION OF THE LAND**

**Bellevue Facility:**

The land referred to is situated in the County of King, City of Bellevue, State of Washington, and is described as follows:

**Parcel A:**

The West 230 feet in width of Tract 10, [BELLEVUE GARDENS THIRD ADDITION](#), according to the plat thereof recorded in Volume 21 of plats, Page 72, records of King County, Washington; EXCEPT the West 30 feet thereof conveyed to King County for road purposes by Deed recorded under Recording No. [5127241](#);  
AND EXCEPT that portion thereof conveyed to the City of Bellevue for road purposes by Deed recorded under Recording No. [8908010822](#);  
AND EXCEPT that portion thereof conveyed to the City of Bellevue for road purposes by Deed recorded under Recording No. [9310181357](#), which is a re-record of Instrument recorded under Recording No. [9306210788](#).

**Parcel B:**

Those certain non-exclusive easement rights for parking as created by Declaration of Parking Easement recorded under Recording No. [9603291899](#), as Amended by Amended and Restated Declaration of Parking Easement recorded under Recording No. [19991103001576](#), as the same is further amended by instrument entitled Amendment to Amended and Restated Declaration of Parking Easement recorded under Recording No. [20000301000979](#) and assigned by instrument recorded under Recording No. [20031014002584](#), and Assigned by Instrument recorded under Recording No. [20051027001813](#).

BOTH SITUATE in the County of King, State of Washington.

**ABBREVIATED LEGAL**

Portion of Tract 10, [BELLEVUE GARDENS THIRD ADDITION](#)

Tax Account No. 067310-0087-00

2424 156<sup>th</sup> Avenue Northeast, Bellevue, WA 98007



**Puyallup Facility:**

The land referred to is situated in the County of Pierce, City of Puyallup, State of Washington, and is described as follows:

That portion of the following described tract of land lying West of the West line of 7th Street Southeast (108th Avenue East):

Commencing 290 feet South of the Northeast corner of Government Lot 3, Section 3, Township 19 North, Range 4 East of the Willamette Meridian, in Pierce County, Washington;  
THENCE West 732 feet;  
THENCE North 290 feet;  
THENCE West to the Northwest corner of Lot 3,  
THENCE South 330 feet;  
THENCE East to a point 330 feet South of the Northeast corner of Lot 3;  
THENCE North 40 feet to the Beginning.

EXCEPT the North 30 feet for 23rd Avenue Southeast.

ALSO EXCEPT that portion conveyed to the City of Puyallup by deed recorded under Recording No. [201301250510](#), records of Pierce County, Washington.

SITUATE in the County of Piece, State of Washington.

**ABBREVIATED LEGAL**

Portion of Government Lot 3, Section 3, Township 19 North, Range 4 East, W.M.

Tax Account No. 041903-208-8



## **EXHIBIT C**

### **THE LANDLORD PERSONAL PROPERTY**

All machinery, equipment, furniture and other personal property located at or about any Facility and used in connection with the ownership, operation, or maintenance of any Facility, together with all replacements, modifications, alterations and substitutes thereof (whether or not constituting an upgrade) but excluding the following:

- (a) all vehicles (including any leasehold interests therein);
- (b) all office supplies, medical supplies, food supplies, housekeeping supplies, laundry supplies, and inventories and supplies physically on hand at the Facility;
- (c) all customer lists, patient files, and records related to patients (subject to patient confidentiality privileges) and all books and records with respect to the operation of the Facility;
- (d) all employee time recording devices, proprietary software and discs used in connection with the operation of the Facility by Tenant or any Person who manages the operations of any Facility, all employee pagers, employee manuals, training materials, policies, procedures, and materials related thereto with respect to the operation of the Facilities; and
- (e) all telephone numbers, brochures, pamphlets, flyers, mailers, and other promotional materials related to the marketing and advertising of the Tenant's business at the Facility.

## EXHIBIT D

### FINANCIAL, MANAGEMENT AND REGULATORY REPORTS

#### FINANCIAL REPORTING

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- Monthly Financial Reporting: No later than 30 days after the end of each calendar month, Tenant shall deliver to Landlord, presented on a consolidated and consolidating as well as a Facility-by-Facility basis, monthly financial statements prepared for the applicable month with respect to Tenant. Landlord may require Tenant to provide similar financial reports utilizing the same or a similar template, for periods prior to the Commencement Date, in which case Tenant shall provide such reports within thirty (30) days following Landlord's demand therefor. Together with its delivery to Landlord of the monthly financial reports and statements required hereunder, Tenant shall deliver, or cause to be delivered, to Landlord, an Officer's Certificate certifying that the foregoing statements and reports are true and correct and were prepared in accordance with Accounting Practices, applied on a consistent basis, subject to changes resulting from audit and normal year-end audit adjustments.
- Quarterly Financial Reporting:
  - No later than 45 days after the end of each fiscal quarter of Tenant, Tenant shall deliver to Landlord, presented on a consolidated and consolidating as well as a Facility-by-Facility basis, quarterly and year-to-date unaudited financial statements prepared for the applicable quarter with respect to Tenant and any Guarantor. Such reports shall include:
    - A balance sheet and operating statement as of the end of such fiscal quarter;
    - Related statements of income;
    - A statement setting forth in reasonable detail the calculation and Tenant's compliance with each of the performance covenants set forth in Section 6.12 of this Lease for the applicable fiscal quarter; and
    - Such other information as Landlord shall reasonably request.
  - Together with its delivery to Landlord of the quarterly financial reports and statements required hereunder, Tenant shall deliver, or cause to be delivered, to Landlord, an Officer's Certificate (for Tenant and a separate Officer's Certificate (from an officer of any Guarantor) for any financial reports of statements of Guarantor) certifying that the foregoing statements and reports are true and correct and were prepared in accordance with Accounting Practices, applied on a consistent basis, subject to changes resulting from audit and normal year-end audit adjustments.
- Annual Financial Reporting: As soon as available, any in any event within 60 days after the close of each fiscal year of Tenant, Tenant shall deliver to Landlord, presented on a consolidated and consolidating as well as on a Facility-by-Facility basis, financial statements prepared for such fiscal year with respect to Tenant and any Guarantor, including a balance sheet and operating statement as of the end of such fiscal year, together with related statements of income and members', partners', or owners' capital for such fiscal year and the Capital Expenditures Report. Together with Tenant's and any Guarantor's annual financial statements, Tenant shall deliver to Landlord such other information as Landlord shall reasonably request.
  - The annual financial statements delivered by Tenant (or any Guarantor) hereunder, shall have been audited by an independent certified public accounting firm reasonably satisfactory to Landlord, whose opinion shall be to the effect that such financial statements have been prepared in accordance with Accounting Practices, applied on a consistent basis, and shall not be qualified as to the scope of the audit or as to the status of any Tenant or Guarantor as a going concern.

- *Audit and Other Inspection Rights:* Without limitation of Tenant's other obligations as set forth in this Lease or this Exhibit D, Landlord shall have the right, from time to time and at its expense (unless an Event of Default exists, in which case Tenant shall, within ten (10) days after demand therefor, reimburse Landlord for any and all costs and expenses incurred by Landlord in connection with exercising its rights under this paragraph), to audit and inspect the books, records and accounts of Tenant or any Guarantor and/or relative to any Facility(ies) designated by Landlord from time to time, provided, however, that, (a) if no Event of Default exists, Landlord shall give Tenant not less than five (5) Business Days advance written notice of the commencement of any such inspection and (b) Landlord shall not require or perform any act that would cause Tenant or any Guarantor to violate any laws, regulations or ordinances relating to employment records or that protect the privacy rights of Tenant's or Guarantor's employees, healthcare patients or residents. Tenant shall reasonably cooperate (and shall cause its independent accountants and other financial advisors to reasonably cooperate) with all such inspections. Such inspections shall be conducted in a manner that does not materially interfere with Tenant's business operations or the business operations relative to any affected Facility(ies). Unless otherwise agreed in writing by Landlord and Tenant, such inspections shall occur during normal business hours.
- *Method of Delivery:* All financial statements, reports, data and other information required to be delivered by Tenant (or Guarantor) pursuant hereto shall be delivered via email to such email address as Landlord may designate from time to time and shall be in the format and otherwise in the form required pursuant to Section 6.7.

#### **REGULATORY REPORTING**

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- *Regulatory Reports with respect to each Facility:* Within five (5) Business Days after Tenant's receipt, Tenant shall deliver to Landlord by written notice the following regulatory reports with respect to each Facility:
  - All federal, state and local licensing and reimbursement certification surveys, inspection and other reports received by Tenant as to any Facility and its operations, including state department of health licensing surveys and reports relating to complaint surveys;
  - All Medicare and Medicaid certification surveys;
  - All life safety code survey reports and/or fire marshal survey reports.
- *Reports of Regulatory Violations:* Within two (2) Business Days after Tenant's receipt of any of the following, Tenant shall deliver to Landlord by written notice copies of the same along with all related documentation:
  - Any survey or notice related in any way to a survey deficiency with a scope and severity of "G" or higher;
  - Any threat of denial of payment for new admissions, or any civil monetary penalty imposed in the amount of \$500 per diem or more or \$5,000 per incident or more;
  - Any violation of any federal, state, or local licensing or reimbursement certification statute or regulation, including Medicare or Medicaid;
  - Any suspension, termination or restriction (including immediate jeopardy) placed upon Tenant (or Guarantor) or any Facility, the operation of any Facility or the ability to admit residents or patients or any threat of any of the foregoing from state or federal authorities and/or agencies;
  - Any threat of suspension or decertification of Tenant from State or federal healthcare programs;
  - The inclusion of any Facility (which is a skilled nursing facility) on the "Special Focus List" maintained by CMS;

- Any violation of any other permit, approval or certification in connection with any Facility or the operations thereof, by any federal, state or local authority, including Medicare or Medicaid; or
- Any knowledge, whether a formal notice is given or received or not, of a pending or threatened investigation by a state attorney general, the OIG-HHS, or the U.S. Department of Justice relating to Tenant, Guarantor or any principal, parent, subsidiary or other affiliate thereof.

#### **ANNUAL BUDGETS**

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- *Annual Budgets:* At least thirty (30) days prior to the commencement of each calendar year of Tenant during the Term, Tenant shall deliver to Landlord an annual operating budget covering the operations of each Facility for the forthcoming calendar year, which budget shall include month-to-month projections. Tenant shall promptly deliver to Landlord any subsequent revisions to annual operating budgets.
- *Annual Capital Budgets.* At least thirty (30) days prior to the commencement of each calendar year of Tenant during the Term, Tenant shall deliver to Landlord an annual budget setting forth Tenant's reasonable estimate of the capital repairs, replacements, and improvements to each Facility that Tenant anticipates will be necessary in such calendar year to comply with its obligations under this Lease.

## EXHIBIT E

### FAIR MARKET VALUE/RENTAL

If it becomes necessary to determine the Fair Market Value or Fair Market Rental of the Premises or any individual Facility for any purpose under this Lease, Landlord and Tenant shall first attempt to agree on such Fair Market Value or Fair Market Rental, as the case may be. If Landlord and Tenant are unable to so agree within a reasonable period of time not to exceed thirty (30) days, then Landlord and Tenant shall have twenty (20) days to attempt to agree upon a single Appraiser to make such determination. If the parties so agree upon a single Appraiser, such Appraiser shall, within forty-five (45) days of being engaged, determine the Fair Market Value or Fair Market Rental, as the case may be, as of the relevant date (giving effect to the impact, if any, of inflation from the date of its decision to the relevant date), and such determination shall be final and binding upon the parties.

If Landlord and Tenant are unable to agree upon a single Appraiser within such twenty (20) days, then each party shall have ten (10) days in which to provide the other with the name of a person selected to act as Appraiser on its behalf. Each such Appraiser shall, within forty-five (45) days of being engaged, determine the Fair Market Value or Fair Market Rental, as the case may be, as of the relevant date (giving effect to the impact, if any, of inflation from the date of its decision to the relevant date). If the difference between the amounts so determined does not exceed ten percent (10%) of the lesser of such amounts, then the Fair Market Value or Fair Market Rental, as the case may be, shall be the average of the amounts so determined, and such average shall be final and binding upon the parties. If the difference between the amounts so determined exceeds ten percent (10%) of the lesser of such amounts, then such two Appraisers shall have twenty (20) days to appoint a third Appraiser. If the first Appraisers fail to appoint a third Appraiser within such twenty (20) days, either Landlord or Tenant may apply to any court having jurisdiction to have such appointment made by such court. Such third Appraiser, shall, within forty-five (45) days of being selected or appointed, determine the Fair Market Value or Fair Market Rental, as the case may be, as of the relevant date (giving effect to the impact, if any, of inflation from the date of its decision to the relevant date). The determination of the Appraiser which differs most in terms of dollar amount from the determinations of the other two Appraisers shall be excluded, and the Fair Market Value or Fair Market Rental, as the case may be, shall be the average of the amounts of the two remaining determinations, and such average shall be final and binding upon the parties.

If either party fails to select an Appraiser within such ten (10) days or a selected Appraiser fails to make its determination within such forty-five (45) days, the Appraiser selected by the other party or the Appraiser that makes its determination within such forty-five (45) days, as applicable, shall alone determine the Fair Market Value or Fair Market Rental, as the case may be, as of the relevant date (giving effect to the impact, if any, of inflation from the date of its decision to the relevant date) and such determination shall be final and binding upon the parties.

Landlord and Tenant shall each pay the fees and expenses of the Appraiser appointed by it and each shall pay one-half (½) of the fees and expenses of the third Appraiser.

For purposes of determining the Fair Market Value or Fair Market Rental, as the case may be, the Premises or the applicable Facility, as applicable, shall be valued at its highest and best use which shall be presumed to be as a fully-permitted facility operated in accordance with the provisions of this Lease. In addition, the following specific matters shall be factored in or out, as appropriate, in determining the Fair Market Value or Fair Market Rental, as the case may be:

1. The negative value of (a) any deferred maintenance or other items of repair or replacement of the Premises or the applicable Facility, (b) any then current or prior licensure or certification violations and/or admissions holds and (c) any other breach or failure of Tenant to perform or observe its obligations hereunder shall not be taken into account; rather, the Premises or the applicable Facility, and every part thereof shall be deemed to be in the condition required by this Lease (i.e., in good order and repair and fully licensed) and Tenant shall at all times be deemed to have operated the same in compliance with and to have performed all obligations of the Tenant under this Lease.

2. The occupancy level of the Premises shall be deemed to be the average occupancy during the period commencing on that date which is eighteen (18) months prior to the date of the initial request for the determination of the Fair Market Value or Fair Market Rental, as the case may be, and ending on the date

which is six (6) months prior to the date of the initial request for the determination of the Fair Market Value or Fair Market Rental, as the case may be.

As used herein, “**Appraiser**” means an appraiser licensed or otherwise qualified to do business in the applicable Situs State and who has substantial experience in performing appraisals of facilities similar to the Premises and holds the Appraisal Institute’s MAI designation, or, if such organization no longer exists or certifies appraisers, such successor organization or such other organization as is approved by Landlord.

## **EXHIBIT F**

### **LANDLORD SUSTAINABILITY IMPROVEMENTS**

#### Exterior Improvements:

- Installation of permanent bicycle racks within 200 yards of a building entrance
- Provide preferred parking spots for fuel-efficient and low-emitting vehicles
- Maximize the amount of open space & native / drought tolerant species of plants for landscaped areas
- Install rain garden as part of landscaped areas
- For new roofs, utilize materials with the following SRI: (i) slopes less than 2:12 - SRI of 78 or greater, and (ii) slopes greater than 2:12 - SRI of 29 or greater
- Install LED site lighting with cut off features that minimize light trespass onto adjacent properties and directs light so no light is visible at or above 90 degrees angle from the light source

#### Water Efficiency:

- When replacing plumbing select fixtures with the following water usage standards: (i) Water closets: 1.28 gallons per flush; (ii) Urinals: 0.5 gallons per flush; (iii) Shower heads: 1.5 - 2.0 gallons per minute; (iv) Public lavatory faucets and aerators: use metering faucets with 0.25 gallons per metering cycle; and (v) Private lavatory faucets and aerators: 1.5 gallons per minute
- Utilize drip irrigation systems for landscape beds
- Install rain gauges or moisture sensors

#### Energy Use Reduction:

- Select high-efficient HVAC equipment and controls; equipment should be Energy Star certified
- Utilize insulation for exterior walls and roof meeting R values based on the applicable climate zone (Landlord can provide ratings upon request)
- Adding/upgrading high efficient LED lighting fixtures and controls, including occupancy sensors for non-resident areas
- Updating hot water systems to high efficiency Energy Star certified equipment
- Utilize high efficient, Low E (low emissivity) glass for window replacements or new construction

#### Sustainability Material Selection and Resource Preservation:

- Develop a recycling program that includes a dedicated area for the collection of recyclable materials including paper, corrugated cardboard, glass, plastics, and metals
- Installation of modern bottle filler water stations and reusable water bottles
- Select construction materials that have a high level of recycled content
- Select building materials that have been extracted, harvested as well as manufactured within 500 miles of the project site

#### Indoor Air Quality:

- Utilize low VOC construction adhesives and sealants (Landlord can provide recommended VOC levels upon request)
- Utilize low VOC paints & coatings (Landlord can provide recommended VOC levels upon request)
- Install carpet that meets the test and product requirements of the Carpet and Rug Institutes Green Label Plus Program.
- Install hard surface flooring that is certified as compliant with the third party FloorScore standards
- Utilize low VOC flooring adhesives and sealants (Landlord can provide recommended VOC levels upon request)
- Utilize composite wood and agrifiberRB products that do not contain added urea-formaldehyde resins

**EXHIBIT G**  
**IMMEDIATE REPAIRS**

None.



**EXHIBIT H**  
**FACILITY LIST**

Facility Name	Facility Address	Landlord	Tenant	Primary Intended Use	Total Licensed Beds
Puyallup Nursing and Rehabilitation Center	516 23 <sup>rd</sup> Avenue SE, Puyallup, WA 98372	516 23rd Ave SE WA LLC	Kaanapali Beach, LLC	SNF	96
Mission Healthcare at Bellevue	2424 156 <sup>th</sup> Avenue NE, Bellevue, WA 98004	2424 156TH Ave Northeast WA LLC	Kapalua Beach, LLC	SNF	69

**Defined Terms**

“SNF”                      Skilled Nursing Facility

**EXHIBIT I**  
**TENANT OWNERSHIP STRUCTURE**

[To be inserted]

**EXHIBIT I-1**  
**TENANT OWNERSHIP STRUCTURE**  
(Post-Reorganization)

[To be inserted]

**EXHIBIT J**

**SCHEDULED CAPITAL IMPROVEMENTS AND REPAIRS; FORM OF REQUEST FOR ADVANCE**

**/INSERT NAME OF APPLICABLE FACILITY/**

<b><u>Description</u></b>	<b><u>Estimated Cost</u></b>

**FORM OF REQUEST FOR ADVANCE**

**Request for Advance**

c/o [Landlord]  
905 Calle Amanecer, Suite 300  
San Clemente, CA 92673  
Attention: Lease Administration  
Reference: [ ]; Improvement Funds

To Whom It May Concern:

Reference is hereby made to that certain Master Lease dated effective as of [[ ]], by and among [[ ]], as “**Tenant**”, and [[ ]], as “**Landlord**”(as amended, modified or revised, the “**Lease**”). Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Lease.

1. Pursuant to Section 7.7 of the Lease, Tenant hereby submits this request for advance (“**Request for Advance**”) and requests that Landlord make an advance (an “**Advance**”) to Tenant of the Improvement Funds in an amount equal to \$ \_\_\_\_\_ in connection with the Approved Capital Improvement Project at [[ ]] [[INSERT FACILITY NAME]]

2. Tenant requests that such Advance be made available on \_\_\_\_\_, 202\_.

3. The aggregate amount of all outstanding Advances as of the date hereof and as of the date of the making of the requested Advance (after taking into account the amount of such Advance) does not exceed the Project Cap applicable to this Approved Capital Improvement Project pursuant to Section 7.7 of the Lease.

4. Attached hereto are true, correct, and complete copies of the items required pursuant to Section 7.7 of the Lease to be submitted by Tenant to Landlord in connection with the requested Advance.

5. Tenant hereby certifies to Landlord as of the date hereof and as of the date of making of the requested Advance (after taking into effect such Advance) that:

(A) No Event of Default exists or will exist under the Lease and no default beyond any applicable cure period exists or will exist under any of the documents executed by Tenant in connection with the Lease.

(B) Tenant has complied in all material respects with all duties and obligations required to date to be carried out and performed by it pursuant to the terms of the Section 7.7 of the Lease.

(C) All Advances previously disbursed have been used for the purposes set forth in Section 7.7 of the Lease and in the Request for Advance applicable to any such Advance.

(D) All outstanding claims for labor, materials, and/or services furnished prior to the period covered by this Request for Advance have been paid or will be paid from the proceeds of this Advance, except to the extent the same are being duly contested in accordance with the terms of the Lease.

(E) The Advance requested hereby will be used solely for the purpose of paying costs of the repairs and/or renovations as shown on the attached report and no portion of the Advance requested hereunder has been the basis for any prior Advance.

(F) There are no liens outstanding against the Premises (or any portion thereof) or its equipment other than liens, if any, which have been disclosed in writing to Landlord that are being duly contested in accordance with the terms of the Lease.

(G) All representations and warranties of Tenant contained in the Lease are true and correct in all material respects as of the date hereof.

The undersigned certifies that the statements made in this Request for Advance and any documents submitted herewith are true and correct.

**TENANT:**

\_\_\_\_\_,  
a(n) \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## SCHEDULE 1.1.1

### Base Rent Allocation

Facility	Annual Rent	Monthly Rent
Puyallup Nursing and Rehabilitation Center	\$1,600,000.00	\$133,333.33
Mission Healthcare at Bellevue (69 licensed beds)	\$1,250,000.00	\$104,166.67
Mission Healthcare at Bellevue (~129 licensed beds)	\$1,850,000.00	\$154,166.67

SCHEDULE 6.5  
COMPETING FACILITIES

None.

## **Interim Sublease**



## INTERIM SUBLEASE AGREEMENT

**THIS INTERIM SUBLEASE AGREEMENT** (this “**Sublease**”) is made and entered into effective as of \_\_\_\_\_, 2025 (the “**Effective Date**”), by and between **KAPALUA BEACH, LLC**, a Washington limited liability company (“**Sublandlord**”), and **EVERGREEN WASHINGTON HEALTHCARE GREENWOOD, L.L.C.**, a Washington limited liability company (“**Subtenant**”).

A. 2424 156th Ave Northeast WA LLC, a Delaware limited liability company (“**Landlord**”), is the owner of the real and personal property comprising the sixty-nine (69)-bed skilled nursing facility located at 2424 156<sup>th</sup> Avenue NE, Bellevue, King County, Washington 98007 (the “**Facility**”).

B. As of the Effective Date, Subtenant is the holder of a valid license (the “**License**”) issued by the Washington Department of Social and Health Services (“**DSHS**”), and Medicare and Medicaid provider agreements, necessary to operate the Facility as a sixty-nine (69)-bed licensed and Medicare- and Medicaid-certified skilled nursing facility in the State of Washington.

C. Sublandlord and Subtenant entered into that certain Regulatory Transfer Agreement, dated as of \_\_\_\_\_, 2025 (the “**Transfer Agreement**”), which provides for, among other things, the transfer of the Regulatory Property (as defined in the Transfer Agreement), from Subtenant to Sublandlord.

D. Sublandlord and Landlord entered into that certain Master Lease, dated as of June 1, 2025 (the “**Lease**”), whereby, commencing on the Effective Date, Landlord leases to Sublandlord, and Sublandlord leases from Landlord, the Facility.

E. Pursuant to that certain Purchase and Sale Agreement for Skilled Nursing Facility Bed Rights, by and between Landlord and Subtenant, Subtenant has agreed to (a) sell to Landlord certificate of need bed rights with respect to sixty (60) banked beds from a closed skilled nursing facility in King County, Washington (the “**Banked Beds**”); and (b) take such actions as may be required to un-bank the Banked Beds so that they may be used to increase the Facility’s licensed capacity to one hundred twenty-nine (129) beds, including, but not limited to, obtaining the License and entering into this Sublease and the Management Agreement (as defined below).

F. Sublandlord and Subtenant entered into that certain Interim Management Agreement, dated as of even date herewith (the “**Management Agreement**”), pursuant to which Sublandlord shall manage the Facility from the Effective Date until the date that Sublandlord obtains a license to operate the Facility from the DSHS (the “**New License**”) or any earlier termination of the Management Agreement (the “**Management Agreement Term**”).

G. Sublandlord desires for Subtenant to sublease the Facility from Sublandlord to the extent necessary for the License to remain in effect with respect to the Facility during the Management Agreement Term.

H. Sublandlord shall sublease the Facility to Subtenant, and Subtenant shall sublease the Facility from Sublandlord, on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree:

## ARTICLE 1. STRUCTURE OF ARRANGEMENT

1.1 Sublease. Sublandlord hereby subleases to Subtenant, and Subtenant hereby subleases from Sublandlord, the Facility for the term and upon the terms and conditions set forth herein.

1.2 License to Use Operations Property. To the extent permitted by law, this Sublease includes a revocable and non-exclusive license permitting Subtenant to utilize, during the term hereof, the Operations Property (as defined in that certain Operations Transfer Agreement, dated as of April 1, 2025, by and among Mission Healthcare at Bellevue, JV, a Washington partnership, Sublandlord, Subtenant, and solely respect to certain provisions therein, the Living Trust of Gene E. Lynn), only as necessary in connection with the performance by Subtenant of the Regulatory Duties (as defined in the Transfer Agreement).

1.3 Management of Facility; Restrictions on Subtenant. Sublandlord, as the manager of the Facility under the Management Agreement, shall manage the Facility on behalf of Subtenant and carry out all of the Operations Duties (as defined in the Transfer Agreement) in accordance with applicable law, pursuant to the terms of the Management Agreement. Except as otherwise may be provided in the Transfer Agreement or the Management Agreement, Subtenant shall not make or enter into any contract, agreement, or other obligation relating in any way to the use, management, or operation of the Facility during the term hereof, except by and through Sublandlord as Subtenant's authorized agent. Subtenant shall forward all revenue and other funds, invoices, contracts, inquiries, statements, documents, and communications relating to the operation of the Facility received by Subtenant to Sublandlord as provided in the Transfer Agreement or the Management Agreement.

1.4 Permitted Uses. Subtenant shall use the Facility for the operation by Sublandlord, on behalf of Subtenant, of a skilled nursing facility and for uses related and customarily ancillary thereto, as permitted in the Lease.

## ARTICLE 2. TERM; TERMINATION

2.1 Term. The term of this Sublease shall commence on the Effective Date and shall continue until terminated in accordance with the terms of Section 2.2 hereof.

2.2 Termination. This Sublease shall terminate automatically upon the termination of the Management Agreement, and in the event of any termination of the Lease during the term hereof, this Sublease shall automatically convert into a direct lease between Landlord, as landlord, and Subtenant, as tenant, unless otherwise determined by the parties. Upon the termination of this Sublease, in addition to satisfying any obligations of Subtenant that may survive pursuant to the terms of the Transfer Agreement or the Management Agreement, Subtenant shall forthwith do all

of the following, and these shall be continuing obligations of Subtenant which shall survive the termination of this Sublease:

2.2.1 deliver promptly to Sublandlord any monies and documents due to Sublandlord during the term of this Sublease or the Management Agreement but received by Subtenant after the termination of this Sublease; and

2.2.2 provide such further assurances and reasonable cooperation as Sublandlord may from time to time reasonably request in order to accomplish an orderly transfer of the operation and/or management of the Facility to Sublandlord or another party designated by Sublandlord.

2.3 Remedies. Each party shall have all remedies available to it at law, in equity, and under this Sublease with respect to any breach of this Sublease by the other party, which remedies shall be cumulative and not exclusive, and which remedies may be pursued individually, successively, or simultaneously with any others.

### ARTICLE 3. RENT

3.1 Rent. Commencing on the Effective Date, Subtenant shall pay to Sublandlord as rent for the Facility the sum of Ten and 00/100 Dollars (\$10.00) per month on the first day of each calendar month during the term of this Sublease, or as otherwise agreed upon by the parties. The rent for any partial calendar month at the beginning or end of the term shall be prorated based on the actual number of days in such month.

### ARTICLE 4. PAYMENTS BY AND OTHER OBLIGATIONS OF SUBLANDLORD

4.1 Utilities. Sublandlord shall be responsible for the payment of, and shall directly pay, all water, gas, heat, light, power, telephone service, and all other utility services supplied to the Facility during the term hereof.

4.2 Taxes. Sublandlord shall be responsible for the payment of, and shall directly pay, all real and personal property taxes, assessments, and levies of any kind or nature taxed, assessed, levied or imposed upon or against the Facility during the term hereof, excluding Subtenant's income, franchise, gross receipts, excise, personal property or other similar taxes (except as set forth in the Management Agreement).

4.3 Insurance. Sublandlord shall be responsible for the payment of, and shall directly pay, all insurance premiums for insurance covering the Facility during the term hereof.

4.4 Repairs and Maintenance; Alterations. Sublandlord shall be responsible for the payment of, and shall directly pay, all costs of repairing and maintaining the Facility and shall maintain every part thereof in good and sanitary order, condition and repair during the term hereof, reasonable wear and tear excepted. Subtenant shall not make any alterations or changes to the Facility without prior written approval of Sublandlord in its sole discretion.

4.5 Obligations Under Lease. Sublandlord shall perform all of the obligations of the tenant under the Lease, and Subtenant shall have no liability thereunder. Notwithstanding the foregoing, Subtenant shall not take any action, or omit to take any action, that is not pursuant to the request of Sublandlord which Subtenant knows would result in a breach by Sublandlord of the Lease.

## ARTICLE 5. INDEMNIFICATION

5.1 Indemnification by Sublandlord. Sublandlord shall indemnify, defend, and hold Subtenant and its affiliates, managers and members (collectively, the “Subtenant Related Entities”) and the successors, assigns, directors and officers, agents and employees of Subtenant Related Entities, harmless from, against and with respect to any claim, liability, obligation, loss, damage, penalty, fine, assessment, judgment, cost or expense of any kind or character, including reasonable attorneys’ fees (collectively, the “**Damages**”), arising out of or in any manner incident, relating or attributable to (a) any failure by Sublandlord to perform or observe, or to have performed or observed, in full, any covenant, obligation, and agreement to be performed or observed by Sublandlord under this Sublease, or (b) the operation of the Facility during the term hereof.

5.2 Indemnification by Subtenant. Subtenant shall indemnify, defend, and hold Sublandlord and the respective officers, directors, shareholders, managers, members, partners, and employees of Sublandlord, harmless from, against and with respect to any Damages arising out of or in any manner incident, relating or attributable to any failure by Subtenant to perform or observe, or to have performed or observed, in full, any covenant, obligation, and agreement to be performed or observed by Subtenant under this Sublease.

## ARTICLE 6. MISCELLANEOUS

6.1 Assignment and Subletting. Subtenant shall not have the right to assign or sublet its rights hereunder to any person or entity without the prior written consent of Sublandlord, which consent Sublandlord may grant or deny in its sole, absolute, and unfettered discretion. Any attempted assignment or subletting shall be void or voidable, as determined by Sublandlord in its sole discretion.

6.2 Further Assurances. Each of the parties hereto agrees to execute and deliver any and all further agreements, documents, or instruments necessary to effectuate this Sublease and the transactions referred to herein or contemplated hereby or reasonably requested by the other party to perfect or evidence their rights hereunder.

6.3 Expenses. Each of the parties shall pay all costs and expenses incurred or to be incurred by it in negotiating and preparing this Sublease.

6.4 Notices. Any notices or other communications permitted or required pursuant to this Sublease shall be made in writing and shall be delivered personally or sent by an overnight delivery or courier service, by certified or registered mail (postage prepaid) or by e-mail transmission to the parties at the addresses set forth below. Notices shall be deemed given when personally served or sent by e-mail transmission, or, if sent by overnight delivery or courier

service, the day after sent from within the United States, or if mailed, two (2) days after date of deposit in the United States mail. The addresses for notice are:

If to Subtenant:

Evergreen Washington Healthcare  
Greenwood, L.L.C.  
c/o Eden Healthcare Management, LLC  
4601 NE 77<sup>th</sup> Avenue, Suite 380  
Vancouver, WA 38662  
Attn: Jonathan Allred  
E-mail: jallred@eden-health.com

If to Sublandlord:

Kapalua Beach, LLC  
c/o Kalesta Healthcare Group  
599 Menlo Drive, Suite 200  
Rocklin, CA 95765  
Attention: Ryan Williams  
E-mail: ryan@kalestahc.com

and with a copy to:

Sussman Shank LLP  
1000 Southwest Broadway, Suite 1400  
Portland, OR 97205  
Attn: Aaron J. Besen, Esq.  
E-mail: abesen@sussmanshank.com

and with a copy to:

Baker Donelson Bearman Caldwell &  
Berkowitz, P.C.  
633 Chestnut Street, Suite 1900  
Chattanooga, TN 37450  
Attn: Amy W. Mahone, Esq.  
E-mail: amahone@bakerdonelson.com

6.5 Governing Law. This Sublease shall be construed and enforced in accordance with the laws of the State of Washington.

6.6 Interpretation. This Sublease has been negotiated by and between Sublandlord and Subtenant in arms-length negotiations, and both parties are responsible for its drafting. Both parties have reviewed this Sublease with appropriate counsel, or have waived their right to do so, and the parties hereby mutually and irrevocably agree that this Sublease shall be construed neither for nor against either party, but in accordance with the plain language and intent hereof. The captions of paragraphs and subparagraphs of this Sublease have been inserted solely for the purposes of convenience and reference and shall not control or affect the meaning or construction of any of the provisions of this Sublease.

6.7 Related Agreements. This Sublease, together with the Transfer Agreement, the Management Agreement, and any certificates or other documents referenced herein or therein, together, comprise the entire agreement between the parties hereto with respect to the subject matter hereof and shall be construed together. In the event of any conflict among this Sublease, the Management Agreement, and/or the Transfer Agreement, the terms of the Transfer Agreement shall govern and control. Subtenant and Sublandlord each covenant and agree to timely perform all of its respective obligations under the Transfer Agreement and the Management Agreement. A default by either party under this Sublease shall be deemed a default by such party under the Transfer Agreement and the Management Agreement, and a default by either party under the Transfer Agreement or the Management Agreement shall be deemed a default by such party under this Sublease. Subtenant and Sublandlord acknowledge and agree that the Transfer Agreement remains in full force and effect and is in all events ratified, confirmed, and approved.

6.8 Controversy. In the event of any controversy, claim, or dispute between the parties arising out of or relating to this Sublease, the prevailing party or parties shall be entitled to recover from the non-prevailing party or parties, reasonable attorneys' fees and cost of suit.

6.9 No Waiver; Cumulative Remedies. The failure of Subtenant or Sublandlord to seek redress for the violation, or to insist upon the strict performance, of any covenant, agreement, provision, or condition of this Agreement shall not constitute a waiver of the terms of such covenant, agreement, provision, or condition, and Subtenant and Sublandlord shall have all remedies provided herein and by applicable law with respect to any subsequent act which would have originally constituted a violation. The provisions of this Section shall survive the termination or expiration of this Sublease.

6.10 Severability. Should any part of this Sublease be declared invalid for any reason, such decision shall not affect or impair the validity of the remaining part or parts hereof, and this Sublease shall remain in full force and effect as to all parts not declared invalid or unenforceable as if the same had been executed with the invalid or unenforceable portion(s) thereof eliminated.

6.11 Amendment. This Sublease may not be amended or modified, except by written instrument signed by both of the parties hereto.

6.12 Counterparts; Electronic Signatures. This Sublease may be executed in counterparts, each of which shall for all purposes be deemed an original, and all of such counterparts shall together constitute one and the same instrument. Portable document format (PDF) signatures and other electronic signatures (including, but not limited to, DocuSign) shall have the same force and effect as original signatures.

6.13 Personal Liability. Subtenant and Sublandlord acknowledge and agree that no officer, director, shareholder, manager, member, partner, or employee of Subtenant or Sublandlord shall be held to any personal liability, jointly, severally, or otherwise, for any obligation of, or claim against, Subtenant or Sublandlord.

6.14 No Third Party Beneficiaries. This Sublease is solely between the parties hereto, and shall not create any right or benefit in any third party.

[SIGNATURES ON FOLLOWING PAGE]

**IN WITNESS WHEREOF**, the parties hereto have caused this Sublease to be executed as of the date first written above.

**SUBLANDLORD:**

**KAPALUA BEACH, LLC,**  
a Washington limited liability company

By: \_\_\_\_\_  
Ryan Williams, Manager

**SUBTENANT:**

**EVERGREEN WASHINGTON HEALTHCARE GREENWOOD, L.L.C.,**  
a Washington limited liability company

By: EmpRes Healthcare Management, LLC,  
a Washington limited liability company  
Its: Manager

By: \_\_\_\_\_  
Brent Weil, President and C.E.O.

## **Interim Management Agreement**



## INTERIM MANAGEMENT AGREEMENT

This **INTERIM MANAGEMENT AGREEMENT** (this “**Agreement**”) is made and entered into effective as of \_\_\_\_\_, 2025 (the “**Effective Date**”), by and between **EVERGREEN WASHINGTON HEALTHCARE GREENWOOD, L.L.C.**, a Washington limited liability company (“**Licensee**”), and **KAPALUA BEACH, LLC**, a Washington limited liability company (“**Manager**”).

### W I T N E S S E T H:

WHEREAS, as of the Effective Date, Licensee is the holder of a license (the “**Existing License**”) issued by the Washington Department of Social and Health Services (“**DSHS**”), as well as certain contracts and/or agreements with Medicare, Medicaid, Tricare, Veterans Administration, and commercial and private insurers, managed care companies, employee assistance programs, HMOs, preferred provider organizations and/or other governmental, commercial, or other organizations which maintain a healthcare reimbursement program or policy (collectively, the “**Provider Agreements**”), in connection with the operation of the sixty-nine (69)-bed skilled nursing facility located at 2424 156<sup>th</sup> Avenue NE, Bellevue, King County, Washington 98007 (the “**Facility**”).

WHEREAS as of the Effective Date, 2424 156th Ave Northeast WA LLC, a Delaware limited liability company (“**Landlord**”), owns the Facility.

WHEREAS, pursuant to that certain Master Lease, dated as of Juen 1, 2025 (the “**Lease**”), by and between Landlord and Manager, Landlord leases to Manager, and Manager leases from Landlord, the Facility.

WHEREAS, Manager and Licensee entered into that certain Regulatory Transfer Agreement, dated as of even date herewith (the “**Transfer Agreement**”), which provides for, among other things, the transfer of the Regulatory Property (as defined in the Transfer Agreement), from Licensee to Manager.

WHEREAS, pursuant to that certain Purchase and Sale Agreement for Skilled Nursing Facility Bed Rights (the “**Bed Purchase Agreement**”), by and between Eagle Arc Acquisitions LLC, a Delaware limited liability company (“**Eagle Arc**”), and Licensee, Licensee has agreed to sell to Eagle Arc certificate of need bed rights with respect to sixty (60) banked beds from a closed skilled nursing facility in King County, Washington (the “**Banked Beds**”).

WHEREAS, Manager is intended to become the licensed operator of the Facility upon the receipt of all appropriate regulatory approvals pursuant to the Transfer Agreement and, in connection therewith, has filed or will file an application (the “**New License Application**”) with DSHS to obtain a license to operate the Facility as a skilled nursing facility (the “**New License**”).

WHEREAS, until the New License is issued to Manager, (a) Manager will sublease the Facility to Licensee pursuant to that certain Interim Sublease Agreement, dated as of the Effective Date (the “**Sublease**”), so that the Facility may be operated under the Existing License held by Licensee, and (b) Licensee desires to have Manager serve as manager of the Facility, as an

independent contractor, and Manager is willing to serve as manager of the Facility, as an independent contractor, pursuant to the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained and for other good and valuable considerations, the parties hereto agree as follows:

## ARTICLE I DEFINITIONS

When used in this Agreement, the words and terms for which definitions are specified in the introductory paragraph and recitals of this Agreement and in the further Articles of this Agreement shall have the definitions respectively therein ascribed to them. When used in this Agreement, the following words or terms shall have the following definitions:

1.1 “**Facility Expenses**” means all expenses relating solely to the operation of the Facility, including, without limitation, insurance, real estate taxes, utilities, and Salaries and Benefits (as defined below); provided, however, that Facility Expenses shall not include or mean Licensee’s income, franchise, gross receipts, excise, personal property or other similar taxes (except to the extent related to Facility Income).

1.2 “**Facility Income**” means all revenue arising from the operation of the Facility, including, but not limited to, all of the Manager’s Accounts Receivable (as defined in the Transfer Agreement).

1.3 “**Licensure Date**” means the effective date of the New License to Licensee.

1.4 “**Manager Affiliate**” means (a) any person, firm, corporation, limited liability company or other entity which controls, is controlled by, or is under common control with Manager, directly or indirectly; (b) any partnership, venture, trust, or other entity in which Manager is a general partner, a managing general partner, a managing venturer, trustee, or otherwise holds a management position; or (iii) any successor of Manager by change of name, merger, acquisition, consolidation, dissolution and distribution of assets, bulk transfer of assets, or similar reorganizational action.

1.5 “**Residents**” means the residents or patients of the Facility.

1.6 “**Salaries and Benefits**” means salary, wages, bonuses, and other direct compensation, group life, accident, disability, medical and health insurance, pension plans, social security payments, payroll and other employee taxes, workers’ compensation payments, employer’s contribution to F.I.C.A., unemployment compensation, and similar so-called fringe benefits relating to Facility employees.

1.7 “**State**” shall mean the State of Washington.

1.8 “**Term**” means the period from the Effective Date through the Licensure Date or earlier termination in accordance with the terms of this Agreement.

ARTICLE II  
STRUCTURE OF ARRANGEMENT; RELATIONSHIP OF PARTIES

2.1 Management of Facility. Subject to and in accordance with the terms hereof, Licensee hereby grants to Manager the authority to manage, direct, and supervise the Facility, on behalf of Licensee, and to provide the Services (as defined below). Manager hereby accepts such appointment, subject to the terms of this Agreement, and shall have the right, authority, and obligation to perform the Services and take the actions described in this Agreement. Manager shall be permitted to use the Regulatory Property to the extent necessary in connection with the performance of the Services.

2.2 Accommodation to Attain Licensure. The parties to this Agreement mutually acknowledge that the time required for the State to review and approve the New License Application necessitates that the parties enter into this Agreement pending issuance of the New License to Licensee. The parties have sought professional advice as to the means, intent, and application of relevant laws and, based thereon, are proceeding with this Agreement in the good faith belief after reasonable inquiry that the execution and implementation of this Agreement is consistent with these laws. The parties expressly agree, however, that should regulatory authorities adopt another interpretation of these laws, for purposes of this Agreement, neither Licensee nor Manager shall be deemed to be in violation or breach of this Agreement. In such event, the parties agree to work together to resolve any issues raised by regulatory authorities to the extent possible, but in no event shall either party be liable to the other party or have any obligations of indemnity as a result of any interpretation or application of any applicable law which differs from the application of those laws to this Agreement by the parties hereto.

2.3 Relationship. Subject to the terms hereof, all actions by Manager in performing its duties and providing services pursuant to this Agreement shall be on behalf of Licensee as Licensee's independent contractor.

2.4 Other Activities. Manager and Manager Affiliates may engage in or possess an interest in other business ventures of every nature and description and in any vicinity whatsoever, including, without limitation, the ownership, operation, management, and/or development of nursing homes, retirement homes, assisted and/or independent living facilities, apartments or duplexes, or other real property; pharmacy, therapy, adult day care, home health, hospice, and any other senior services; and medical equipment businesses, and Licensee shall have no rights in or to such independent ventures or to any profits therefrom. Any such activities may be undertaken with or without notice to or participation therein by Licensee, and Licensee hereby waives any rights or claims that it may have against Manager and Manager Affiliates with respect to the income or profit therefrom or the effect of such activity on the Facility. Nothing contained herein shall obligate any agent, officer, director, shareholder, member or partner of Manager or Manager Affiliates to devote all or any particular portion of such party's time or efforts to the Facility.

ARTICLE III  
SERVICES; COVENANTS OF THE PARTIES

3.1 Services. As provided herein, Manager shall manage the Facility on behalf of Licensee, and, in connection therewith, Manager shall undertake the Regulatory Assistance Duties (as defined below) and all Operations Duties (as defined in the Transfer Agreement), which shall include, but shall not be limited to, the following services:

- (a) Resident Services. Provide, and/or arrange for and oversee the provision of, all services required by applicable law to be provided to the Residents.
- (b) Personnel and Payroll. Fund all Salaries and Benefits for the operation of the Facility. All employees providing services in connection with the Facility shall be employees of, and supervised by, Manager.
- (c) Billing and Collection. Invoice for, and use reasonable efforts to collect, all charges due from Residents to with respect to the operation of the Facility.
- (d) Facility Expenses. Pay all Facility Expenses from Facility Income or from funds advance by Manager; provided, however, that Manager may contest, if and to the extent appropriate, the payment of any Facility Expense (or portion thereof) that Manager believes should be contested. All expenses and costs of such contests, including without limitation, reasonable consultant and attorneys' fees, shall be included as Facility Expenses.
- (e) Records. Maintain, electronically or at the Facility or such other place or places as Manager determines, a system of office records, books, and accounts as required by applicable law.

All of the duties, obligations, and services set forth in this Section 3.1 shall be referred to herein, collectively, as the “**Services**.”

3.1 Obligations of Licensee. Although Manager, as part of Manager's obligations hereunder, shall perform all Operations Duties on behalf of Licensee, Licensee shall, subject to the terms herein and in the Transfer Agreement, at all times during the Term retain responsibility for: (a) performing such functions as are reasonably necessary for Manager to utilize the Regulatory Property in connection with the Services, including, but not limited to, executing, or authorizing Manager to execute on Licensee's behalf, all Resident and/or admission agreements with Residents and any guarantors thereof, and any amendments, waivers, or other documents relating thereto; (b) reasonably cooperating with Manager in regard to all matters relating to the operation of a licensed and Medicare- and Medicaid-certified skilled nursing facility that would necessitate the action or cooperation of the licensed operator, including, but not limited to, providing all consents or authorizations that are required by law or otherwise necessary for Manager to operate the Facility on behalf of Licensee, and taking all actions that are reasonably required to be taken by Licensee to facilitate the use of, and billing under, the Provider Agreements during the Term, as set forth in the Transfer Agreement; and (c) carrying out all of the other Regulatory Duties; provided, however, that Manager shall assist Licensee in the performance of all of the obligations of Licensee in this Section 3.2(a) – (c) to the fullest extent possible under applicable law and pay any costs of

such performance, including, without limitation, should the Regulatory Duties require the execution and filing by Licensee of any notices, applications, or other documents (e.g., Existing License renewal applications, etc.), all such notices, applications, and other documents shall be prepared by Manager on behalf of Licensee, and any filing fees with respect thereto shall be paid by Manager on behalf of Licensee (collectively, the “**Regulatory Assistance Duties**”). Without limiting the ability of Licensee to perform the Regulatory Duties or Licensee’s rights, duties and obligations under the Transfer Agreement, Licensee shall not take any action, or omit to take any action, that is not pursuant to the request of Manager which Licensee knows, or should reasonably be expected to know, could result in: (1) the cancellation, termination, or restriction of the Existing License, the New License, the Ancillary Licenses (as defined below), or the Provider Agreements; (2) the violation of any laws applicable to the Facility; (3) the breach of any terms and conditions of any contracts or agreements relating to the operation of the Facility from and after the Effective Date to which Manager is a party; or (4) any material change with respect to any of the property located in, used in connection with, or comprising the Facility (including, but not limited to, the creation of any new liens on any such property).

3.2 Maintenance of Licenses. During the Term, the Existing License and the Provider Agreements shall be maintained in the name of Licensee, and all other ancillary licenses and permits related to the operation of the Facility (collectively, the “**Ancillary Licenses**”) shall be maintained in the name of Manager, all at the expense of Manager.

3.3 Resident Privacy. Manager shall have access to Resident data in the course of providing the Services hereunder. Manager shall keep and maintain Resident information and records disclosed or transferred to Manager in accordance with applicable law, including, but not limited to, the Health Insurance Portability and Accountability Act of 1995, as amended, and its implementing regulations, and shall not release such information except as permitted or required by applicable law. As of the Effective Date, the parties agree to execute a Business Associate Agreement in the form attached hereto and incorporated herein as **Exhibit A**.

3.4 Revenue and Expense. For the avoidance of doubt, and notwithstanding anything to the contrary contained herein, Manager shall be solely entitled to all Facility Income and be solely responsible for paying all Facility Expenses and all other liabilities arising from the operation of the Facility during the Term (with the understanding that Licensee shall have no responsibility for paying such Facility Expenses or other liabilities), subject to the indemnification provisions of this Agreement, the Sublease, and that certain Operations Transfer Agreement, dated as of April 1, 2025, by and among Mission Healthcare at Bellevue, JV, a Washington partnership, Manager, Licensee, and solely respect to certain provisions therein, the Living Trust of Gene E. Lynn.

#### ARTICLE IV INSURANCE

Manager shall procure and maintain all insurance policies necessary and appropriate, in Manager’s sole and absolute discretion, for the operation and maintenance of the Facility consistent with industry standards, including, without limitation, general and professional liability insurance, with the Licensee and its managers, members and affiliates named as an additional insured, additional named insured, or loss payee, as applicable.

## ARTICLE V MANAGEMENT FEE

The fee to which Manager is entitled for the performance by Manager of the Services hereunder shall be the difference between the Facility Income and the Facility Expenses, if any, during the Term, and the risk of loss and the benefit of profit from the operation of the Facility, and all tax benefit and loss, is intended to be borne by Manager.

## ARTICLE VI TERM AND TERMINATION

6.1 Term. This Agreement shall commence effective as of 12:00 a.m. (Pacific Daylight Time) on the Effective Date and terminate on the Licensure Date or such earlier date as this Agreement may be terminated in accordance with its terms.

6.2 Termination with Sublease Agreement. This Agreement shall automatically terminate if the Sublease is terminated.

6.3 Effect of Termination. Termination of this Agreement for any reason shall terminate all rights and obligations of the parties hereunder; provided, however, that such termination shall not relieve any party of liability for any breach of this Agreement's terms prior to termination of this Agreement.

## ARTICLE VII INDEMNIFICATION

7.1 Indemnification by Manager. Manager shall indemnify, defend, and hold Licensee and its affiliates, managers and members (collectively, the "Licensee Related Entities") and the successors, assigns, directors, officers, agents and employees of the Licensee Related Entities, harmless from, against, and with respect to any claim, liability, obligation, loss, damage, penalty, fine, assessment, judgment, cost or expense of any kind or character, including reasonable attorneys' fees (collectively, the "**Damages**"), arising out of or in any manner incident, relating or attributable to (a) any failure by Manager to perform or observe, or to have performed or observed, in full, any covenant, obligation, and agreement to be performed or observed by Manager under this Agreement, or (b) the operation of the Facility during the Term of this Agreement.

7.2 Indemnification by Licensee. Licensee shall indemnify, defend, and hold Manager and the respective officers, directors, shareholders, managers, members, partners, and employees of Manager, harmless from, against, and with respect to any Damages arising out of or in any manner incident, relating or attributable to any failure by Licensee to perform or observe, or to have performed or observed, in full, any covenant, obligation, and agreement to be performed or observed by Licensee under this Agreement.

ARTICLE VIII  
MISCELLANEOUS

8.1 Delegation. Manager shall have the right to enter into agreements and/or to delegate its responsibilities under this Agreement for itself or on behalf of Licensee to employees or subsidiaries of Manager or to engage Manager Affiliates for performance of all or any part of the Services; provided, however, that that Manager shall at all times supervise and be ultimately responsible for the performance by others of the Services.

8.2 Further Assurances. Each party hereto agrees to execute and deliver any and all further agreements, documents or instruments reasonably necessary to effectuate the transactions contemplated by this Agreement. Both parties will make all reasonable efforts to effect an orderly transfer of control of the Facility and to effectuate the provisions of this Agreement.

8.3 Reserved.

8.4 Notices. Any notices or other communications permitted or required pursuant to this Agreement shall be made in writing and shall be delivered personally or sent by an overnight delivery or courier service, by certified or registered mail (postage prepaid) or by e-mail transmission to the parties at the addresses set forth below. Notices shall be deemed given when personally served or sent by e-mail transmission, or, if sent by overnight delivery or courier service, the day after sent from within the United States, or if mailed, two (2) days after date of deposit in the United States mail. The addresses for notice are:

If to Licensee:

Evergreen Washington Healthcare  
Greenwood, L.L.C.  
c/o Eden Healthcare Management, LLC  
4601 NE 77<sup>th</sup> Avenue, Suite 380  
Vancouver, WA 38662  
Attn: Jonathan Allred  
E-mail: jallred@eden-health.com

If to Manager:

Kapalua Beach, LLC  
c/o Kalesta Healthcare Group  
599 Menlo Drive, Suite 200  
Rocklin, CA 95765  
Attention: Ryan Williams  
E-mail: ryan@kalestahc.com

and with a copy to:

Sussman Shank LLP  
1000 Southwest Broadway, Suite 1400  
Portland, OR 97205  
Attn: Aaron J. Besen, Esq.  
E-mail: abesen@sussmanshank.com

and with a copy to:

Baker Donelson Bearman Caldwell &  
Berkowitz, P.C.  
633 Chestnut Street, Suite 1900  
Chattanooga, TN 37450  
Attn: Amy W. Mahone, Esq.  
E-mail: amahone@bakerdonelson.com

8.5 Amendment. This Agreement may not be amended or modified, except by written instrument signed by both of the parties hereto.

8.6 Nature of Agreement. Neither the relationship between Licensee and Manager nor anything contained in this Agreement shall be deemed to constitute a partnership, joint venture, or any other similar relationship, and, except as otherwise specifically stated herein, Manager shall at all times be deemed an independent contractor for purposes of this Agreement.

8.7 Referral of Residents. Nothing herein shall require or contemplate any referrals of Residents by Licensee, Manager, Manager Affiliates, or their members, partners, shareholders, owners.

8.8 Reserved.

8.9 Access to Books and Records. As and to the extent required by law, upon the written request of the United States Secretary of Health and Human Services, the Comptroller General, or any of their duly authorized representatives, Manager shall make available those contracts, books, documents and records necessary to verify the nature and extent of the costs of providing services under this Agreement. Such inspection shall be available for up to four (4) years after the rendering of such services. If Manager carries out any of the duties of this Agreement through a subcontract with a value of \$10,000.00 or more over a twelve (12) month period with a related individual or organization, Manager agrees to include this requirement in any such subcontract. This section is included pursuant to and is governed by the requirements of 42 U.S.C. Section 1395x(v)(1) and the regulations promulgated thereunder. No attorney-client, accountant-client, or other legal privilege will be deemed to have been waived by either party by virtue of this Agreement.

8.10 Personal Liability. Licensee and Manager acknowledge and agree that no officer, director, shareholder, manager, member, partner, or employee of Licensee or Manager shall be held to any personal liability, jointly, severally, or otherwise, for any obligation of, or claim against, Licensee or Manager.

8.11 Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State.

8.12 No Waiver; Cumulative Remedies. The failure of Licensee or Manager to seek redress for the violation, or to insist upon the strict performance, of any covenant, agreement, provision, or condition of this Agreement shall not constitute a waiver of the terms of such covenant, agreement, provision, or condition, and Licensee and Manager shall have all remedies provided herein and by applicable law with respect to any subsequent act which would have originally constituted a violation. The provisions of this Section shall survive the termination or expiration of this Agreement.

8.13 Expenses. Each of the parties shall pay all costs and expenses incurred or to be incurred by it in negotiating and preparing this Agreement.

8.14 Counterparts; Electronic Signatures. This Agreement may be executed in counterparts, each of which shall for all purposes be deemed an original, and all of such counterparts shall together constitute one and the same instrument. Portable document format (PDF) signatures and other electronic signatures (including, but not limited to, DocuSign) shall have the same force and effect as original signatures.



8.15 Controversy. In the event of any controversy, claim, or dispute between the parties arising out of or relating to this Agreement, the prevailing party or parties shall be entitled to recover from the non-prevailing party or parties, reasonable attorneys' fees and cost of suit.

8.16 Severability. Should any part of this Agreement be declared invalid for any reason, such decision shall not affect or impaired validity of the remaining part or parts hereof, and this Agreement shall remain in full force and affect as to all parts not declared invalid or unenforceable portion(s) thereof eliminated.

8.17 Contract Modifications for Prospective Legal Events. In the event any state or federal laws or regulations, now existing or enacted or promulgated after the Effective Date, are interpreted by judicial decision, a regulatory agency or legal counsel in such a manner as to indicate that the structure or any terms of this Agreement may be in violation of such laws or regulations, this Agreement shall automatically be deemed modified as necessary to comply with such laws or regulations. To the maximum extent possible, any such modification shall preserve the underlying economic and financial arrangements between Manager and Licensee. Manager and Licensee shall amend this Agreement to reflect such modification promptly.

8.18 Interpretation. This Agreement has been negotiated by and between Manager and Licensee in arms-length negotiations, and both parties are responsible for its drafting. Both parties have reviewed this Agreement with appropriate counsel, or have waived their right to do so, and the parties hereby mutually and irrevocably agree that this Agreement shall be construed neither for nor against either party, but in accordance with the plain language and intent hereof. The captions of paragraphs and subparagraphs of this Agreement have been inserted solely for the purposes of convenience and reference and shall not control or affect the meaning or construction of any of the provisions of this Agreement.

8.19 Related Agreements. This Agreement, together with the Transfer Agreement, the Sublease, and any certificates or other documents referenced herein or therein, together, comprise the entire agreement between the parties hereto with respect to the subject matter hereof and shall be construed together. In the event of any conflict among this this Agreement, the Sublease, and/or the Transfer Agreement, the terms of the Transfer Agreement shall govern and control. Licensee and Manager each covenant and agree to timely perform all of its respective obligations under the Transfer Agreement and the Sublease. A default by either party under this Agreement shall be deemed a default by such party under the Transfer Agreement and the Sublease, and a default by either party under the Transfer Agreement or the Sublease shall be deemed a default by such party under this Agreement. Licensee and Manager acknowledge and agree that the Transfer Agreement remains in full force and effect and is in all events ratified, confirmed, and approved.

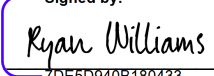
8.20 Washington State Addendum. The rights and obligations of Licensee and Manager with respect to this Agreement shall be subject in all respects to the additional terms set forth in **Exhibit B**, attached hereto and incorporated herein.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

**MANAGER:**

**KAPALUA BEACH, LLC,**  
a Washington limited liability company

By:  \_\_\_\_\_  
Ryan Williams, Manager

**LICENSEE:**

**EVERGREEN WASHINGTON HEALTHCARE GREENWOOD, L.L.C.,**  
a Washington limited liability company

By: EmpRes Healthcare Management, LLC,  
a Washington limited liability company  
Its: Manager

By: \_\_\_\_\_  
Brent Weil, President and C.E.O.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

**MANAGER:**

**KAPALUA BEACH, LLC,**  
a Washington limited liability company

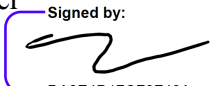
By: \_\_\_\_\_  
Ryan Williams, Manager

**LICENSEE:**

**EVERGREEN WASHINGTON HEALTHCARE GREENWOOD, L.L.C.,**  
a Washington limited liability company

By: EmpRes Healthcare Management, LLC,  
a Washington limited liability company

Its: Manager

By:  \_\_\_\_\_  
DA9E4D17CF0F48A...  
Brent Weil, President and C.E.O.

## Exhibit A

### BUSINESS ASSOCIATE AGREEMENT

#### Business Associate Agreement

This Business Associate Agreement (“Business Associate Agreement”) is entered into as of this \_\_\_\_ day of \_\_\_\_\_, 2025, by and between **EVERGREEN WASHINGTON HEALTHCARE GREENWOOD, L.L.C.**, a Washington limited liability company (“Covered Entity”), on behalf of its affiliates, subsidiaries, and related entities, and **KAPALUA BEACH, LLC**, a Washington limited liability company (“Business Associate”). This Business Associate Agreement is effective as of the first date written above or when Business Associate obtains Protected Health Information (as defined below) from or on behalf of Covered Entity, whichever is earlier. This Business Associate Agreement is intended to provide for the protection of the privacy and security of the Protected Health Information and disclosed by Covered Entity or any of its affiliates to Business Associate, or created or accessed by Business Associate for the purposes of performing Business Associate’s services under that certain Interim Management Agreement (the “Services Agreement”) separately entered into by and between the parties as required by the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and regulations promulgated thereunder, and any subsequent amendments or modifications to such regulations (collectively, the “HIPAA Rules”).

#### 1. Definitions.

- (a) **Protected Health Information.** “Protected Health Information” or “PHI” shall have the same meaning as the term “protected health information” in 45 CFR §160.103, limited to such information created, maintained, or received on behalf of Covered Entity.
- (b) **Privacy Rule.** “Privacy Rule” shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR part 160 and part 164, as amended from time to time.
- (c) **Individual.** “Individual” shall have the same meaning as the term “individual” in 45 CFR §160.103 and shall include a person who qualifies as a personal representative in accordance with 45 CFR §164.502(g).
- (d) **Security Rule.** “Security Rule” shall mean the Standards for Security of Electronic Protected Health Information at 45 CFR parts 160 and 164, subpart C, as amended from time to time.
- (e) **Secretary.** “Secretary” shall have the same meaning as that terms as defined in 45 CFR 160.103 and means the Secretary of Health and Human Services or any other officer or employee of the Department of Health and Human Services to whom the authority has been delegated.

(f) **Secure**. “Secure” shall mean to render unusable, unreadable, or indecipherable to unauthorized individuals through the use of a technology or methodology specified by the Secretary in the guidance issued under section 13402(h)(2) of the HITECH Act.

(g) **Successful Security Incident**. “Successful Security Incident” shall mean any Security Incident (as defined in 45 CFR 164.304) that results in the unauthorized use, access, disclosure, modification or destruction of electronic Protected Health Information or interference in a system holding electronic Protected Health Information.

All capitalized terms used in this Business Associate Agreement and not defined elsewhere in this Business Associate Agreement or the underlying Services Agreement between the parties shall have the same meaning as those terms as used or defined in the HIPAA Rules.

**2. Obligations of Business Associate Regarding Permitted Uses and Disclosures of Protected Health Information.**

(a) **Permitted Uses and Disclosures**. Business Associate agrees not to use or disclose Protected Health Information other than as permitted or required by this Business Associate Agreement or as Required By Law. Except as otherwise limited by this Business Associate Agreement, Business Associate may use and disclose Protected Health Information in order to provide its services as described in the Services Agreement.

(b) **Use and Disclosure for Business Associate’s Management and Legal Responsibilities**. Except as otherwise limited in this Business Associate Agreement, Business Associate may use Protected Health Information, if necessary, for its proper management and administration or to carry out its legal responsibilities. In addition, Business Associate may disclose Protected Health Information for its proper management and administration or to carry out its legal responsibilities provided that: (i) any such disclosure is Required By Law; or (ii) (1) Business Associate obtains reasonable assurances, in the form of a written agreement, from the person to whom the Protected Health Information is disclosed that it will be held confidentially and used or further disclosed only as Required By Law or for the purpose for which it was disclosed to the person; and (2) the person agrees to notify Business Associate of any instances of which it is aware in which the confidentiality of the Protected Health Information has been breached.

(c) **De-identification**. Business Associate is authorized to de-identify the information and to aggregate PHI in accordance with 45 CFR 164.514(a)-(c), as necessary to perform its services as provided in Section 2(a).

**3. Safeguards.** Business Associate shall implement reasonable and appropriate administrative, technical and physical safeguards to maintain the security and confidentiality of Protected Health Information and shall comply with Subpart C of 45 CFR Part 164 with respect to electronic protected health information.

**4. Mitigation.** Business Associate agrees to mitigate, to the extent practicable, any harmful effects of any use or disclosure of Protected Health Information by it or its agents or subcontractors not provided for in this Business Associate Agreement of which it becomes aware.

- 5. Reporting.** Business Associate agrees to report any use or disclosure of Protected Health Information not permitted by this Agreement and any Successful Security Incident (each a “Potential Breach”) to Covered Entity after it is discovered (within the meaning of 45 CFR 164.410(a)(2)) or such shorter period of time as required by applicable law. Business Associate shall provide the information concerning the Potential Breach as required by 45 CFR 164.410(c).
- 6. Agreements with Subcontractor Business Associates.** Business Associate agrees to ensure, through a written agreement, that any of its subcontractors that receive or create any Protected Health Information, agree to the same terms and conditions that apply to Business Associate under this Business Associate Agreement.
- 7. Limitations on Use and Disclosure.** Except as provided in Section 2(b), Business Associate shall not use or disclose Protected Health Information in any manner that would violate the Privacy Rule if done by Covered Entity. In addition, Business Associate agrees to not use, disclose or request Protected Health Information in a manner inconsistent with the Minimum Necessary standard in the Privacy Rule. Business Associate further agrees to comply with all applicable HIPAA Rules.
- 8. Requests for Access.** To the extent Business Associate maintains Protected Health Information in a Designated Record Set on behalf of Covered Entity, within fifteen (15) business days after receipt of a written request, Contactor agrees to make available such Protected Health Information to the Individual in accordance with 45 CFR 164.524, including the requirement to make such PHI available in electronic form to the extent required by the HITECH Act.
- 9. Requests for Amendment.** To the extent Business Associate maintains Protected Health Information in a Designated Record Set on behalf of Covered Entity, within ten (10) business days after receipt of a written request, Business Associate agrees to make any amendment(s) to such PHI in accordance with 45 CFR 164.526.
- 10. Requests for Accounting of Information.** Business Associate agrees to document such disclosures of Protected Health Information made by it, and information related to such disclosures, as would be required for a Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information, and to respond to such requests in compliance with 45 CFR 164.528
- 11. Requests for Confidential Communications and Restrictions.** Within ten (10) business days of receipt of a request from an Individual, Business Associate agrees to comply with any request for confidential communication of, or restriction on the use or disclosure of, Protected Health Information held by it or any agent or subcontractor in accordance with 45 CFR 164.52.
- 12. Disclosure of Privacy and Security Practices to Authorities.** Business Associate agrees to make its internal practices, books, and records relating to the use and disclosure of Protected Health Information available to Covered Entity and the Secretary in a time and manner designated by the Secretary, for purposes of determining Covered Entity’s or Business Associate’s compliance with the HIPAA Rules.

### 13. Term and Termination.

- (a) **Term**. The term of this Business Associate Agreement shall continue for so long as the Services Agreement remains in effect, except that Section 13(c) shall survive after the termination of the Services Agreement for as long as Business Associate retains any Protected Health Information.
- (b) **Termination**. Upon Covered Entity's determination that Business Associate has violated or breached a material term of this Business Associate Agreement, Covered Entity may either: (1) provide an opportunity of twenty (20) business days for Business Associate to cure the breach or end the violation, and terminate this Business Associate Agreement and the Services Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity; or (2) immediately terminate this Business Associate Agreement and the Services Agreement if it determines that Business Associate has breached a material term of this Business Associate Agreement and cure is not possible.
- (c) **Effect of Termination**. (1) Except as provided in paragraph (2) of this Section 13(c), upon termination of the Services Agreement for any reason, Business Associate shall either return to Covered Entity or destroy all Protected Health Information in its possession. Business Associate shall retain no copies of the Protected Health Information. (2) In the event that returning or destroying the Protected Health Information is infeasible because required for Business Associate's management and administration or to carry out its legal responsibilities, Business Associate shall extend the protections, including but not limited to the safeguards in 45 CFR Part 164, of this Business Associate Agreement to such Protected Health Information, and limit further uses and disclosures of it to those purposes that make the return or destruction infeasible, for so long as Business Associate holds such Protected Health Information.

### 14. Miscellaneous.

- (a) **Regulatory References**. A reference in this Business Associate Agreement to a section in the Privacy Rule or Security Rule means the section as in effect, including any amendments.
- (b) **Interpretation**. Any ambiguity in this Business Associate Agreement shall be resolved to permit compliance with the HIPAA Rules.
- (c) **Conflicts**. The terms and conditions of this Business Associate Agreement shall override and control any conflicting term or condition of the Services Agreement. All non-conflicting terms and conditions of the Services Agreement remain in full force and effect.
- (d) **Relationship of Parties**. Nothing in this Agreement shall be construed to create (i) a partnership, joint venture or other joint business relationship between the parties or any of their affiliates, or (ii) an agency relationship for purposes of the HIPAA Rules.

IN WITNESS WHEREOF, the parties hereto have caused this Business Associate Agreement to be executed by their respective duly authorized officers or agents as of the date first above written.

**BUSINESS ASSOCIATE**

**KAPALUA BEACH, LLC,**  
a Washington limited liability company

By: \_\_\_\_\_  
Ryan Williams, Manager

**COVERED ENTITY**

**EVERGREEN WASHINGTON HEALTHCARE GREENWOOD, L.L.C.,**  
a Washington limited liability company

By: EmpRes Healthcare Management, LLC,  
a Washington limited liability company  
Its: Manager

By: \_\_\_\_\_  
Brent Weil, President and C.E.O.



## **Exhibit B**

### **WASHINGTON STATE ADDENDUM**

In addition to the provisions set forth in the foregoing Interim Management Agreement to which this Washington State Addendum is attached (the “Agreement”), the following provisions shall apply with respect to the Facility and in the event of a conflict between the terms of the Agreement and this Washington State Addendum, the terms of this Washington State Addendum shall control. Any references in this Washington State Addendum to the “Licensee” shall mean the entity which, from time to time during the term of the Agreement, is the licensed operator of the Facility and references in this Washington State Addendum to the “Manager” shall mean the entity, which from time to time during the term of the Agreement, is engaged by the Licensee to manage the Facility.

1. Manager shall provide residents of the Facility with notice of any changes in the schedules of charges in accordance with RCW Chapter 70.129, the Long Term Care Residents Rights Act, and, if applicable, the terms of their admission agreement and the policies and procedures of the Facility.

2. Ultimate control over the executive director/administrator of the Facility, including his/her appointment, and over personnel matters relating to the operation of the Facility and the care provided to the residents of the Facility and responsibility for the staffing levels, and training of the personnel at, the Facility shall remain with Licensee as the licensed operator of the Facility.

3. Licensee and Manager acknowledge and agree that under Washington law all plans of correction may only be submitted by Licensee and any administrative appeals of licensing or contract action/enforcement imposed by the Washington Department of Social and Health Services (“DSHS”) may only be filed by Licensee in its capacity as the licensed operator of the Facility and Manager shall have no right to file any such appeals.

4. All resident leases or admission agreements entered into by Manager as the agent of Licensee or by Licensee in connection with the operation of the Facility shall comply with the Long Term Care Residents Act, RCW Chapter 70.129.

5. All resident records shall be maintained and retained in accordance with Washington Administrative Code Chapter 388-78A and other applicable laws and regulations.

6. Manager will not represent itself as, or give the appearance that it is, the licensee of the Facility. If and to the extent any informational materials developed by Manager contain Manager’s name or logo, the same shall clearly reflect that Manager is the manager and shall not, directly or indirectly, give the appearance that Manager is the licensee of the Facility. Further, when Manager takes any action on behalf of Licensee, any communication or correspondence must clearly indicate that it is acting as the agent of Licensee.

7. With respect to the operation of the Facility, the relationship of the parties shall be that of principal and agent. In furtherance of the foregoing, Manager shall be authorized to execute

certain documents in the course of the day-to-day operation of the Facility as the agent of Licensee, such as credit applications for supplies, banking resolutions for the operating accounts, utility deposit forms, etc., in each case subject to and in accordance with the terms of the Agreement.

8. Manager and Licensee shall use good faith efforts to give notice of the termination of the Agreement to DSHS at Residential Care Services (PO Box 45600, Olympia, WA 98504-5600) (the “DSHS Address”) prior to the effective date thereof but neither shall be in default of its obligations hereunder should it fail to do so.

9. No assignment of the Agreement shall be effective unless the assignee, in the case of an assignment by Licensee, has first been duly licensed by DSHS and unless, in the case of an assignment by Manager, the appropriate notice and documentation required for a change in the manager of the Facility has been provided to DSHS.

10. The parties agree to use their good faith efforts to give notice of any change of address of either party to DSHS at the DSHS Address but neither shall be in default of its obligations hereunder should it fail to do so.

11. No amendment of the Agreement shall be effective until thirty (30) days’ notice of the amendment has been provided to DSHS as required by WAC 388-78A-2590(4)(b).

12. Manager and Licensee shall use good faith efforts to provide DSHS at the DSHS Address with copies of any written notices of default issued under the terms of the Agreement but neither Manager nor Licensee shall be in default of its obligations hereunder should it fail to do so.

13. The operations of Manager at the Facility shall in all instances be in compliance with the requirements of RCW Chapter 18.20 and WAC Chapter 388-78A.

14. Manager shall assume day to day responsibility for the handling of the Facility’s resident trust funds. In furtherance of the foregoing, as required by WAC 388-78A-2595, Manager shall do the following:

- (a) provide Licensee with a monthly accounting of the resident trust funds; and
- (b) meet all requirements of applicable laws and regulations related to holding, and accounting for, resident trust funds.

Notwithstanding the foregoing, Licensee acknowledges and agrees that Licensee (i) retains all fiduciary and custodial responsibility for resident trust funds that have been deposited with the Facility by the residents and (ii) is directly accountable to the residents for such resident trust funds.

15. In conformity with WAC 388-78A-2594(3), if required by DSHS Licensee shall participate in monthly oversight meetings and quarterly on-site visits to the Facility. Manager shall promptly notify Licensee if DSHS requires Licensee to notify DSHS that each such meeting has

occurred and/or requires Licensee to maintain documentation of such meetings at the Facility for review by DSHS at any time. In the event that Manager so notifies Licensee, Licensee shall deliver notice of such meetings to DSHS and shall maintain documentation of such meetings at the Facility, in each case with Manager's cooperation.

16. Notwithstanding that the Agreement requires Manager to operate the Facility in a manner consistent with applicable laws and regulations, the Agreement does not delegate to Manager Licensee's responsibility to ensure that the Facility is operated in a manner consistent with applicable laws and regulations.

17. The Agreement does not delegate to Manager the responsibility to review for accuracy, acknowledge and sign all initial and renewal license applications, but Manager shall be responsible for preparing such applications for review and approval by Licensee.

18. Manager and Licensee acknowledge that, in accordance with WAC 388-78A-2590(5), all of the residents and prospective residents of the Facility have been provided with notice that Licensee intends to retain Manager to assume management responsibility for the Facility.

**Exhibit 7**  
**King County Assessor Documentation**

## Reference Links

- [Residential Physical Inspection Areas](#)
- [King County Tax Districts Codes and Levies \(.PDF\)](#)
- [King County Tax Links](#)
- [Property Tax Advice](#)
- [Washington State Department of Revenue](#) (External link)
- [Washington State Board of Tax Appeals](#) (External link)
- [Board of Appeals/Equalization](#)
- [Districts Report](#)
- [iMap](#)
- [Recorder's Office](#)
- [Scanned images of surveys and other map documents](#)
- [Scanned images of plats](#)
- [Housing Availability Dashboard](#)

## ADVERTISEMENT

[New Search](#) [Property Tax Bill](#) [Map This Property](#) [Glossary of Terms](#) [Area Report](#) [Print Property Details](#)

### PARCEL DATA

Parcel	067310-0087
Name	MISSION HEALTHCARE INVESTME
Site Address	2424 156TH AVE NE 98008
Geo Area	80-30
Spec Area	174-10
Property Name	MISSION HEALTHCARE AT BELLEVUE

Jurisdiction	BELLEVUE
Levy Code	0330
Property Type	C
Plat Block / Building Number	
Plat Lot / Unit Number	10
Quarter-Section-Township-Range	SE-23-25-5

### Legal Description

BELLEVUE GARDENS 3RD ADD W 230 FT OF TRACT 10 LESS W 30 FT THOF CONVEYED TO KING CO BY DEED AF NO 5127241 & LESS POR CONVEYED TO CITY OF BELLEVUE BY DEEDS REC NO 8908010822 & 9310181357  
 Plat Block:  
 Plat Lot: 10

### LAND DATA

Highest & Best Use As If Vacant	GROUP RESIDENCE
Highest & Best Use As Improved	PRESENT USE
Present Use	Nursing Home
Land SqFt	84,264
Acres	1.93

Percentage Unusable	
Unbuildable	NO
Restrictive Size Shape	NO
Zoning	O
Water	WATER DISTRICT
Sewer/Septic	PUBLIC
Road Access	PUBLIC
Parking	ADEQUATE
Street Surface	PAVED

### Views

Rainier	
Territorial	
Olympics	
Cascades	
Seattle Skyline	
Puget Sound	
Lake Washington	
Lake Sammamish	
Lake/River/Creek	
Other View	

### Waterfront

Waterfront Location	
Waterfront Footage	0
Lot Depth Factor	0
Waterfront Bank	
Tide/Shore	
Waterfront Restricted Access	
Waterfront Access Rights	NO
Poor Quality	NO
Proximity Influence	NO

### Designations

Historic Site	
Current Use	(none)
Nbr Bldg Sites	
Adjacent to Golf Fairway	NO
Adjacent to Greenbelt	NO
Other Designation	NO
Deed Restrictions	NO
Development Rights Purchased	NO
Easements	NO
Native Growth Protection Easement	NO
DNR Lease	NO

### Nuisances

Topography	
Traffic Noise	
Airport Noise	
Power Lines	NO
Other Nuisances	NO

### Problems

Water Problems	NO
Transportation Concurrence	NO
Other Problems	NO

### Environmental

Environmental	NO
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### BUILDING

Building Number	1
Building Description	NURSING HOME
Number Of Buildings Aggregated	1



Click the camera to see more pictures.

## ADVERTISEMENT

Predominant Use	CONVALESCENT HOSPITAL (313)
Shape	Rect or Slight Irreg
Construction Class	WOOD FRAME
Building Quality	AVERAGE
Stories	2
Building Gross Sq Ft	59,850
Building Net Sq Ft	59,850
Year Built	1996
Eff. Year	2003
Percentage Complete	100
Heating System	HEAT PUMP
Sprinklers	Yes
Elevators	Yes

Picture of Building 1



Section(s) Of Building Number: 1

Section Number	Section Use	Description	Stories	Height	Floor Number	Gross Sq Ft	Net Sq Ft
1	CONVALESCENT HOSPITAL (313)	65 BEDS ALL PRIVATE	2	12		59,850	59,850

Apartment / Condo Complex Data

Complex Type	Commercial Complex
Complex Description	65 PRIVATE BEDS
Value Distribution Method	
# of Bldgs	1
# of Stories	2
# of Units	65
Avg Unit Size	463
Land Per Unit	0
Project Location	AVERAGE
Project Appeal	AVERAGE
% With View	0
Construction Class	WOOD FRAME
Building Quality	AVERAGE
Condition	Average
Year Built	1996
Eff Year	2003
% Complete	100
Elevators	Y
Security System	Y
FirePlace	
Laundry	COMMON
Kitchens	N
# of Meals	3
Founder's Fee	N
Apt Conversion	
Condo Land Type	Fee Simple

Unit Breakdown

Unit Type	Number of This Type	Sq Ft	# of Bedrooms	# of Baths
NursHme/Hospital:2-bd rms	5	350	S	1
NursHme/Hospital:1-bd rms	59	500	S	1

TAX ROLL HISTORY

Account	Valued Year	Tax Year	Omit Year	Levy Code	Appraised Land Value (\$)	Appraised Imps Value (\$)	Appraised Total Value (\$)	New Dollars (\$)	Taxable Land Value (\$)	Taxable Imps Value (\$)	Taxable Total Value (\$)	Tax Value Reason
067310008700	2024	2025		0330	6,741,100	7,270,800	14,011,900	0	6,741,100	7,270,800	14,011,900	
067310008700	2023	2024		0330	6,741,100	7,281,400	14,022,500	0	6,741,100	7,281,400	14,022,500	
067310008700	2022	2023		0330	6,741,100	7,354,300	14,095,400	0	6,741,100	7,354,300	14,095,400	
067310008700	2021	2022		0330	5,477,100	6,344,700	11,821,800	0	5,477,100	6,344,700	11,821,800	
067310008700	2020	2021		0330	5,477,100	5,126,100	10,603,200	0	5,477,100	5,126,100	10,603,200	
067310008700	2019	2020		0330	5,055,800	4,663,800	9,719,600	883,600	5,055,800	4,663,800	9,719,600	
067310008700	2018	2019		0330	4,213,200	5,338,900	9,552,100	0	4,213,200	5,338,900	9,552,100	

067310008700	2017	2018	0330	4,213,200	5,668,200	9,881,400	0	4,213,200	5,668,200	9,881,400
067310008700	2016	2017	0330	3,791,800	5,257,500	9,049,300	0	3,791,800	5,257,500	9,049,300
067310008700	2015	2016	0330	3,791,800	5,559,200	9,351,000	0	3,791,800	5,559,200	9,351,000
067310008700	2014	2015	0330	3,791,800	5,299,400	9,091,200	0	3,791,800	5,299,400	9,091,200
067310008700	2013	2014	0330	3,791,800	4,974,700	8,766,500	0	3,791,800	4,974,700	8,766,500
067310008700	2012	2013	0330	3,791,800	5,485,600	9,277,400	0	3,791,800	5,485,600	9,277,400
067310008700	2011	2012	0330	3,791,800	5,577,300	9,369,100	0	3,791,800	5,577,300	9,369,100
067310008700	2010	2011	0330	3,791,800	5,241,800	9,033,600	0	3,791,800	5,241,800	9,033,600
067310008700	2009	2010	0330	3,791,800	5,225,200	9,017,000	0	3,791,800	5,225,200	9,017,000
067310008700	2008	2009	0330	3,370,500	6,648,400	10,018,900	0	3,370,500	6,648,400	10,018,900
067310008700	2007	2008	0330	2,106,600	7,599,200	9,705,800	0	2,106,600	7,599,200	9,705,800
067310008700	2006	2007	0330	1,853,800	6,109,900	7,963,700	0	1,853,800	6,109,900	7,963,700
067310008700	2005	2006	0330	1,516,700	6,190,100	7,706,800	0	1,516,700	6,190,100	7,706,800
067310008700	2004	2005	0330	1,095,400	6,611,400	7,706,800	0	1,095,400	6,611,400	7,706,800
067310008700	2003	2004	0330	1,116,400	6,590,400	7,706,800	0	1,116,400	6,590,400	7,706,800
067310008700	2002	2003	0330	1,116,400	5,522,800	6,639,200	0	1,116,400	5,522,800	6,639,200
067310008700	2001	2002	0330	1,116,400	5,522,800	6,639,200	0	1,116,400	5,522,800	6,639,200
067310008700	2000	2001	0330	1,116,500	5,522,700	6,639,200	0	1,116,500	5,522,700	6,639,200
067310008700	1999	2000	0330	1,116,500	5,280,000	6,396,500	0	1,116,500	5,280,000	6,396,500
067310008700	1998	1999	0330	1,116,500	6,665,100	7,781,600	0	1,116,500	6,665,100	7,781,600
067310008700	1997	1998	0330	0	0	0	0	1,116,500	6,665,100	7,781,600
067310008700	1996	1997	0330	0	0	0	0	974,500	2,732,700	3,707,200
067310008700	1995	1996	0330	0	0	0	0	974,500	0	974,500
067310008700	1994	1995	0330	0	0	0	0	974,500	0	974,500
067310008700	1993	1994	0330	0	0	0	0	1,013,000	263,800	1,276,800
067310008700	1992	1993	0330	0	0	0	0	1,017,600	263,800	1,281,400
067310008700	1990	1991	0330	0	0	0	0	848,000	263,800	1,111,800
067310008700	1988	1989	0470	0	0	0	0	1,017,600	266,300	1,283,900
067310008700	1986	1987	0470	0	0	0	0	678,400	266,300	944,700
067310008700	1984	1985	0470	0	0	0	0	678,400	266,300	944,700
067310008700	1982	1983	0470	0	0	0	0	593,600	266,300	859,900

#### SALES HISTORY

Excise Number	Recording Number	Document Date	Sale Price	Seller Name	Buyer Name	Instrument	Sale Reason
<u>2143904</u>	<u>20050801002759</u>	7/27/2005	\$0.00	TCO LLC	MISSION HEALTHCARE INVESTMENT LLC	Other - See Affidavit	Other
<u>1995015</u>	<u>20031014002583</u>	10/14/2003	\$6,108,451.00	MISSION HEALTHCARE AT BELLEVUE JOINT VENTURE	TCO LLC C/O CAREAGE HEALTHCARE OF CALIFORNIA INC	Special Warranty Deed	None
<u>1398723</u>	<u>199410071102</u>	9/28/1994	\$0.00	KING COUNTY	S C BELLEVUE LYNN JOINT VENTUR	Warranty Deed	Other
<u>1337187</u>	<u>199310181357</u>	6/7/1993	\$3,800.00	KING COUNTY-REAL PROP DIV	BELLEVUE CITY OF-TRANSPORTATIO	Warranty Deed	Correction (refiling)
<u>1314457</u>	<u>199306210788</u>	6/7/1993	\$3,800.00	KING COUNTY REAL PROP DIV	BELLEVUE CITY OF	Warranty Deed	Other

#### REVIEW HISTORY

Tax Year	Review Number	Review Type	Appealed Value	Hearing Date	Settlement Value	Decision	Status
2015	1402387	Local Appeal	\$9,091,200	1/1/1900	\$0		Completed
2001	0004819	Local Appeal	\$7,872,600	1/1/1900	\$0		Completed
1999	9803732	Local Appeal	\$7,781,600	1/1/1900	\$0		Completed
1995	9408506	Local Appeal	\$1,443,500	1/1/1900	\$0		Completed

#### PERMIT HISTORY

Permit Number	Permit Description	Type	Issue Date	Permit Value	Issuing Jurisdiction	Reviewed Date
<u>18</u> <u>110584</u> <u>BZ</u>	Converting semi-private rooms to private suites. The conversion will result in a 69-bed community with 61 private suites and 4 semi-suites. Construction Scope includes select demo of wing walls, casework, electrical & plumbing fixtures, grab ba	Remodel	6/21/2018	\$1,200,000	BELLEVUE	8/1/2019

HOME IMPROVEMENT EXEMPTION

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**Exhibit 8**  
**Policies and Procedures**

# Skilled Nursing Facility Admission Agreement



BELLEVUE  
POST ACUTE

2424 156<sup>th</sup> Avenue NE, Bellevue, WA 98007  
(the “Facility”)

*for*

---

(“Resident”)

**BREMERTON TRAILS POST ACUTE  
SKILLED NURSING FACILITY  
ADMISSION AGREEMENT**

This Skilled Nursing Facility Admission Agreement ("Agreement") is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ between BELLEVUE POST ACUTE (the "Facility"), by and through its owner Kapalua Beach, LLC, and the individual listed as Resident below ("Resident").

The Facility agrees to provide general nursing care, room and board, and other services as required by law to Resident, provided space is available and such admission is medically and otherwise appropriate under the Facility's nursing facility license. This Agreement is a legally binding contract that defines the rights and obligations of each person or party who signs it. Please read this Agreement carefully before you sign it.

Resident or Resident Representative, as applicable, agrees to comply with all applicable terms of this Agreement. All references to "Resident" include their Resident Representative. Rates and extra charges for the services provided pursuant to this Agreement are found in **Exhibit A**.

The Facility admits and retains residents without distinction due to race, color, national origin, disability, religion, creed, sex or age, provided they do not endanger the health, safety, or rights of other residents, and their needs can be met in accordance with state and federal regulations regarding care, policies, fiscal resources, and staff adequate in numbers, qualifications, training and skills.

**I. PARTIES TO AGREEMENT**

**RESIDENT:** \_\_\_\_\_

**SSN:** \_\_\_\_\_

**DOB:** \_\_\_\_\_

**RESIDENT REPRESENTATIVE:** \_\_\_\_\_

**RELATIONSHIP TO RESIDENT:** \_\_\_\_\_

**LEGAL GUARDIAN, CONSERVATOR or POWER OF ATTORNEY (collectively, "Legal Representative")** (*check all that apply and attach appropriate supporting documentation*):

☐ Legal Guardian ☐ Conservator ☐ Power of Attorney

**FACILITY:** Bellevue Post Acute  
2424 156<sup>th</sup> Avenue NE  
Bellevue, WA 98007

**TERM:** ☐ Month-to-Month ☐ Respite/Short Term Stay

**ADMISSION DATE:** \_\_\_\_\_

**EFFECTIVE DATE:** This Agreement is effective as of the date of Resident's admission to the Facility, regardless of when this Agreement is signed.

## II. DEFINITIONS

**A. Resident:** Resident is the individual who will receive care and services at the Facility. At times, Resident may be referred to as “you,” “your,” “they,” “their,” or “Resident.”

**B. Resident Representative:** Means any of the following,

1. Legal Representative (Health Care POA, Representative Payee, Guardian, and Conservator): A Legal Representative means a person recognized by state law or federal law as having the authority to act on behalf of Resident in order to support Resident in decision-making, access medical social or other personal information of Resident, manage financial matters, and/or receive notifications for Resident. A Legal Representative may be an attorney-in-fact acting under a durable power-of-attorney for healthcare, guardian, conservator, representative payee or other person allowed to, act on behalf of Resident under state or federal law. If the person entering this Agreement on behalf of Resident has been appointed by law or by Resident, the Legal Representative must provide the Facility with a copy of the document creating the agency, guardianship, or conservatorship. If you have been appointed as conservator, attorney-in-fact under a general durable power-of-attorney, or representative payee, you may not have the right to make health care decisions for the Resident or have unrestricted access to Resident’s protected health information. A Legal Representative is not a financial guarantor for the purposes of this Agreement and does not assume personal liability for payment of any charges incurred by Resident. **No Legal Representative is required for a legally competent resident.**

2. Agent: An individual chosen by Resident to act on behalf of Resident to support Resident in decision-making, access medical, social, or other personal information of Resident, manage financial matters, and/or receive notification. An Agent can also be a person who Resident has authorized to manage, use, or control funds or assets which may be legally used to pay for Resident’s charges, or who otherwise legally acts on behalf of the Resident at Resident’s request. This may be a family member or friend. The Resident Representative represents that they are acting as Resident’s agent and has been expressly or impliedly authorized by Resident to enter into this Agreement on behalf of Resident. The Agent understands that they may not have any other further decision-making capacity for Resident unless Resident authorizes that authority or if Resident becomes legally incapacitated and there is no other legally designated representative appointed for Resident. An agent does not assume personal liability for payment of any charges incurred by Resident.

3. THE FACILITY SHALL NOT REQUIRE OR REQUEST THAT ANY RESIDENT HAVE A RESIDENT REPRESENTATIVE SIGN OR CO-SIGN THIS AGREEMENT AS A FINANCIAL GUARANTOR AS A CONDITION OF THE RESIDENT’S ACCEPTANCE, ADMISSION, OR CONTINUED STAY IN THE FACILITY.

4. Representations: If you are acting as a Resident Representative, you represent to the Facility the following are true and correct:

- You have authority to bind Resident to the terms of this Agreement;
- If you control Resident's funds or assets, you will use those funds or assets to pay the Facility for services provided to Resident under this Agreement and you agree to inform the Facility's Administrator immediately if you no longer have legal access to Resident's income and/or resources;
- If applicable, you will use your best efforts to qualify Resident for Medicare, Medicaid, or other applicable payment source;
- You understand that the Facility will not require Resident to have a third-party sponsor or guarantee payment as a condition of admission, expedited admission, or continued admission. You are not financially responsible for payment of amounts due under this Agreement;
- You understand that the Facility is relying on the representations herein to admit Resident for care and services;
- You agree to provide complete and accurate disclosure of all relevant information to the Facility;
- You agree to fulfill any fiduciary duties owed to Resident; and
- You understand that you may not have the legal authority to: (1) access Resident's health records or other protected health information without first complying with the Health Insurance Portability and Accountability Act ("HIPAA") and state privacy laws; or (2) make health care decisions for Resident unless specifically authorized under federal or state law.

### **III. INFORMED CONSENT AND SERVICES**

**A. Services Provided.** In exchange for payment described in the *Financial Arrangements* section below, the Facility will furnish nursing and other services to Resident consistent with a specified care plan, as ordered by Resident's physician, and within the scope of care the Facility is able to provide under its license. Within fourteen (14) days of Resident's admission, after a significant change in Resident's physical or mental status, and at least annually, the Facility will conduct a comprehensive assessment (the "Resident Assessment") of Resident's needs, strengths, goals, life history, and preferences. This will include assessing Resident's customary routines, physical and cognitive functioning, communication, mood and behavior patterns, health conditions, and more. As part of the assessment process, staff will observe and speak with Resident, as well as with direct care staff from all shifts. Within seven (7) days of completing the Resident Assessment, the Facility will develop and implement a comprehensive person-centered care plan which will be reviewed and may be revised after each Resident Assessment.

**B. Services Not Provided.** This Agreement does not entitle Resident to receive any services for psychiatric care, alcoholism, substance abuse, infectious diseases, care for behavioral problems or any condition requiring services that the Facility is not licensed, staffed, or equipped to provide, or does not routinely provide. Resident shall be responsible for the cost of drugs, medications, personal and medical supplies, podiatric services, bone setting, orthopedic appliances, eye examinations and treatment, eyeglasses, corrective lenses, dental services, dentures, x-rays, audiology services (including hearing aids), oxygen, ambulance or other transport fees, dressings, medical appliances, wheel chairs, walkers, prescriptions, special treatments not ordinarily provided by the Facility, and the cost of any of Resident's health insurance policies, whether optional or required. In addition, the Facility will not be responsible for paying for any health care services or items not expressly covered in this Agreement, including but not limited to medical, surgical or hospital services, care by personal physicians or private duty nurses, and/or caregivers/companions, or attendants, and any services or items for which reimbursement is available from any governmental or private insurance. Resident is responsible to apply for and diligently pursue the payment of all such private and government benefits to which Resident may be entitled.

**C. Consent to Treat.** Unless deemed incapable, Resident has the right to make health care decisions, including the right to change their mind regarding previous decisions, participate in developing their plan of care, and to consent to or refuse treatment and care and to refuse to participate in experimental research. Resident has the right to refuse medication, treatment, and care, and be informed of the medical consequences of their decision to refuse care or treatment. See the *Resident's Bill of Rights (Exhibit B)* regarding Resident's right to refuse treatment, and the right to be informed and participate in their treatment. If Resident is, or becomes, incapable of making their own health care decisions, the Facility will follow the direction of a person with legal authority under state law to make health care treatment decisions on their behalf, such as a guardian, a person Resident designates in an advance health care directive or power of attorney for health care, or next of kin. Pursuant to Washington law, if a surrogate decision maker exercises Resident's rights, the Facility will make reasonable efforts to provide Resident with information and the opportunity to participate in all decision making to the maximum extent possible. The Resident and the Resident Representative are strongly encouraged to participate in the planning and implementing of Resident's care. If necessary, the Facility Medical Director may be consulted concerning these issues.

1. **Nursing Services.** Resident consents to receive routine nursing care and other care and services provided directly by the Facility or under arrangement with another provider if approved by the Director of Nursing Services or Resident's physician. Resident also consents to receive other healthcare services directed by their attending physician, as well as necessary emergency care. If Resident requires special nursing services outside of the scope of services the Facility provides (for example, one-on-one care), all arrangements must be made by Resident, Resident's Representative, or Resident's physician. Resident will also be required to complete a Private Duty Caregiver Agreement.

2. **Physician Services.** Resident has the right to choose their attending physician. The Facility is admitting Resident under the orders of Resident's attending physician. Care that Resident receives at the Facility shall be prescribed by Resident's attending physician, or their physician's designee. Resident consents to any medical treatment including drug therapy, laboratory procedures, or x-ray examinations provided by the Facility, pursuant to the instructions of Resident's

physician. The Facility will make reasonable efforts to contact Resident's attending physician when it becomes necessary to do so, but if Resident's attending physician is unavailable, the Facility, in its sole discretion, may contact any other physician or health professional to provide care to Resident. Resident acknowledges that the attending physician is required to provide timely visits and documentation according to Federal and State regulations and the Facility's policies. Resident also acknowledges that Resident is liable for any physician fees or charges. **The attending physician is an independent contractor and is not an employee or agent of the Facility.** The Facility is not obligated to provide Resident with any medicine, treatment, special diet, or equipment that is not ordered by a physician.

3. Medical Emergencies. In a medical emergency, Resident consents to the treatment given by medical professionals unless Resident has stated instructions to the contrary in an advance healthcare directive or a health care representative form on file in Resident's medical record. Resident agrees to pay the costs of emergency services. In emergency situations, the Facility shall make every effort to contact Resident's own attending physician, but if the physician is unavailable, the Facility shall make arrangements for a physician to furnish emergency medical care. Resident also acknowledges that Resident is liable for any physician fees or charges.

**D. Advance Directives.** If Resident is incapable of making their own medical decisions or becomes so in the future, the Facility will honor any advance directive that complies with Washington law and is consistent with the level of care the Facility is licensed to provide. The Facility encourages Resident to name someone to make health care decisions for Resident should Resident become unable to make such decisions and shall explain to Resident the process for doing this by use of an advance directive which allows Resident to appoint a healthcare representative. Resident can obtain additional information regarding advance directives and health care representative forms from the Social Services Director.

1. Advance Directives Policy. Resident acknowledges that Resident has received a copy of the Facility's policy regarding advance directives, the policy has been explained to Resident, and Resident understands the policy. Resident also acknowledges that Resident is not required to have any advance directive to be admitted to the Facility for care and the Facility will not discriminate against a resident on the basis of whether or not Resident has an advance directive. If Resident has an advance directive (also known as a Living Will) and/or Physician Orders for Life-Sustaining Treatment (POLST), Resident must provide a copy to the Facility for Resident's medical record upon admission to the Facility. Resident must also notify the Facility at the time of admission if Resident has appointed another individual to make health care or financial decisions on Resident's behalf and provide copies of any documents establishing that authority to the Facility. If Resident signs an advance directive and later revokes or changes it, it is Resident's responsibility to inform the Facility of such revocation or change and the Facility shall be entitled to rely on the advance directive provided to it until it gets written notice of such revocation or change.

2. CPR. At a minimum, the Facility encourages residents to provide guidelines for urgent or emergency care, including the use of cardiopulmonary resuscitation (CPR). Washington State requires the Facility to use CPR with nursing home residents unless Resident's guidelines state "No CPR."

3. Death with Dignity. The Facility does not allow its staff or other health care providers to participate in the Death with Dignity Act (RCW 70.245 et seq.) on its premises. If Resident has requested or is contemplating or believes Resident may request aid-in-dying medications in the future, the Facility recommends Resident seeks another facility to provide Resident care as the Facility's staff and other health care providers are not permitted to participate in or in any way assist Resident in any part of the death with dignity process.

**E. Use and Disclosure of Medical Information.** Resident has the right to confidential treatment of their medical information. Resident consents to the use and/or disclosure of protected health information (including billing information) by the Facility or its agents, including business associates, for the purpose of providing treatment and services, obtaining payment, and/or to conduct health care operations. Resident understands that Resident has a right to request that the Facility restrict how their information is used or disclosed. The Facility is not required to agree to these restrictions, except Resident may restrict the Facility from disclosing information to a health plan for payment or health care operations regarding a specific health care item or service if Resident has paid the Facility for that item or service out-of-pocket in full. Except to the extent that the Facility has used or disclosed information in reliance on this consent, Resident understands that Resident has a right to revoke this consent to use and disclose protected health information at any time but must do so in writing. If, during Resident's term of residency with the Facility, the Facility's Release of Medical Records Policy is modified, a copy of the modified Release of Medical Records Policy will be provided to Resident. Resident understands that they have a right to review the Facility's Release of Medical Records Policy prior to agreeing to this consent. Resident understands and acknowledges that information regarding their medical conditions and plan of care may be shared with them, interested family members, or other persons by completing an Authorization of Sharing Information form. All or part of Resident's medical records may also be released to other health care providers (for example, other skilled nursing facilities) by the Facility when subsequent health care is to be provided by those providers. Except as noted in this Section and as required under federal and state laws, the Facility will release Resident's records only with Resident's express written authorization. The Facility agrees to give Resident access to their medical records during business hours as required by state and federal law.

**F. Consent to Photograph.** Resident agrees that the Facility may take photographs of Resident for identification, security, and/or medical purposes related to Resident's care. Resident has a right to privacy and the Facility will not photograph Resident or use Resident's likeness in promotional or educational materials including videos, unless Resident gives Facility prior written permission to do so separate from this Agreement. Similarly, every resident residing at the Facility has a right to privacy. The consent document shall describe the specific use to be made of the photograph or video and indicate that the photograph or video will be used for that purpose only. Photographs and other images (including videos) should not be taken by Resident or Resident's guests without first obtaining proper consent from individuals Resident or their guests desire to record or photograph.

#### **IV. FINANCIAL ARRANGEMENTS**

##### **A. Payor Status.**

1. Private Pay. "Private Pay" status means that Resident pays for the Facility's



services from their own income or resources or from their own private insurance at the Facility's basic daily rate. The basic daily rate is determined by the type of skilled nursing room for Private Pay status. The basic daily rate (the "Basic Daily Rate") will be provided to Resident prior to occupying a room or changing rooms during Resident's stay to a room with a new basic daily rate, and includes room, board, required nursing care, personal care, housekeeping services, an activity program, social services, and other services required by law. Items not included in the Basic Daily Rate (and their costs) are found in Exhibit A. In addition, private providers, services or supplies such as physicians, pharmaceuticals, dental services, private duty nurses and/or caregivers/companions and eye-care providers will bill the Private Pay Resident directly and are not part of the Basic Daily Rate. Private rooms, if available, will be an extra charge and all charges must be paid in advance.

2. Managed Care or Health Maintenance Organizations. Facility is an in-network provider for some Medicare Advantage Plans. If Resident's care will be paid by a managed care payor, Resident shall notify the Facility at admission in order for the Facility to properly seek authorization from Resident's managed care provider for skilled nursing services. If Resident's care is covered by a Medicare Advantage Plan, Resident's skilled nursing care will be managed through their insurance company. The needs and services are authorized and managed by the insurance provider's case managers and physicians. Resident shall refer to their specific Medicare Advantage Plan for coverage and benefit information. All insurance coverage will be verified prior to admission. The Facility will bill the Medicare Advantage Plan for services rendered to Resident, and reimbursement will be made directly to the Facility. Resident will be responsible for charges not covered by their insurance policy, including any co-insurance amounts.

3. Medicare Participation. The Facility participates in the Medicare program. In order for Medicare to cover Resident's skilled nursing care, Resident (1) must have a three-day qualifying stay in the hospital within thirty (30) days of admission to the nursing home; (2) the skilled services provided by the nursing home must be related to the reason for Resident's hospital stay; and (3) a physician must verify that Resident requires the type of treatment and intensity of care that meets Medicare criteria for a skilled nursing facility. Medicare will only pay for skilled nursing care. If eligible, Medicare will pay 100% of Resident's costs in a semi-private room for the first twenty (20) days. The next eighty (80) days are known as coinsurance days, which means the Resident will be responsible for paying coinsurance on day 21 forward. A copy of Resident's Medicare coinsurance card must be provided to the Facility at admission.

a. Medicare Covered Services. While Resident is in a skilled nursing facility under Medicare Part A benefit, the following services are covered: a semi-private room; meals; skilled nursing care; physical therapy; occupational therapy; speech-language pathology services; medical social services; medications; medical supplies and equipment used in the Facility; ambulance transportation (when other transportation endangers Resident's health); and dietary counseling. Medicare only pays for covered benefits. Some items and services are not Medicare benefits, and Medicare will not pay for them. When the Resident receives an item or service that is not a Medicare benefit, Resident is responsible for paying for it personally or through any other insurance Resident may have.

b. Non-Covered Medicare Services. Even though Resident is eligible for up to 100 days of Medicare coverage in a skilled nursing facility, Resident may not necessarily receive the entire 100 days of benefit coverage. The length of stay is dependent on Resident receiving skilled

nursing care, as defined by Medicare guidelines. A resident may need extensive care, but if the care is custodial and not active medical intervention, it will not be covered by Medicare. If Resident is no longer receiving skilled care (as in Resident has achieved Resident's medical and/or therapy goals or reached a point where no more progress can be readily achieved), Medicare may discontinue Resident's coverage in the Facility, and Resident may be subject to transfer. This decision is made by the Facility's Quality Assurance Committee according to Medicare guidelines. Resident/Medicare beneficiary has a right to a written notice of Medicare non-coverage from the Facility, the right to have a claim submitted to Medicare for an initial Medicare determination, and the right to appeal the decision.

c. Medicare Billing. The Facility will bill Medicare for services rendered to Resident, and reimbursement will be made directly to the Facility. The Facility will be paid by Medicare or a Medicare Advantage plan for the Basic Daily Rate less the co-payment charge set by the program. The Basic Daily Rate includes room, board, nursing care, personal care, basic equipment and supplies, housekeeping services, social services, and other items as determined by the Medicare or the Medicare Advantage program. In addition, private providers such as physicians, dentists, private duty nurses and/or caregiver/companions and eye care providers may bill Resident directly. Regardless of whether Resident participates in the traditional Medicare fee-for-service program or is enrolled in a Medicare Advantage plan, Resident is responsible for any co-payments and any charges not covered by the insurance program. If Resident exhausts their Medicare benefits or if it is determined Resident is no longer eligible for Medicare, Resident will be responsible for all charges. When Resident ceases to qualify for Medicare or Medicare Advantage plan benefits, Resident then converts to Private Pay status, the charges and coverage will be as set forth in Section IV.A(1), and Resident will be given Exhibit A listing optional Facility services and their costs.

4. Medicare Part D (Pharmacy Benefit). Resident may choose any pharmacy, or buy or rent medical supplies or equipment, from any supplier they choose, as long as the pharmacy or other supplier agrees to comply with Washington Administrative Code 388-97-1300 including the reasonable policies and procedures of the Facility. The Facility has an agreement with a licensed pharmacy (the "Primary Pharmacy"). The Facility requires medications to be packaged in a manner consistent with the Facility's medication administration system. If Resident chooses a plan with a pharmacy other than the Primary Pharmacy that does not meet the state or federal regulatory requirements, Resident may incur additional expenses for repackaging, handling and dispensing their medications.

5. Medicaid. Medicaid is limited to people whose income and assets are limited, the blind, the disabled and certain others who receive public assistance. Income guidelines, state residency requirements, and regulations about property transfers and availability of income vary from state to state. Some states allow people with income and assets above the normal eligibility levels to benefit, if these individuals have high medical expenses. The Social Services Director can give you information regarding how to apply for Medicaid.

Under the State's Medicaid program, Resident may receive an award letter from the Washington State Department of Social and Health Services (the "Department") directing Resident to pay a specific portion of their income to the Facility for care and services. This is called the "Payment Participation." If applicable, Resident, and any Resident Representative managing Resident's funds, agrees to pay the Facility the Payment Participation from Resident's resources. If

Resident fails to pay the Payment Participation within fifteen (15) days from the day of billing, the Facility, in its sole discretion, may require Resident and/or Resident Representative to establish a direct deposit of such monies for the benefit of the Facility. If the Payment Participation is not paid within fifteen (15) days from the date of billing or a direct deposit is not established for the benefit of the Facility by Resident or the Resident Representative, the Facility may issue a 30-day discharge notice in accordance with the law. The Facility may also pursue collection action against the Resident or Resident Representative in accordance with this Agreement.

Medicaid pays routine personal hygiene items and services as required to meet the needs of residents. Items covered and **NOT** covered by Medicaid are listed in our Schedule of Fees and Charges Form, attached here as **Exhibit A**.

## **B. Rates and Charges.**

1. **General Payment Terms.** In consideration of admission to the Facility and services provided to Resident, Resident and/or Resident's Representative, having control of funds or assets, promise to pay, when lawfully due, all charges for services provided by the Facility to Resident, and owed by Resident. All payments are to be made directly to the Facility. The Facility agrees to provide an itemized statement of charges to Resident monthly. Resident agrees to pay the account monthly, with the first month's payment due upon admission, and subsequent payments due upon the fifth (5th) day of every month thereafter. Payment shall be overdue after fifteen (15) days. With the exception of Medicaid accounts, accounts which are fifteen (15) days past due shall be charged a late fee of \$25.00 per month until the account is made current. With the exception of Medicaid accounts, accounts over thirty (30) days delinquent shall bear interest at a rate of 1.0% per month or the maximum rate allowed under state law, on unpaid amounts starting on the date the amount is due, until paid. With the exception of Medicaid accounts, in the event the account is referred to an attorney for collection, Resident, or their Resident Representative having control of Resident's funds, agree to pay reasonable attorneys' fees and costs incurred in such collection effort. Unless otherwise instructed, all payments shall be applied first to collection costs, interest, and then to the earliest outstanding balance due to. If Resident or their Resident Representative is more than thirty (30) days delinquent on their monthly payment, Resident is subject to transfer from the Facility, upon legally required notice. A charge in the amount of the Basic Daily Rate is payable for the day of admission, but not for the day of discharge or death.

a. **Responsible For Unpaid Charges.** The Facility cannot guarantee that Resident's care will be covered by Medicare, a Medicare Advantage Plan, Medicaid or third-party insurance or other reimbursement source. Where Resident's charges are paid by Medicare, Medicaid or an insurance company, Resident agrees to be responsible for any charges if Resident is determined to be ineligible for the program involved. By signing this Agreement, Resident agrees to pay the Facility for the items and services provided to Resident.

b. **Submission of Claims and Assignment of Benefits.** At the time of admission, Resident and/or their Resident Representative promise to provide the Facility with all information necessary to submit claims and obtain payment for Resident's care. The Facility may disclose portions of Resident's medical records to insurance companies, healthcare service plans, Medicaid, Medicare, or other entities that may be liable for all or any portion of the Facility's charges for Resident's care in order to determine liability for payment or to obtain reimbursement. Resident

will remain liable for all applicable deductibles, copayments and coinsurance amounts, and any and all charges not covered by Medicaid, Medicare, Medicare Advantage Plan, insurance plan, or applicable payor. Resident will be charged for optional supplies and services Resident specifically requests. If, for any period of time during which Resident receives care and services from the Facility, Resident's primary or secondary source of payment changes, Resident and/or their Resident Representative promise to provide to the Facility the updated information necessary to submit claims and obtain payment, including but not limited to all information required by the State Medicaid Agency to apply for Medicaid benefits. Resident authorizes that payment be made directly to the Facility for the benefits paid by insurance policies on Resident's behalf. Resident hereby irrevocably assigns all such benefits to the Facility in an amount, however, not to exceed the charges for the Facility's services.

c. Assignment after Discharge or Death. If Resident is discharged for any reason, including death, this Agreement shall operate as an assignment, transfer, and conveyance to the Facility of the amount of Resident's assets of sufficient value to satisfy all unpaid obligations of Resident's estate and may be enforced against it to pay the Facility an amount equivalent to Resident's unpaid obligations under this Agreement.

2. Medicare Status. For a resident on Medicare Status, the Facility will bill the Resident's Medicare or Medicare Advantage benefits so long as the Resident continues to qualify for Medicare reimbursement. For additional details on Medicare Status billing see Section IV.A.3.c., above.

3. Third Party Professionals. All physicians and other health professionals who provide services to Resident during their stay in the Facility, such as but not limited to physical therapists, occupational therapists, speech pathologists, x-ray, and lab services, are independent contractors and are not agents or employees of the Facility. Unless covered by Medicare, Medicaid or other insurance, these providers may bill and collect for their services separate and apart from the Facility's billing and collections.

4. Rate Increases. The Facility will inform Resident in writing at least sixty (60) days prior to any increase in the costs of optional services or the Basic Daily Rate. This sixty (60) day advance notice requirement applies to systematic changes in the Facility's published rate schedules. Such advance notice shall not apply in the event Resident requires additional services promptly due to a change in Resident's condition, in which event notice of change in individual fees and services will be provided to Resident and/or their Resident Representative as soon as practicable under the circumstances.

5. Refunds. Refunds of monthly payments are computed on the basis of unused days less any outstanding charges owed to the Facility. Any such charges shall be itemized. All refunds shall be paid within thirty (30) days of the closing of the account, with no deduction for administration or handling charges.

## **V. TERM; TRANSFERS AND DISCHARGES; TERMINATION**

A. **Term**. This Agreement shall be effective as of the Effective Date. Unless Resident is receiving Respite/Short Term Stay Services (as defined in Section VII(A) below), this Agreement

will be effective for an initial term of one (1) month and shall renew automatically for successive (1) one-month term(s) until terminated. Resident and the Facility may terminate this Agreement and initiate Resident's discharge upon and subject to the conditions set forth below.

**B. Voluntary Transfer or Discharge.** Resident may voluntarily terminate this Agreement and arrange for Resident's discharge from the Facility at any time and for any reason. The termination date shall be effective as of the date Resident is discharged from the Facility. With the exception of Medicaid residents, any resident who does not provide the Facility with at least five (5) days' notice of Resident's departure will be charged for the five (5) day notice period. Resident understands that failure to provide the Facility such notice of Resident's intent to terminate this Agreement and leave the Facility may impair and/or delay the Facility's ability to make appropriate post-discharge arrangements for Resident. Resident agrees to pay all amounts owed by Resident to the Facility prior to Resident's departure date.

**C. Involuntary Discharge.** The Facility may terminate this Agreement and involuntarily discharge Resident by providing written notice to Resident or the Resident Representative for one or more of the following reasons:

1. Resident's documented medical needs cannot be met in the Facility;
2. Resident's health improves sufficiently so Resident no longer needs the services provided by the Facility;
3. If appropriate to safeguard Resident or other residents from physical or emotional injury;
4. The health of individuals in the Facility would otherwise be endangered;
5. Resident fails, after reasonable and appropriate notice, to pay for (or to have paid or treated as paid under Medicare or Medicaid or other insurance) charges for Resident's care and stay at the Facility. Nonpayment applies if Resident does not submit the necessary paperwork for third-party payment or after the third-party, including Medicare or Medicaid, denies the claim Resident refuses to pay for Resident's stay;
6. The Facility ceases to operate; or
7. Federal or state law otherwise allows.

Except for an emergency involving resident health or well-being, no resident shall be transferred or discharged without prior consultation with the resident, their family or representative, and the resident's attending physician.

**D. Notice of Involuntary Discharge or Transfer.** If Resident is to be involuntarily discharged from or transferred from the Facility, the Facility will provide thirty (30) days' advance written notice to Resident and Resident's Representative, if applicable, except in the case of an emergency or as provided in WAC 388-97-0120 and 42 CFR 483.15(c), at which point the Facility will provide as much notice as reasonably possible given the circumstances. The written notice of transfer shall state the reason for the discharge or transfer and Resident's right, if any, to appeal the transfer or discharge unless this is not practicable, such as in an emergency. The Facility may not transfer or discharge Resident while an appeal is pending unless failure to discharge or transfer would endanger the safety of Resident or other individuals at the Facility.

**E. Fraud or Misrepresentation.** In addition to the grounds stated above, this Agreement may be voided if Resident or their legal representative, agent, family member, or any other person materially or fraudulently misrepresents Resident's finances to the Facility, verbally or in writing.

**F. Bed Holds**

1. Bed Hold. In the event Resident is hospitalized or on therapeutic leave from the Facility, the Facility may not fill Resident's bed with another person if Resident or Resident Representative offers payment for the period of the hospital stay or therapeutic leave. The charge for the bed hold will be the Basic Daily Rate. The Facility will inform Resident, or Resident Representative, of this bed hold option at the time of Resident's transfer to an acute care hospital or placed on therapeutic leave outside of the Facility. This notification shall be documented in Resident's record by either Resident's or Resident Representative's written agreement to pay or rejection of the option to pay. If Resident is unable, due to physical or mental incapacity, to enter into such agreement and there is no Resident Representative known to the Facility, this fact shall be documented in Resident's record and Resident's bed may thereafter be filled after notice is provided regarding the bed hold. Resident agrees to notify the Facility within twenty-four (24) hours of receipt of the notice whether the option will be exercised. If Resident does not pay for a bed hold or exceeds the bed hold paid and wishes to return to the Facility after Resident has been hospitalized or after therapeutic leave, the Facility shall offer the next available appropriate bed to Resident provided Resident requires the services provided by the Facility (and, if Resident is on Medicare or Medicaid, Resident is eligible for Medicare or Medicaid nursing facility services, as applicable). If Resident does not meet these requirements, the Facility will pursue an involuntary discharge as provided in Section V.C.

2. Medicare and Bed Holds. Medicare does not pay for bed holds. If Resident is on Medicare status (whether through the traditional fee-for-service program or a Medicare HMO) and wishes to use the bed hold option, they will be entitled to the same bed hold privileges as set forth in Section V.F.1., above.

3. Medicaid and Bed Holds. Medicaid does not pay for bed holds while a resident is hospitalized. If Resident is on Medicaid status and wishes to use the bed hold option, they will be entitled to the same bed hold privileges as set forth in Section V.F.1., above. Medicaid will cover the bed hold fee for a Medicaid resident's social/therapeutic leave not to exceed a total of eighteen (18) days per calendar year per resident unless authorized by the Department. "Social/therapeutic leave" means leave which is for the resident's social, emotional, or psychological well-being; it does not include medical leave. After that permitted period has expired, the Facility will not hold a bed for additional therapeutic leave days unless Resident pays the Facility the Basic Daily Rate during Resident's leave.

**G. Storage of Belongings.** If Resident goes to the hospital and does not hold their bed, or if Resident expires, their belongings will be placed in storage at the Facility. Arrangements must be made to have these items picked up as soon as possible. Any items not picked up within thirty (30) days will be donated to a charity of the Facility's choosing or discarded.

**H. Emergency Transfer; Facility Evacuation.** During the unlikely event of a natural or unnatural disaster where the Facility must evacuate residents either by governmental order, at the

direction of a local, state, or federal emergency management authority or as determined necessary to protect the life and safety of the residents, the Facility's emergency preparedness plan will be initiated and residents will be transferred, as directed, to a safer location. As part of this Agreement, Resident and/or their Resident Representative agrees to such transfers.

**I. Discharge Time.** Please be advised that the Facility requires that each resident leave the Facility before 11:00 a.m. on the day of discharge. If check out by 11:00 a.m. on the day of discharge is not possible, prior arrangements must be made with the Social Services staff on the appropriate unit. Resident may be charged at the private Basic Daily Rate of the room from which the Resident is being discharged for discharges occurring after 11:00 a.m. (a "**Late Discharge**"). Charges associated with a Late Discharge are NOT payable by insurance and do not apply to Medicaid residents.

## **VI. RESIDENT'S RIGHTS AND RESPONSIBILITIES**

**A. Resident Rights.** The Facility assures Resident all the rights in the Resident's Bill of Rights existing under state and federal law. All regulatory and statutory Resident's Bill of Rights are included in **Exhibit B**. Resident expressly acknowledges being fully informed, orally and in writing, in a language Resident understands, regarding resident rights and responsibilities and that Resident has received a copy of applicable Resident Rights and the Facility's policies and procedures and agrees to abide by the Facility's policies and procedures. Resident shall sign **Exhibit C** acknowledging receipt of the Resident's Bill of Rights. Foreign language translation, Braille, or audible transcription of the Resident's Bill of Rights is available from the Facility upon request.

**B. The Facility Rules.** The Facility maintains reasonable rules for the comfort and well-being of all its residents, set forth in the written rules and policies of the Facility established from time to time (collectively, the "**House Rules**"). The Facility has procedures by which residents can suggest changes to the Facility rules. The House Rules are incorporated by reference into this Agreement.

**C. Smoking.** Resident acknowledges that the Facility is a non-smoking campus and agrees not to smoke or permit their guests to smoke on the premises of the Facility and abide by the other rules set forth in the House Rules.

**D. Grievance Procedure.** The Facility will support the Resident's and their family members' right to voice grievances without discrimination, reprisal or fear of discrimination or reprisal. The Facility maintains a grievance procedure for the resolution of complaints about its practices. For a full description of the procedure refer to the House Rules. If Resident has a complaint against the Facility, Resident has the right to contact the agencies listed below:

State of Washington Long-Term Care Ombuds  
1200 S. 336<sup>th</sup> Street  
Federal Way, WA 98003  
Info & Complaint line: 1-800-562-6028  
Fax: 253-815-8173  
Email: [ltcop@mschelps.org](mailto:ltcop@mschelps.org)

Department of Social & Health Services  
Aging and Long-Term Support Administration  
US Mail: PO Box 45600  
Olympia, WA 98504-5600  
Info & Complaint Line: 1-800-562-6078  
Fax: 360-438-7903

**E. Personal Property.** The Facility has established a program designed to prevent theft and loss. The Facility's policy for safeguarding residents' property and investigating theft and loss is set forth in the House Rules. The Facility shall provide Resident with a written inventory of their personal property upon admission to the Facility. Subsequent items brought into or removed from the Facility shall be added to or deleted from the inventory at the written request of Resident, Resident's family, or Resident's legal representative. The Facility shall not be liable for items which have not been requested to be included in the inventory or for items which have been deleted from the inventory. The Facility strongly discourages Resident from keeping valuable jewelry, papers, cash or other items of value with Resident in the Facility. The Facility maintains a secured area available for Resident use to secure small personal items, upon request. Residents and their Resident Representative may request a bedside drawer or cabinet with a lock. The Facility Administrator will have access to all locked areas upon request. The House Rules explain the Facility's responsibilities with respect to protecting Residents' valuables.

**F. Resident Funds.** Resident has the right to manage their own financial affairs. Resident is not required to deposit any personal funds with the Facility. If Resident desires, Resident may give the Facility written authorization to establish and maintain a trust account in which Resident holds personal funds from which to pay miscellaneous or "non-covered charges". The Facility will manage the trust account according to federal and state laws and regulations. Resident is not required to allow the Facility to hold Resident's personal funds for Resident as a condition of admission or continued stay in the Facility. Resident will be provided with a quarterly statement of all funds held for Resident and expenditures made from the trust account. For additional information on the Resident Trust Account, please see the House Rules.

**G. Visitors.** Resident has the right to receive visitors of Resident's choosing at the time of Resident's choosing, subject to Resident's right to deny visitation, and in a manner that does not impose on the rights of other residents. The Facility may impose reasonable restrictions on certain visitors based on clinical or safety reasons. Resident is responsible for ensuring that visitors abide by the Facility's policies and procedures, and do not disrupt the quiet and peaceful enjoyment of other residents at the Facility.

**H. Illegal Drugs, Weapons, Violence.** The Facility has a zero-tolerance policy for violence, illegal drugs (including marijuana, whether medical or recreational), or weapons of any kind, including any firearms and ammunition. Residents and visitors are not allowed to possess any illegal drugs or weapons on the Facility's premises at any time. Prohibited items include, but are not limited to, any form of marijuana or marijuana derivatives (of any kind and in any form except FDA approved cannabis products or medications, but only if prescribed by Resident's physician), firearms, ammunition, knives, or combustibles. Resident is also responsible for ensuring their visitors comply with this policy. Any visitors violating this policy will be removed from the Facility, and, the Facility, in its sole discretion, may exclude any guest violating this policy thereafter. If Resident violates this policy, they will be subject to discharge from the Facility. The Facility also reserves the right to call law enforcement if this policy is violated and if it believes there is a threat to the safety of its residents or others at the Facility.

**I. Alcohol.** The Facility will not permit, without the Facility Administrator's prior permission and a physician's order, the possession of alcohol on its premises or in violation of any law. Any resident who, while on Facility premises, engages in the sale, consumption and/or



unauthorized possession of alcohol will be subject to discharge. Any violations of law subject the violator to immediate discharge and possible prosecution.

**J. Pet Visitation.** Resident agrees to abide by all rules set forth in the House Rules governing pets. Pets visiting the Facility shall include only those customarily considered domestic pets and must have a suitable temperament, be healthy, and otherwise pose no significant health or safety risks to residents, staff, or visitors.

## **VII. GENERAL TERMS**

### **A. Respite/Short Term Stay.**

1. **Services; Period.** The Facility accommodates residents for respite/short-term stay services ("Respite/Short Term Stay Services"). The duration of any such stay shall be deemed to extend for a period of up to thirty-one (31) days (the "Respite/Short Term Stay Period"). A Respite/Short Term stay is not intended to be used as a placement pending Resident's admission to the Facility. The Resident will have no right to receive Respite/Short Term Stay Services for more than the Respite/Short Term Stay Period. Certain special rules apply to Residents receiving Respite/Short Term Stay Services and the terms and conditions of this Agreement shall be deemed modified with respect to any such Resident receiving such Respite/Short Term Stay Services as listed below.

2. **Respite/Short Term Stay Fee.** A Resident receiving Respite/Short Term Stay Services will pay the daily rate for Respite/Short Term Stay Services as referenced on Exhibit A in this Agreement, and any optional supplies and services incurred at Resident's request during the Respite/Short Term Stay Period. For purposes of calculating the Respite/Short Term Stay Period, a "Day" is defined as a consecutive twenty-four (24) hour period, or any part thereof.

3. **Payment; Refunds.** Unless otherwise agreed in writing, the daily rate for Respite/Short Term Stay Services (the "Respite/Short Term Daily Rate") during the Respite/Short Term Stay Period is payable in full in advance on the date agreed by the parties as the date for Resident to enter the Facility. If Resident leaves the Facility prior to the end of the anticipated Respite/Short Term Stay Period, the Facility shall retain the total amount of the Respite/Short Term Daily Rate payable for the period in which Resident occupied a respite bed in the Facility plus any amounts due and owing for optional supplies and services incurred at Resident's request, and shall refund any balance to Resident; provided however, Resident will be charged for a minimum of seven (7) days at the Respite/Short Term Daily Rate, even if Resident chooses to leave the Facility in less than seven (7) days. This minimum stay fee does not apply to Medicare or Medicaid residents.

**B. Entire Agreement.** This Agreement and the Exhibits given to Resident upon admission constitute the entire Agreement between Resident and the Facility for the purpose of Resident's admission to the Facility. There are no other agreements, understandings, restrictions, warranties, or representations between Resident and the Facility as a condition of Resident's admission to the Facility. This Agreement and its Exhibits supersede any prior admission contracts regarding Resident's admission to the Facility.

**C. Controlling Law and Venue.** This Agreement shall be construed under the laws of the State of Washington. Venue for any proceeding, whether arbitration or non-arbitration, arising under this Agreement must be in the county in which the Facility is located. This venue provision is a mandatory venue provision and not a permissive one.

**D. Legal Authority.** The undersigned, signing as Resident and/or Resident Representative, has read this Agreement, received a copy, and agrees to all of the conditions stated and to be fully responsible under all terms herein. The undersigned is the Resident, or is duly authorized by the Resident, to execute this Agreement and accepts its terms. If this Agreement is signed by a Resident Representative, that party agrees to be fully bound by all of the consents and agreements stated herein as it relates to managing the Resident's affairs and ensuring financial payment for the Resident's admission thereto. If more than one party signs, each party signing agrees to be bound by this Agreement.

**E. Severability and Enforceability.** If any provision of this Agreement becomes invalid, the remaining provisions shall remain in full force and effect. The Facility's acceptance of a partial payment on any occasion does not constitute a continuing waiver of the payment requirements of this Agreement, or otherwise limit the Facility's rights under this Agreement.

**F. Notices.** Except as otherwise stated in this Agreement, all notices or other communications which may be or are required to be given by the Facility or Resident and/or the Resident Representative under this Agreement, must be in writing and delivered personally or mailed by first class mail. All notices to Resident shall be addressed as indicated below the signatures of Resident and the Resident's Representative. All notices to the Facility shall be addressed to the Facility Administrator at the Facility's physical location.

**G. Counterparts.** This Agreement, together with its Exhibits, may be executed in counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute but one and the same instrument. The delivery of an executed counterpart of this Agreement (including an electronic signature, such as pursuant to DocuSign or AdobeSign) as a PDF or similar attachment to an email shall constitute effective delivery of such counterpart for all purposes with the same force and effect as the delivery of an original, executed counterpart.

## **VIII. ACKNOWLEDGMENT OF RECEIPT AND SIGNATURES**

**A. Acknowledgment of Receipt.** Resident or Resident Representative agrees to sign Exhibit C, acknowledging that Resident or Resident Representative has reviewed and signed this Agreement and all Exhibits and supplemental documents related to it.

**B. Resident Signature.** If, in the opinion of the admitting physician, Resident lacks the ability to understand or sign a legal document because of their medical condition, and Resident has no legal representative, then a family member or close friend may sign this Agreement on Resident's behalf.

- (1) The physician shall note the medical condition which forms the basis for their opinion in Resident's medical record.

- (2) If Resident regains the capacity to understand and sign this Agreement, its terms shall be explained to Resident and their signature or legal mark obtained on it.
- (3) No financial responsibility is incurred by the family member or friend who signs this Agreement on Resident's behalf.

The undersigned has read and understands this Agreement. By signing this Agreement, the undersigned voluntarily agrees to undertake performance of responsibilities on behalf of Resident as defined in this Agreement.

\_\_\_\_\_  
(Facility's Representative) (Title) (Date)

\_\_\_\_\_  
(Resident) (Date)

\_\_\_\_\_  
(Address) (Telephone Number)

**Legal Mark – A legal mark is used by residents who cannot sign because of infirmity or illiteracy but not due to legal incompetence. Resident must draw an "X" or other preferred mark where the signature should be. The mark must be signed and dated by two witnesses who observe Resident make the mark. If Resident is physically unable to hold the pen, the Facility may ask Resident if they consent to the Agreement's terms. If Resident consents to the terms, the Facility may execute the mark on behalf of Resident. The mark must be signed and dated by two witnesses who observe the Facility personnel make the mark. The mark need not be notarized.**

IF RESIDENT IS NOT ABLE TO SIGN:

\_\_\_\_\_  
(Legal Representative) (Title) (Date)

\_\_\_\_\_  
(Address) (Telephone Number)

\_\_\_\_\_  
(Resident's Agent) (Title/relationship) (Date)

\_\_\_\_\_  
(Address) (Telephone Number)

\_\_\_\_\_  
(Family member or close friend) (Specify) (Date)

\_\_\_\_\_  
(Address)

**EXHIBIT A**  
**SCHEDULE OF FEES AND CHARGES**

**ROOM RATES**

<b>Type of Room</b>	<b>Daily Rate</b>	<b>Monthly Rate</b>
Private Room	\$650.00	\$19,500.00
Semi-Private Room	\$575.00	\$17,250.00

**BASIC SERVICES *(Included in Room Rate)***

- 24-hour skilled nursing care
- Assistance with activities of daily living (ADLs)
- Medication administration and monitoring
- Meals and dietary services
- Housekeeping and laundry services
- Recreational and social activities
- Case management and care coordination

**ADDITIONAL SERVICES *(Extra Charges Apply)***

<b>Service</b>	<b>Fee</b>
Physical Therapy Evaluation	\$65 to \$115 per evaluation
Physical Therapy	\$90 per 45 minutes
Occupational Therapy Evaluation	\$65 to \$115 per session
Occupational Therapy	\$90 per 45 minutes
Speech Therapy Evaluation	\$105 to 280 per session
Speech Therapy	\$90 per 45 minutes
Wound Care Management	TBD – Consult with Administrator, DON, Case Mgmt.
Respiratory Therapy	TBD – Consult with Administrator, DON, Case Mgmt.
IV Therapy	TBD – Consult with Administrator, DON, Case Mgmt.

**PHYSICIAN & SPECIALIST SERVICES *(Billed Separately)***

- Physician consultations
- Lab tests and diagnostics
- Podiatry, dental, and vision care
- Psychiatric and psychological counseling

**MEDICATION & SUPPLIES**

Item	Fee
Prescription Medications	Billed per medication
Over-the-Counter Medications	Billed per medication
Medical Equipment Rental	TBD – Consult with Administrator, DON, Case Mgmt.

**EXHIBIT B**  
**RESIDENT BILL OF RIGHTS**  
**(WASHINGTON)**

Our center will protect and promote each of the following rights:

**1. EXERCISE OF RIGHTS**

- You have the right to exercise your rights as a resident of the center and the United States.
- You have the right to be free of interference, coercion, discrimination, or reprisal from the center in exercising your rights.
- You have the right not be asked or required to sign any contract or agreement that includes provisions to waive any resident right you have under federal and state law and any potential liability for personal injury or losses of personal property.
- You have the right to have the center take steps to safeguard you and your personal property from foreseeable risk of injury or loss.
- If you are adjudged incompetent under the laws of this state by a court of competent jurisdiction, your rights will be exercised by the person appointed under state law to act on your behalf.
- If you are not adjudged incompetent by a state court, any legal surrogate designated according to state law may exercise your rights, to the extent provided by state law.

**2. NOTICE OF RIGHTS AND SERVICES**

- You have the right to be fully informed prior to or upon admission and during your stay, both orally and in writing in a language you understand, of your rights and all rules and regulations governing your conduct and responsibilities during your stay in the center.
- You have the right to be fully informed prior to or upon admission and during your stay, both orally and writing in a language you understand, the requirements the center must meet to transfer or discharge you from the center.
- You have the right to be fully informed prior to or upon admission and during your stay, both orally and in writing in a language you understand, information about the center's requirement, if any, of payment of admission fees, deposits, and minimum stay fees and what portion of those fees will or will not be refunded to you if you leave the center. You also have the right to know that the center may not require, solicit, or accept deposits, admission fees and prepayment of charges if you are Medicare or Medicaid eligible. Also, if you are Medicare or Medicaid eligible, the center may not impose minimum stay requirements.
- You have the right, upon oral or written request and 24-hour notice (excluding weekends and holidays), to have access to all records pertaining to you and, upon request and two working days' advance notice, to purchase photocopies of all such records.
- You have the right to be fully informed in language you understand of your total health status including, but not limited to, your medical condition.
- Unless you are legally incapable of doing so according to state law, you have the right to refuse medication, treatment, care, to refuse to participate in experimental research, and to formulate an advance directive such as a living will or a durable power of attorney for health care, recognized under state law relating to the provision of health care when you are no longer able to make decisions. You have a right to receive information on the center's policies with

respect to making your own health care decisions, including the right to accept or refuse any treatment or medication and the right to formulate an advance directive. You also have the right to have an informed consent process that is easy to understand and describes the treatment, the anticipated results of the treatment, alternative forms of treatment, risks and benefits of the treatment or no treatment, and your right to change your mind about an earlier consent or refusal. You also have the right to be informed, prior to or upon admission, and as changes occur during your stay, both orally and in writing in language you understand, whether the center's policies and procedures might conflict with your advance directive.

- You have the right to be fully informed prior to or upon admission or when you become eligible for Medicaid, both orally and in writing in a language you understand, of items and services that are included in nursing center services under the Medicaid program in this state and for which you may not be charged. You also have the right to be informed of those other items and services that the center offers and for which you may be charged, the amount of charges, and when changes are made to items and services paid for and not paid for by the Medicaid program in this state.
- You have the right to be informed prior to and upon admission and during your stay, both orally and in writing in a language you understand, of services available in the center and of charges for those services, including any charges for services not covered under the Medicare program or by the center's per diem rate.
- You have the right to be informed whether the center accepts Medicaid and of the requirements and procedures for establishing eligibility for Medicaid, including the right to request an assessment to determine the extent of your and your spouse's resources that cannot be considered available to pay for the costs of your care.
- The center must prominently display written information, and provide you at admission both orally and in writing, information about how to apply for and use Medicare and Medicaid benefits, and how to receive refunds for previous payments covered by Medicare and Medicaid.
- You have the right to file a complaint with the State Survey and Certification Agency concerning abandonment, abuse, neglect, financial exploitation, and misappropriation of property in the center and non-compliance with the advance directive requirements. The center will post at the center the names, addresses, and telephone numbers of the state survey and certification agency, the state licensure office, the state ombudsman, the protection and advocacy network, and the Medicaid fraud control unit.
- You have the right to be informed of the name, specialty, and way of contacting the physician responsible for your care.
- Except if you have been adjudged incompetent, you have the right to be informed immediately whenever:
  - a. You are involved in an accident which results in injury and could require physician intervention;
  - b. A significant change occurs in your physical, mental, or psychosocial status;
  - c. There is a need to alter treatment significantly;
  - d. A decision is made to transfer or to discharge you from the center;
  - e. A change in room or roommate assignment occurs; or
  - f. There is a change in your rights under federal or state law or regulations.

- You also have the right to have your attending physician consulted regarding the above (except e. and f.) and to have your legal representative or interested family member notified promptly.
- Except in emergencies, you have the right to receive 30 days' written notice before changes are made to the availability or charges for items, services or activities under Medicaid, or before changes to the center's rules.

### **3. RESIDENT FUNDS**

- You have the right to manage your financial affairs and the center may not require that you deposit your personal funds with the center. A description of the manner of protecting personal funds is contained in the Policy on Protection of Residents' Funds, which is incorporated into this document. The center may not impose a charge against your personal funds for any item or service for which payment is made under Medicare or Medicaid (except for applicable co-insurance and deductible amounts). The center may charge you for requested items or services that are more expensive than or in excess of covered services. If you request an item or service for which there is a charge, the center must inform you or your representative that there will be a charge and what that charge will be. The center may not charge you (or your representative) for any item or service not requested by you or your representative. The center may not require you or your representative to request any item or service as a condition of admission or continued stay.
- If the center manages your personal funds, the center must provide you a copy of a financial statement quarterly or when you request it.

### **4. FREE CHOICE**

- You have the right to choose a personal attending physician.
- You have the right to be fully informed in advance about care and treatment and of any changes in the care or treatment that may affect your well-being and to participate in planning care and treatment or changes in care and treatment, unless you have been adjudged incompetent or found to be incapacitated under state law. If your resident rights are being exercised by your representative because of incapacity or because you have appointed someone to act on your behalf, the center must take into consideration your ability to understand and respond and must:
  - a. Inform you that your representative has been consulted about your care and treatment;
  - b. Provide you with information and an opportunity to participate in all decision making to the maximum extent possible; and
  - c. Recognize that having representative make decisions on your behalf does not lessen the center's duty to protect your resident rights and comply with federal and state laws.

### **5. PRIVACY AND CONFIDENTIALITY**

- You have the right to personal privacy and confidentiality of your personal and clinical records. Personal privacy includes privacy in accommodations, medical treatment, written and telephone communications, personal care, and visits and meetings of family and resident groups, but this does not require the center to provide a private room.
- Unless you have been adjudged incapacitated, you have the right to approve or refuse the release of personal and clinical records to any individual outside the center **except:**
  - a. When you are transferred to another health care institution; or



- b. When record release is required by law.
- Unless you have been adjudged incapacitated, you have the right to approve or refuse release of clinical records to the state ombudsman. In cases of incapacity, the state ombudsman may have access to your records if permitted by federal and state law.
- You have the right to request the use of audio or video monitoring device, but only in limited circumstances, with the written permission of any roommate, and an evaluation by the center prior to the use of any audio or video monitoring device. The center may use video monitoring (without audio recording) in limited areas of the center, including entrances/exits, areas used exclusively by center staff, outdoor areas not used by residents, and designated smoking areas provided you are assessed as needing supervision for smoking, are advised of the use of a monitoring device in that area, and the recording device is visible.

## **6. GRIEVANCES**

- You have the right to voice grievances and suggest changes in policies and services to either staff or outside representatives without fear of restraint, interference, coercion, discrimination, or reprisal. Grievances may include those with respect to treatment which has been furnished as well that which has not been furnished. The center must listen to and act promptly to resolve grievances and recommendations received from you or your family, including grievances you may have with respect to behavior of other residents.
- You have the right to file a complaint with the state survey and certification agency in the event of resident abuse, neglect, or misappropriation of resident property in the facility.
- You have the right to the following information:

## **7. EXAMINATION OF SURVEY RESULTS**

- You have the right to examine the results of the most recent survey of the center conducted by federal or state surveyors and any plan of correction in effect with respect to the center. The center will either post the results or a notice of their availability in a place readily accessible by you.
- You have the right to receive information from agencies acting as client advocates and to be afforded the opportunity to contact these agencies.

## **8. WORK**

- You have the right to refuse to perform services for the center. You have the right to perform services for the center if you choose to do so and agree to the work arrangement described in the plan of care. The center will document the need or desire for work in your plan of care. The plan will specify the nature of the services performed, whether voluntary or paid, and whether you agree to the arrangement described in the plan. Compensation will be at or above the prevailing rates.

## **9. MAIL**

- You have the right to privacy in written communication including the right to send and promptly receive mail that is unopened and to have access to stationery, postage, and writing implements at your own expense.

## **10. ACCESS TO THE CENTER/VISITATION RIGHTS**

- You have the right and the center must provide immediate access to you by the following:
  - a. Any representative of the U.S. Department of Health and Human Services;
  - b. Any representative of the state;
  - c. Your individual physician;
  - d. The state long term care ombudsman;
  - e. The agency responsible for the protection and advocacy system for developmentally disabled individuals;
  - f. The agency responsible for the protection and advocacy system for mentally ill individuals;
  - g. Immediate family or relatives, subject to your right to deny or withdraw consent at any time; and
  - h. Others, including any entity or individual that provides health, social, legal, or other services to you, subject to reasonable restrictions and your right to deny or withdraw consent at any time.

## **11. TELEPHONE**

- You have the right to communicate with individuals and entities within and external to the facility, including regular and reasonable access to the use of a telephone, including TTY and TDD services, and a place in the facility where calls can be made without being overheard. This includes the right to retain and use a cellular phone at the resident's own expense.

## **12. PERSONAL PROPERTY**

- You have the right to retain and use personal possessions, including some furnishings and appropriate clothing including your own bed, as space permits, unless to do so would infringe upon the rights to health and safety of other residents. The center may not require that your personal property be locked in the center's office, safe, or similar arrangement. The center may also not request or require residents to sign waivers of potential liability for loss of your personal property.

## **13. MARRIED COUPLES**

- You have the right to share a room with your spouse or state domestic registered partner if you live in the same center, you both consent to the arrangement, and the room complies with requirements for two occupants.

## **14. SELF-ADMINISTRATION OF DRUGS**

- You have the right to self-administer drugs if the interdisciplinary team has determined, for you individually, that this practice is safe.

## **15. ADMISSION, TRANSFER, AND DISCHARGE RIGHTS**

- You have the right to remain in the center and not be transferred (including transfers to a bed outside the certified center) or discharged from the center unless:
  - a. The transfer or discharge is necessary for your welfare and your needs cannot be met in the center;
  - b. The transfer or discharge is appropriate because your health has improved sufficiently and you no longer need the services provided by the center;

- c. The safety or health of individuals in the center is endangered;
- d. You have failed, after reasonable and appropriate notice, to pay for (or to have paid under Medicare or Medicaid) your stay at the center; or
- e. The center ceases to operate.
- When transfer or discharge occurs for any of the above-referenced reasons, you have the right to have the reason for the transfer or discharge documented in your medical record (except e.) and to have written notice of the reason given to you and your family member or legal representative in a language and manner you and they understand. This notice will include: the reason for the transfer or discharge, the effective date of the transfer or discharge, the location to which you are being transferred or discharged, a statement that you have the right to appeal the action to the state agency designated by the state for such appeals, and the name, address, and telephone number of the state long term care ombudsman. The written notice must be provided to you or your representative at least 30 days before the transfer or discharge date except where: (1) the safety or health of individuals at the center is endangered; (2) your health improves sufficiently to allow a more immediate transfer or discharge; (3) an immediate transfer is required because of your urgent medical needs; or (4) you have not resided at the center for 30 days.
- For residents with developmental disabilities, the notice will include the mailing address and telephone number of the agency responsible for the protection and advocacy of developmentally disabled individuals established under Part C of the Developmental Disabilities Assistance and Bill of Rights Act.
- For nursing home residents who are mentally ill, the notice will include the telephone number of the agency responsible for the protection and advocacy of mentally ill individuals established under the Protection and Advocacy for Mentally Ill Individuals Act.
- You also have the right to be provided by the center with sufficient preparation and orientation to insure safe and orderly transfer or discharge from the center.
- In event of closure of the center, you and your representative have the right be notified in advance of the closure and center's plan for your transfer and relocation.
- You have the right, without affecting your eligibility or entitlement to Medicaid benefits, to refuse a transfer to another room within the center, if the purpose of the transfer is to relocate you from:
  - a. That part of the center, if any, that is Medicare-certified to a non-certified part of the center; or
  - b. That part of the center that is not Medicare-certified to the Medicare-certified part of the center (if any).
- If you are being transferred from the center because you are going to be hospitalized or for therapeutic leave, the center must provide you and family member or legal representative written notice of the center's bed hold policy before you are transferred.

## **16. RESIDENT BEHAVIOR - CENTER PRACTICES.**

- **Restraints.** You have the right to be free from any physical restraints or psychoactive drugs which are used for the purpose of discipline or convenience and are not required to treat your medical symptoms. Restraints may only be imposed:
  - a. To ensure your physical safety or the physical safety of other residents.
  - b. Only upon the written orders of a physician. The orders must specify the duration and circumstances under which restraints are to be used. In an emergency situation, the center

may use physical restraints without physician orders if necessary to prevent injury to you or to other residents and when alternative measures do not work. If restraints are used in an emergency situation, the center shall document in your clinical record the use of restraints and what alternative measures did not work. A licensed nurse shall contact the physician within 24 hours for restraint orders, including treatments to resolve the need for the restraint.

- **Abuse.** You have the right to be free from verbal, sexual, physical, and mental abuse, corporal punishment, and involuntary seclusion.

## **17. QUALITY OF LIFE AND CARE**

- **Dignity/Self Determination and Participation.** You have the right to receive care from the center in a manner and in an environment that promotes, maintains, or enhances your dignity and respect in full recognition of your individuality. You have the right to:
  - a. Choose activities, schedules, and health care consistent with your interests, assessments, and plans of care;
  - b. Interact with members of the community both inside and outside the nursing center; and
  - c. Make choices about aspects of your life in the nursing center that are significant to you.

## **18. PARTICIPATION IN RESIDENT AND FAMILY GROUPS**

- You have the right to organize and participate in resident groups in the Center and your family has the right to meet in the Center with the families of other residents in the Center.

## **19. PARTICIPATION IN OTHER ACTIVITIES**

- You have the right to participate in social, religious, and community activities that do not interfere with the rights of other residents in the center.

## **20. ACCOMMODATION OF NEEDS**

- You have the right to reside and receive services in the center with reasonable accommodations of your needs and preferences, except when the health and safety of other individuals would be endangered.
- If you are disabled, the center must make reasonable accommodations in order to provide services that you may need.
- You and your significant others have the right to receive notice before your room or roommate in the center are changed. You also have the right not to be reassigned to a new room within the center without cause and without adequate preparation for the move in order to avoid harmful effects.
- Involuntary reassignment of rooms may only be made after reasonable advance notification (oral or written) and preparation, but the center may move you sooner to protect your health or safety or that of another resident and provided that there is written justification for doing so.

*Signature on Admission Agreement acknowledgment designates receipt of the disclosure of Resident Rights and that the resident or appointed agent has been fully informed, both orally and in writing in a language they understand, of these rights either prior to or upon admission, and was given an opportunity to ask questions about their nature and scope*

## **EXHIBIT C**

### **SUPPLEMENTAL DOCUMENTS ACKNOWLEDGEMENT**

Resident's Name: \_\_\_\_\_

Admission Date: \_\_\_\_\_

Resident's Representative: \_\_\_\_\_

Resident and the Resident Representative, if applicable, acknowledge receipt and understanding of the notices, policies, consents and educational information (collectively, the "Supplemental Documents") listed below which are made part of this Agreement. Resident has been fully informed, both orally and in writing in a language Resident understands, of the Supplemental Documents, Resident has been given an opportunity to ask questions about their nature and scope, Resident has received responses to those questions from a Facility representative, and those responses are acceptable to Resident.

- (a) Schedule of Fees and Charges
- (b) Residents' Rights (Washington and Federal)
- (c) Supplemental Documents Acknowledgement
- (d) House Rules
- (e) Advance Directives Policy
- (f) Release of Medical Records Policy
- (g) Photograph Consent Form
- (h) Private Duty Personnel Policy
- (i) WA Medicaid Disclosure Statement
- (j) Medicare Covered Services and Charges
- (k) Medicaid Covered and Uncovered Services, Notice of Resource Assessment

\_\_\_\_\_  
(Facility's Representative) (Title) (Date)

\_\_\_\_\_  
(Resident) (Date)

\_\_\_\_\_  
(Address) (Telephone Number)

Witness\*: \_\_\_\_\_ Date: \_\_\_\_\_

Witness\*: \_\_\_\_\_ Date: \_\_\_\_\_

\*Only required if resident signs with a mark

## **RELEASE OF MEDICAL RECORDS POLICY HIPAA NOTICE OF PRIVACY PRACTICES**

Effective \_\_\_\_\_, 202\_

**THIS NOTICE DESCRIBES HOW MEDICAL INFORMATION ABOUT YOU MAY BE USED AND DISCLOSED AND HOW YOU CAN GET ACCESS TO THIS INFORMATION. PLEASE REVIEW IT CAREFULLY.**

### **Introduction**

As a covered entity, as defined under the Health Insurance Portability and Accountability Act (HIPAA) of 1996, as amended, BELLEVUE POST ACUTE (the "Community" or "we") is required by law to maintain the privacy of your protected health information. This Notice of Privacy Practices (the "Notice") sets forth our obligations and your rights regarding the use and disclosure of your protected health information. Protected health information is individually identifiable health information that the Community or its business associates ("Business Associates") maintain or transmit in any form or medium, including verbal conversations and written or electronic information. Individually identifiable health information is information that identifies you, or could reasonably be used to identify you, and that relates to your past, present or future (a) physical or mental health, (b) provision of health care, or (c) payment for such health care.

### **The Community's Duties Regarding This Notice**

The Community must give you this Notice to explain the uses and disclosures of your protected health information, to advise you of your rights with respect to your protected health information, and to explain the Community's legal duties and privacy practices with respect to your protected health information under HIPAA and related regulations. The Community is required to abide by the terms of the Notice currently in effect. The Community reserves the right to change the terms of this Notice and make the new provisions applicable to all protected health information that it maintains. In the event the Community changes this Notice in a significant manner, the Community will distribute a revised notice within sixty (60) days of the effective date of the change. Remember – the Community does not maintain all of your medical information. Your health care plan (e.g., health insurance) also maintains some of your information. You should contact your health plan directly if you have any questions about medical information maintained by them.

### **How Your Protected Health Information May Be Used or Disclosed For Treatment, Payment and Health Care Operations**

The confidentiality of your protected health information is very important to us. The Community is able to use or disclose your protected health information for treatment, payment, and health care operations as explained below. Other uses and disclosures of your protected health information are explained in later sections of this Notice.

**Treatment**

Your information is used for treatment activities by healthcare professionals daily while in the Community. Healthcare professionals who will use this information include nurses, your physician, certified nursing assistance, dietitians, therapists, and other members of the healthcare team.

**Payment**

The Community may use and disclose protected health information so that we or others may bill and receive payment from you, an insurance company, Medicare, Medicaid or a third party for the treatment and services you received. For example, we may give your health plan information about you so that they will pay for your treatment.

**Health Care Operations**

We may use and disclose protected health information for health care operations purposes. Information is used by members of the medical staff, risk and quality improvement managers, and quality improvement teams to assess the care and outcomes of your case and others linked to certain review. This is done to improve services offered to you and other patients in the Community.

**Other Information**

The Community will take reasonable steps and apply safeguards to limit the permitted or required uses and disclosures of your protected health information to the minimum amount necessary to accomplish the task. The descriptions listed above do not include every possible use or disclosure that is permitted or required by law. The descriptions given are only intended to provide you with information about the various ways that the Community may use or disclose your protected health information and to give you some examples.

**Other Permitted or Required Uses and Disclosures**

Other than treatment, payment and health care operations, the Community is permitted or required by law to use or disclose your protected health information in other ways described below.

**Appointment Reminders, Treatment Alternatives and Health Related Benefits and Services**

The Community also may use your protected health information to contact you to provide appointment reminders or information about treatment alternatives or other health-related benefits and services that may be of interest to you.

**Research**

Under certain circumstances, we may use and disclose protected health information for research. For example, a research project may involve comparing the health of patients who received one treatment to those who received another for the same condition. Before we use or disclose protected health information for research, the project will go through a special approval process and there are limitations on how your protected health information may be used for research purposes. The Community may also seek your authorization for the use of protected health information for research.

**To You or Certain Other Individuals**

Your own protected health information may be disclosed to you or to your personal representative who is an individual, under applicable law, authorized to make health care decisions on your behalf. This Community may disclose your protected health information to a family member, other relative, close personal friend or other person identified by you. The protected health information that is disclosed must be directly relevant to the family member or other person's involvement with your health care. The requirements are that you must be present or available prior to the use or disclosure and (a) agree, (b) have the opportunity to object or (c) the Community may determine, based on the circumstances and its professional judgment, to make the disclosure. If you are not present or are incapacitated, the Community may use its professional judgment to determine whether the disclosure of protected health information is in your best interests. If the Community makes this determination, it may disclose only your protected health information that is directly relevant to the individual's involvement with your health care.

The Community may, in certain situations, use or disclose your protected health information to notify, or assist in notifying, a family member, personal representative or other person involved in your care of your location or condition. If you do not want this information to be shared, you may request that these disclosures be restricted as outlined later in this Notice.

**To Business Associates**

The Community works with different organizations that perform a variety of services on its behalf. The organizations, or Business Associates, perform specific functions and services for the Community. For example, we may use another company to perform billing services on our behalf. Services also include consulting, legal, financial, and management activities. The Community may disclose protected health information to its Business Associates for the permitted functions or services, but only if the Community receives assurances through a written contract or agreement that the Business Associate will properly safeguard the information.

**In A Limited Data Set**

A limited data set contains protected health information from which direct identifiers such as name and social security number have been removed, but indirect identifiers such as date of service have been kept. Information in a limited data set may be used or disclosed for research, public health or health care operations. The information may be disclosed only if the Community has entered into an agreement with the recipient that establishes its permitted uses or disclosures.

**As Required by Law and for Public Benefit**

Protected health information may be:

- Used or disclosed as required by law and in compliance with the requirements of the law, including disclosures to the Secretary of Health and Human Services for the purpose of determining compliance with the privacy standards;
- Disclosed to an authorized public health authority for specified reasons such as to prevent or control disease, injury, or disability; to report abuse or neglect; to report the safety or effectiveness of FDA-related products such as medication; and to notify a person at risk of contracting or spreading a communicable disease;



- Disclosed to an authorized government authority if the disclosure is about victims of abuse, neglect, or domestic violence;
- Disclosed to authorized health oversight agencies for activities such as audits, investigations, inspections, and licensure requirements necessary for oversight of the health care system and various government benefit programs;
- Disclosed for judicial and administrative proceedings such as responses to court orders and court-ordered warrants, to subpoenas issued, to discovery requests, or other lawful processes;
- Disclosed to a law enforcement official for a law enforcement purpose;
- Disclosed to federal officials for national security reasons;
- Disclosed to coroners or medical examiners for purposes of identifying a deceased individual and to funeral directors to carry out their duties;
- Used or disclosed to an organ and tissue procuring or transplant organization to facilitate donation transplantation;
- Used or disclosed for research purposes if certain requirements are met;
- Used or disclosed as necessary to prevent or lessen a serious or imminent threat to the health and safety of person or the public;
- Disclosed to comply with workers' compensation or other similar laws;
- Disclosed to comply with laws related to military service or veterans' affairs; and
- Disclosed to a public or private entity authorized by law or by its charter to assist in disaster relief efforts.

In most situations, reasonable measures will be taken to limit the use and disclosure of protected health information to the individuals who need it and to the amount necessary to perform a particular function.

#### **Other Uses and Disclosures Only in Accordance with Your Authorization**

Other than the uses or disclosures of your protected health information that are permitted or required by law, the Community may not use or disclose your protected health information unless you authorize the Community to do so by completing a written authorization. As a result, uses and disclosures of protected health information for marketing purposes and disclosures that constitute a sale of protected health information will be made only with your express written authorization. Please note that the Community does not use your protected health information for marketing or fundraising purposes. You may revoke your authorization at any time to stop future uses or disclosures; however, the revocation will not apply to the extent that the Community has already made uses or disclosures in reliance on your authorization. Your revocation will also not be effective to the extent that the authorization was given as a condition of obtaining insurance coverage if another law gives the insurer the right to contest a claim under the policy or the right to contest the policy itself. Once your protected health information has been disclosed pursuant to your authorization, the privacy protections under HIPAA may no longer apply to the disclosed health information and that information may be re-disclosed by the recipient without your or the Community's knowledge or authorization.

#### **Your Individual Rights Regarding Your Protected Health Information**

You have certain rights with respect to your protected health information, as described in detail below. You may exercise your rights by submitting a written request that specifies the right(s)

you wish to exercise. Requests should be sent to the Human Resources Department. Contact information is provided at the end of this Notice.

### **Right to Request Restrictions**

You have the right to request restrictions on certain uses or disclosures of your protected health information for the purposes of treatment, payment or health care operations. The Community is not required to agree to any restriction that you request. You will be notified if your request is accepted or denied. The Community may agree to appropriate restrictions if your protected health information pertains to health care items or services that you paid for entirely out-of-pocket and the disclosure of protected health information is for purposes of payment or health care operations.

### **Right to Receive Confidential Communications**

You have the right to request receipt of confidential communications of your protected health information from the Community by reasonable alternative means or at an alternative location. For example, you may not want messages left on voicemail or sent to a particular address. To request confidential communications by alternative means or at an alternative location, you must submit your request in writing with the reason(s) for the request. If appropriate, your request should state that the disclosure of all or part of your protected health information by non-confidential communications could endanger you. The Community will accommodate reasonable requests and will notify you appropriately.

### **Right to Inspect and Copy**

You have the right to inspect and copy your protected health information that is contained in a “designated record set” that is, enrollment, payment, claims determination, case or medical management records or records that are used to make decisions about you and that are maintained by the Community, in a form and format that you request, to the extent such form and format is readily producible by the Community. The Community may charge you a reasonable cost-based fee for the labor, supplies and postage associated with your request. There are some exceptions to your right to inspect and copy, such as:

- Psychotherapy notes (if any),
- Information compiled in anticipation of a civil, criminal, or administrative action or proceeding, and
- Situations in which a licensed health care professional determines that releasing the information may have a harmful effect on you or another individual.

In certain circumstances, if you are denied access to your protected health information, you may request a review of the denial. You may request that the Community send a copy of your protected health information directly to a designated person.

### **Right to Request an Amendment**

If you believe that protected health information about you that is contained in a “designated record set” is inaccurate or incomplete, you have the right to request that it be amended. Your request must be in writing and you must provide a reason to support your request.

The Community may deny your request for an amendment if your request is not in writing or if you do not provide a reason for your request. Your request will also be denied if the Community determines:

- The information was not created by the Community (unless you provide a reasonable basis to believe that the originator of the information is no longer available to act on your request),
- The information is not maintained by or for the Community or is not part of the information which you would be permitted to inspect and copy,
- Access to the information is restricted by law, or
- The information is accurate and complete.

If your request is denied, you will receive written notification of the denial explaining the basis for the denial and a description of your rights.

### **Right to an Accounting of Disclosures**

You have the right to receive a listing of, or an accounting of, disclosures of your protected health information made by the Community. Certain disclosures do not have to be included in this accounting, including the following:

- Those made for treatment, payment or health care operations,
- Those made pursuant to your written authorization,
- Those made to you,
- Those that are incidental to otherwise permitted or required disclosures,
- Those made as part of a limited data set,
- Disclosures to individuals involved in your care, and
- Disclosures for certain security or intelligence reasons and to certain law enforcement officials.

If you request an accounting of disclosures of your protected health information, you will need to specify the dates you want the accounting to cover. The accounting period cannot exceed six (6) years prior to the date of the request. You are entitled to one free accounting in any twelve (12) month period. The Community may charge for any additional accountings you request within the same twelve (12) month period. The Community will notify you in advance of any changes.

### **Right to Receive Notification of a Breach**

You have the right to receive a notification from the Community if there is a breach of your unsecured protected health information.

### **Right to Receive a Paper Copy**

Even if you have agreed to receive this Notice electronically, you have the right to request and receive a paper copy of this Notice from the Community.

## **Complaints and Contact Information**

### **Complaints**

If you are concerned that your privacy rights have been violated, you may submit a complaint to the Community by contacting: \_\_\_\_\_. The complaint must be in writing and provide a description of why you think your privacy rights were violated. No retaliatory actions will be taken against you for filing a complaint.

You may also file a complaint with the Secretary of Health and Human Services:

Web site: <https://www.hhs.gov/hipaa/filing-a-complaint/complaint-process/index.html>

E-mail: [OCRMail@hhs.gov](mailto:OCRMail@hhs.gov); [OCRComplaint@hhs.gov](mailto:OCRComplaint@hhs.gov)

Address: U.S. Department of Health and Human Services

Office for Civil Rights

Centralized Case Management Operations

200 Independence Ave., S.W.

Room 509F HHH Bldg.

Washington, D.C. 20201

Customer Response Center: (800) 368-1019 Fax: (202) 619-3818 TDD: (800) 537-7697

### **Contact Information**

Please contact the \_\_\_\_\_ in order to:

- Obtain a paper copy or another copy of this Notice,
- Ask questions about this Notice or the Community's practices regarding protected health information,
- File a complaint,
- Request that disclosure of eligibility status or claim status not be provided to a family member,
- Obtain an Authorization Form, or
- Make a request for individual rights as described above.

The phone number is: \_\_\_\_\_

The address is: \_\_\_\_\_

## HIPAA NOTICE OF PRIVACY PRACTICES

### ACKNOWLEDGMENT FORM

By signing below, I acknowledge that the Community has provided me with its Notice of Privacy Practices, which contains a detailed description of the uses and disclosures of my health information and I been given an opportunity to read the Notice.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

Signature of Authorized Representative (if signing for patient):

\_\_\_\_\_

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#### OFFICE USE ONLY

If unable to obtain the patient's signature in acknowledgment of receipt of the HIPAA Notice of Privacy Practices, document the reason below (emergency etc.)

Patient Name: \_\_\_\_\_ Date: \_\_\_\_\_

Reason: \_\_\_\_\_

## **Privacy Act Statement**

### **PRIVACY ACT STATEMENT – HEALTH CARE RECORDS**

**Long Term Care-Minimum Data Set (MDS) System of Records revised 04/28/2007**

**(Issued: 9-6-12, Implementation/Effective Date: 6-17-13)**

THIS FORM PROVIDES YOU THE ADVICE REQUIRED BY THE PRIVACY ACT OF 1974 (5 USC 552a). **THIS FORM IS NOT A CONSENT FORM TO RELEASE OR USE HEALTH CARE INFORMATION PERTAINING TO YOU.**

**1. AUTHORITY FOR COLLECTION OF INFORMATION, INCLUDING SOCIAL SECURITY NUMBER AND WHETHER DISCLOSURE IS MANDATORY OR VOLUNTARY.** Authority for maintenance of the system is given under Sections 1102(a), 1819(b)(3)(A), 1819(f), 1919(b)(3)(A), 1919(f) and 1864 of the Social Security Act. The system contains information on all residents of long-term care (LTC) facilities that are Medicare and/or Medicaid certified, including private pay individuals and not limited to Medicare enrollment and entitlement, and Medicare Secondary Payer data containing other party liability insurance information necessary for appropriate Medicare claim payment.

Medicare and Medicaid participating LTC facilities are required to conduct comprehensive, accurate, standardized and reproducible assessments of each resident's functional capacity and health status. To implement this requirement, the facility must obtain information from every resident. This information is also used by the Centers for Medicare & Medicaid Services (CMS) to ensure that the facility meets quality standards and provides appropriate care to all residents. 42 CFR §483.20, requires LTC facilities to establish a database, the Minimum Data Set (MDS), of resident assessment information. The MDS data are required to be electronically transmitted to the CMS National Repository.

Because the law requires disclosure of this information to Federal and State sources as discussed above, a resident does not have the right to refuse consent to these disclosures. These data are protected under the requirements of the Federal Privacy Act of 1974 and the MDS LTC System of Records.

**2. PRINCIPAL PURPOSES OF THE SYSTEM FOR WHICH INFORMATION IS INTENDED TO BE USED.** The primary purpose of the system is to aid in the administration of the survey and certification, and payment of Medicare/Medicaid LTC services which include skilled nursing facilities (SNFs), nursing facilities (NFs) and noncritical access hospitals with a swing bed agreement. Information in this system is also used to study and improve the effectiveness and quality of care given in these facilities. This system will only collect the minimum amount of personal data necessary to achieve the purposes of the MDS, reimbursement, policy and research functions.

**3. ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM.** The information collected will be entered into the LTC MDS System of Records, System No. 09-70-0528. This system will only disclose the minimum amount of personal data necessary to accomplish the

purposes of the disclosure. Information from this system may be disclosed to the following entities under specific circumstances (routine uses), which include:

- 1) To support Agency contractors, consultants, or grantees who have been contracted by the Agency to assist in accomplishment of a CMS function relating to the purposes for this system and who need to have access to the records in order to assist CMS;
- 2) To assist another Federal or state agency, agency of a state government, an agency established by state law, or its fiscal agent for purposes of contributing to the accuracy of CMS' proper payment of Medicare benefits and to enable such agencies to fulfill a requirement of a Federal statute or regulation that implements a health benefits program funded in whole or in part with Federal funds and for the purposes of determining, evaluating and/or assessing overall or aggregate cost, effectiveness, and/or quality of health care services provided in the State, and determine Medicare and/or Medicaid eligibility;
- 3) To assist Quality Improvement Organizations (QIOs) in connection with review of claims, or in connection with studies or other review activities, conducted pursuant to Title XI or Title XVIII of the Social Security Act and in performing affirmative outreach activities to individuals for the purpose of establishing and maintaining their entitlement to Medicare benefits or health insurance plans;
- 4) To assist insurers and other entities or organizations that process individual insurance claims or oversees administration of health care services for coordination of benefits with the Medicare program and for evaluating and monitoring Medicare claims information of beneficiaries including proper reimbursement for services provided;
- 5) To support an individual or organization to facilitate research, evaluation, or epidemiological projects related to effectiveness, quality of care, prevention of disease or disability, the restoration or maintenance of health, or payment related projects;
- 6) To support litigation involving the agency, this information may be disclosed to The Department of Justice, courts or adjudicatory bodies;
- 7) To support a national accrediting organization whose accredited facilities meet certain Medicare requirements for inpatient hospital (including swing beds) services;
- 8) To assist a CMS contractor (including but not limited to fiscal intermediaries and carriers) that assists in the administration of a CMS-administered health benefits program, or to a grantee of a CMS-administered grant program to combat fraud, waste and abuse in certain health benefit programs; and
- 9) To assist another Federal agency or to an instrumentality of any governmental jurisdiction within or under the control of the United States (including any state or local governmental agency), that administers, or that has the authority to investigate potential fraud, waste and abuse in a health benefits program funded in whole or in part by Federal funds.

**4. EFFECT ON INDIVIDUAL OF NOT PROVIDING INFORMATION.** The information contained in the LTC MDS System of Records is generally necessary for the facility to provide appropriate and effective care to each resident.

If a resident fails to provide such information, e.g. thorough medical history, inappropriate and potentially harmful care may result. Moreover, payment for services by Medicare, Medicaid and third parties, may not be available unless the facility has sufficient information to identify the individual and support a claim for payment.

**NOTE:** Residents or their representative must be supplied with a copy of the notice. This notice may be included in the admission packet for all new nursing home admissions, or distributed in other ways to residents or their representative(s). Although signature of receipt is NOT required, providers may request to have the Resident or his or her Representative sign a copy of this notice as a means to document that notice was provided and merely acknowledges that they have been provided with this information.

Your signature merely acknowledges that you have been advised of the foregoing. If requested, a copy of this form will be furnished to you.

\_\_\_\_\_  
Signature of Resident or Responsible Party

\_\_\_\_\_  
Date



## **ADVANCE DIRECTIVES (Washington)**

### **POLICY:**

Advance directives will be respected in accordance with state law and facility policy. The facility will honor any advance directive that complies with Washington law and is consistent with the level of care the facility is licensed to provide. This does not mean that facility staff will assist residents in obtaining, administering, or consuming aid-in-dying medication as permitted under Washington's Death with Dignity Act. The facility does not participate in nor in any way assist with nor permit any health care providers to participate in physician-assisted suicide on the facility's premises.

### **DEFINITIONS:**

***"Advance Care Planning"*** is a process of communication between individuals and their healthcare agents to understand, reflect on, discuss, and plan for future healthcare decisions for a time when individuals are not able to make their own healthcare decisions.

***"Advance Directive"*** is written instruction, such as a living will or durable power of attorney for health care, recognized under State law (whether statutory or as recognized by the courts of the State), relating to the provision of health care when the individual is incapacitated." See 42 CFR 489.100.

### **SPECIFIC PROCEDURES / GUIDANCE**

1. Upon admission, the resident will be provided with written information concerning the right to refuse or accept medical or surgical treatment and to formulate an advance directive if he or she chooses to do so. In addition, facility staff will verify the resident's wishes with regard to urgent or emergency care, including the use of cardiopulmonary resuscitation (CPR). Washington State requires the facility to use CPR with nursing home residents unless the resident's guidelines state "No CPR."
2. Written information will include a description of the facility's policies to implement advance directives and applicable state law.
3. If the resident is incapacitated and unable to receive information about his or her right to formulate an advance directive, the information may be provided to the resident's legal representative.
4. If the resident becomes able to receive and understand this information later, he or she will be provided with the same written materials as described above, even if his or her legal representative has already been given the information.
5. Each resident will also be informed that the facility's policies do not condition the provision of care or discriminate against an individual based on whether or not the individual has executed an advance directive.
6. Prior to or upon admission of a resident, the Social Services Director or designee will inquire of the resident, his/her family members and/or his or her legal representative, about the existence of any written advance directives.
7. Information about whether or not the resident has executed an advance directive shall be displayed prominently in the medical record.

8. If the resident indicates that he or she has not established advance directives, the facility staff will offer assistance in establishing advance directives.
  - a. The resident will be given the option to accept or decline the assistance, and care will not be contingent on either decision.
  - b. Nursing staff will document in the medical record the offer to assist and the resident's decision to accept or decline assistance.
9. The Attending Physician / Practitioner may provide information to the resident and legal representative regarding the resident's health status, treatment options and expected outcomes during the development of the initial comprehensive assessment and care plan.
10. The plan of care for each resident will be consistent with his or her documented treatment preferences and/or advance directive.
  - a. The plan of care will be reviewed periodically to ensure consistency with the resident's choice regarding Advanced Directive decisions.
11. The resident has the right to refuse treatment, whether or not he or she has an advance directive. A resident will not be treated against his or her own wishes. Residents who refuse treatment will not be transferred to another facility unless all other criteria for transfer are met.
12. State regulations/guidance will be followed to ensure the legal representative's right to refuse or forego treatment is honored.
13. If the resident or representative refuses treatment, the facility and care providers will:
  - a. Document that the resident and/or representative have been provided information on the recommended treatment and the associated risks/benefits of the recommended treatments.
  - b. Reassess the resident for significant change of condition related to the refusal;
  - c. Determine the decision-making capacity of the resident and invoke the decisions of the legal representative if appropriate to the situation;
  - d. Document specifically what the resident/representative is refusing;
  - e. Assess and document the stated reason for the refusal;
  - f. Offer pertinent alternative treatments; and
  - g. Modify the care plan as appropriate, providing all other appropriate services (i.e., those that will allow him or her to maintain the highest practicable physical, mental, and psychosocial well-being).
14. The resident's Attending Physician / Practitioner may clarify and present any relevant medical issues and decisions to the resident or legal representative as the resident's condition changes in an effort to clarify and adhere to the resident's wishes.
15. In accordance with current OBRA definitions and guidelines governing advance directives, our facility has defined advanced directives as preferences regarding treatment options and include, but are not limited to:
  - a. **Advance Directive** — a written instruction, such as a living will or durable power of attorney for health care, recognized by State law, relating to the provisions of health care when the individual is incapacitated.

- b. **Living Will** — a document that specifies a resident's preferences about measures that are used to prolong life when there is a terminal prognosis.
  - c. **Durable Power of Attorney for Health Care** (i.e., Medical Power of Attorney) — a document delegating authority to a legal representative to make health care decisions in case the individual delegating that authority subsequently becomes incapacitated.
  - d. **Legal Representative** (i.e., Substitute Decision-Maker, Proxy, Agent) — a person designated and authorized by an advance directive or State law to make treatment decisions for another person in the event the other person becomes unable to make necessary health care decisions.
  - e. **Do Not Resuscitate** — indicates that, in case of respiratory or cardiac failure, the resident, legal guardian, health care proxy, or representative (sponsor) has directed that no cardiopulmonary resuscitation (CPR) or other life-sustaining treatments or methods are to be used.
  - f. **Do Not Hospitalize** — indicates that the resident is not to be hospitalized, even if he or she has a medical condition that would usually require hospitalization.
  - g. **Organ Donation** — indicates that the resident wishes his or her organs to be available for transplantation upon his or her death.
  - h. **Life-Sustaining Treatment** — treatment that, based on reasonable medical judgment, sustains an individual's life and without it the individual will die. This includes medications and interventions that are considered life-sustaining, but not those that are considered palliative or comfort measures.
  - i. **Feeding Restrictions** — indicates that the resident, legal guardian, health care proxy, or representative (sponsor) does not wish for the resident to be fed by artificial means (e.g., tube; intravenous nutrition, etc.) if he or she is not able to be nourished by oral means.
  - j. **Medication Restrictions** — indicates that the resident, legal guardian, health care proxy, or representative (sponsor) does not wish for the resident to receive life-sustaining medications (e.g., antibiotics, chemotherapy, etc.).
  - k. **Other Treatment Restrictions** — indicates that the resident, legal guardian, health care proxy, or representative (sponsor) does not wish for the resident to receive certain medical treatments. Examples include, but are not restricted to, blood transfusions, tracheotomy, respiratory intubation, etc.
16. If advance directive documents were developed in another state, the resident must have such documents reviewed and revised (as necessary) by his/her legal counsel in this state before the facility may honor such directives.
  17. The Interdisciplinary Team will conduct an ongoing review of the resident's decision-making capacity and communicate significant changes to the resident's legal representative. Such changes will be documented in the care plan and medical record.
  18. The Interdisciplinary Team will periodically consult with the resident regarding his or her advance directives to ensure that such directives are still the wishes of the resident.
  19. Changes or revocations of a directive must be submitted in writing to the Administrator, Director of Nursing, Social Worker, or designee. The facility may require new documents if the changes are extensive. The Attending Physician/Practitioner and the Care Plan Team will be informed of such changes and/or revocations so that appropriate changes can be made in the resident assessment (MDS) and care plan.

20. A licensed nurse will notify the Attending Physician/Practitioner of advance directives so that appropriate orders can be documented in the resident's medical record and plan of care. The Attending Physician/Practitioner will not be required to write orders for which he or she has an ethical or conscientious objection.
21. The licensed nurse will inform emergency medical personnel of a resident's advance directive regarding treatment options and provide such personnel with a copy of such directive when transfer from the facility via ambulance or other means is made.
22. The Staff Development Coordinator/designee will be responsible for scheduling advance directive training classes for newly hired staff members as well as scheduling periodic Advance Directive In-Service Training Programs to ensure that our staff remains informed about the residents' rights to formulate advance directives and facility policy governing such rights.
23. Inquiries concerning advance directives should be referred to the Facility Administrator, Director of Nursing Services, and/or to the Social Services Director.
24. If the facility becomes aware that a resident's advance directive is in conflict with the facility's practices and policies, the facility will:
  - a. Inform the resident of the existence of any practice or policy which would preclude it from implementing an advance directive;
  - b. Provide the resident with written policies and procedures that explain under what circumstances a resident's advance directive will or will not be implemented at the facility;
  - c. Meet with the resident to discuss the conflict; and
  - d. Determine whether the resident chooses to remain at the facility given the conflicting policy or practice.
25. If a resident chooses to remain at the facility after the resident becomes aware that the facility's policies conflict with the resident's advance directive, the facility will work with resident to develop a plan in accordance with Washington law to implement the resident's wishes. This may include the facility moving the resident at the time of implementation to a care setting that will implement the resident's wishes or assist the resident in finding an alternative facility or physician who will comply with the resident's wishes. The plan shall be documented in the resident's clinical record.
26. If the resident is terminally ill and wishes to die at home, the facility will obtain the resident's informed consent using the process described in WAC 388-97-0260, and explain to the resident the risks associated with discharge, and will discharge the resident as soon as reasonably possible.
27. If an Advance Directive is not provided, or if a POLST/POST has not been issued, the facility will take all appropriate actions during an emergency in accordance with Washington law, including administering CPR, calling 911 and sending Resident to a hospital.

- ☐ **Provided a/an:**
- |   |  |
|---|--|
| <input type="checkbox"/> Advance Directive                | <input type="checkbox"/> Health Care Power of Attorney |
| <input type="checkbox"/> Other Directive: _____           | <input type="checkbox"/> Living Will                   |
| <input type="checkbox"/> POLST/POST (issued by physician) |  |

☐ **Not Provided** an Advance Directive, Living Will, Health Care Power of Attorney, other Directive, or POLST/POST issued by a physician to the Center.

☐ **Accept / Decline (CIRCLE ONE)** assistance with advance care planning.

☐ If the resident has not provided an Advance Directive, resident has been informed in writing of his/her right to make his/her own healthcare decisions including the right to accept or refuse medical treatments, to prepare an Advance Directive, and to complain about the facility's Advance Directive policy to the state survey agency. The facility has provided written information on how to initiate an Advance Directive.

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**REGULATORY REFERENCE:**

§483.10(c) Planning and Implementing Care

§483.10(g)(12) The facility must comply with the requirements specified in 42 CFR part 489, subpart I (Advance Directives)

42 CFR Part 489

WAC 388-97-0260

WAC 388-97-0280

RCW 70.122

**EXHIBIT C**  
**Consent to Photograph**

Photographs are taken and maintained of each resident for identification, emergency and health care purposes. In addition to those purposes, residents or their representatives may consent to allowing for the taking of photos and/or videos during recreational and to allowing for the sharing of those photos and/or videos with other designated parties.

Consent may be changed or revoked at any time by notifying the Administrator.

Photos and videos are never used for advertising or shared with outside entities except if specifically described below.

I authorize BELLEVUE POST ACUTE to videotape, photograph, and/or voice record as indicated for the purposes below:

- ☐ Take and maintain photos/videos of the resident engaged in activities and share these photographs with resident representatives and people designated here, if applicable:

\_\_\_\_\_

- ☐ Take photographs of the resident engaged in activities and post them in the Facility.

- ☐ Take photographs as described here for this specific purpose:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Resident's Name: \_\_\_\_\_

Date: \_\_\_\_\_

Resident / Representative's Name: \_\_\_\_\_

Resident / Representative's Signature: \_\_\_\_\_

## **MEDICAID RECIPIENT: COVERED AND NONCOVERED SERVICES**

The Washington Medicaid Program is designed to meet the cost of resident care, support, and maintenance. The facility will not charge the resident for the following:

Room and Board	Medically Related Social Services
Facility Activities Services	Routine Personal Hygiene Items and Services
Facility Nursing Services	Facility Dietary Services
Room & Bed Maintenance Services	Professionally Directed Program of Activities

Medicaid also covers charges for the following ancillary services when ordered by the physician:

Pharmacy	Radiology	Laboratory
Medical Supplies	Physical Therapy	

Note: This is only a guide – benefits, coverage and interpretation of benefits and coverage are subject to change. Also, the facility may impose a charge to you for items or services you request that are more expensive than the standard covered services.

The Local Department of Social Services will determine the amount of the participation rate you are **required** to pay towards your care monthly. You must remit this amount monthly to the facility to avoid being in violation of your contract and the laws related to Medicaid Assistance.

The following listing provides examples of some items and services not covered by the Medicaid program. For additional information, contact your Medicaid Social Worker or the facility Social Worker.

- Private room, unless medically needed;
- Personal telephone, television, internet or radio for personal use;
- Personal comfort items (novelties, confections);
- Beautician, barber, or cosmetic services;
- Personal clothing, personal reading materials, gifts, plants, personal room decorations;
- Social events and activities beyond the activity program;
- Special care services not included in the facility's Medicaid payment;
- Premiums on life insurance or burial policies.

## **NOTICE OF MEDICAID RESOURCE ASSESSMENT**

If you become institutionalized or receive Home and Community-Based Services for a continuous period, have a spouse in the community, and have not already become a Medicaid recipient, you may request a Resource Assessment from Your Local Department of Social Services. The Resource Assessment will compile your total resources and your spouse's total resources to determine how much would be counted as available to each of you, should you apply for Medicaid while you are at the facility. You understand that if you do not agree with the findings of the Resource Assessment you may file an appeal by writing to the Appeals Division, Department of Medicaid Eligibility Determination Services, PO Box 45531, Olympia, WA 98504. The phone number is 1-800-562-3022.

**NOTICE OF POLICY ON MEDICAID AS PAYMENT SOURCE**  
**RCW 70.129.180**

BELLEVUE POST ACUTE (the "Facility") currently has a contract with the Washington Department of Social and Health Services to participate in the Medicaid program. The Facility is licensed to accept payments under the Medicaid program. This means that the Facility accepts Medicaid as a payment source for residents who are Medicaid beneficiaries or who become eligible to receive Medicaid benefits.

The Facility reserves the right to voluntarily withdraw from the Medicaid program. In the event the Facility withdraws from participating in the Medicaid program, it will provide appropriate notice of its withdrawal to all residents as required by law.

A Resident for whom Medicaid is a payment source is expected to pay the Facility his or her Payment Participation. Not all costs and services provided by the Facility to Medicaid beneficiaries are covered by Medicaid. The Resident is expected to pay for all costs and services not covered by Medicaid. An explanation of what is and is not covered by Medicaid has been provided to Resident.

By signing below, you acknowledge that a representative of the Facility has explained the policy to you, you have read the policy, and you understand the policy.

\_\_\_\_\_  
Resident Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Resident Representative Signature (if applicable)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Facility Representative Signature

\_\_\_\_\_  
Date



## MEDICARE COVERED SERVICES AND CHARGES

### MEDICARE PART A

These charges include the following services in an inpatient skilled nursing facility:

- Room and Board
- Routine Nursing Care
- Routine Supplies and Equipment

Medicare covers charges for the following ancillary services, subject to Medicare limitation, when approved:

Pharmacy	Physical Therapy	Enteral Supplies
Radiology	Speech Therapy	Urological Supplies
Laboratory	Occupational Therapy	Tracheal Supplies
Emergency Room	Orthotics/Prosthetics	Colostomy Supplies

Medicare reimbursement does not include charges for the following personal care needs, items, or services:

Wheelchair Transportation	Room Bed Holds
Recreational Transportation	Telephone / Cable Television Services
Massage Therapy	Equipment Rental
Private Duty Personnel	Beauty / Barber Shop Services
Personal items	Newspaper or Magazines

If the beneficiary meets the qualifying conditions, Medicare covers 100% of the first 20 days of approved covered services. Medicare ultimately will determine what services are approved, not the facility.

The beneficiary or responsible party is required to pay a portion of the charge for each day of approved coverage for the 21<sup>st</sup> through the 100<sup>th</sup> day. This portion is called coinsurance. The coinsurance amount is established by the Federal government and at present is \$209.50 per day (for 2025). Medicare updates these coinsurance rates normally annually. Medicare pays the remaining portion. Medicare pays for the daily room rate plus all approved ancillary charges; however, Medicare will not pay for personal items or custodial services. Some supplemental insurances will cover the coinsurance and is dependent upon your individual plan. You will be charged for personal need items, custodial services, and the difference between a private and semi-private room if such has been requested. Following the 100<sup>th</sup> day, the beneficiary will be responsible for the full cost of their stay at private pay rates.

### **MEDICARE PART C**

If you have a Medicare Part C plan, consult with your individual policy to determine eligibility, coverage, and coinsurances as it applies to a skilled nursing facility stay. These are determined by each individual Part C plan and coverage amounts may change over time. Medicare Part C plans are NOT all the same. Normally you can find a phone number on the back of your Medicare Part C card to call for this information or ask one of the facilities Admission Staff members for assistance.

Please be advised that your costs, care programs and/or covered services may differ based on the Medicare health plan or insurance program in which you are enrolled (e.g., Original Medicare ("Part A" and "Part B"), Medicare Advantage Plan ("Part C"), All-inclusive Care for the Elderly (PACE), employer or union coverage, etc.)

## **PRIVATE DUTY ATTENDANT PERSONNEL POLICIES**

### **I. REQUIREMENTS FOR PRIVATE DUTY ATTENDANTS PROVIDING SERVICES AT THE FACILITY**

Every private duty attendant providing services to residents in their rooms at BELLEVUE POST ACUTE (the "Facility") must comply with all of the following requirements as a condition of obtaining access.

1. Registration Form. Each private duty attendant must complete and submit to the Administrative Office a Private Duty Attendant Registration and Information Form (Attached). This form must be updated every time the private duty attendant proposes to provide services to another resident at the Facility.

2. Criminal Record Clearance. Each private duty attendant must submit a current background check history or fingerprints to the Facility on the form provided, and pay a fee required by the Department of Social and Health Services and the Washington State Patrol. Fingerprint clearance must be obtained prior to the private duty attendant providing service in the Facility. If criminal background checks are processed, a Fifty and No/100 Dollars (\$50.00) processing fee will be assessed.

3. Name Badge. Private duty attendants must wear name badges at all times while on the premises of the Facility. Name badges will be provided by the Facility and collected when the private duty attendant's employment by a resident of the Facility ceases.

4. Acknowledgement and Indemnification. Each private duty attendant must receive and comply with Requirements for Private Duty Attendant (Attached); Rules of Conduct for Private Duty Attendant (Attached); and any other policies and procedures that the Facility develops governing private duty attendants' provision of services in residents' rooms. Each private duty attendant must also sign a copy of Acknowledgment and Indemnification (Attached) in which he or she acknowledges receipt of such documents and agrees to hold the Facility harmless for any claims or actions arising from his or her services.

5. Tuberculosis Test. Each private duty attendant must provide a copy of a negative current TB or chest x-ray test, or registry notification of TB clearance. Such tests must be updated annually.

6. Resident Status Reports and Log. The Facility reserves the right to require private duty attendants to provide, after each visit with the Resident, a report regarding Resident's health status and the nature of the services provided to the Resident. In addition, all private duty attendants must sign the log and provide all requested information at each visit to the Facility.

7. No Solicitation or Loitering. The Facility strictly prohibits solicitation of business and loitering on its premises. Each private duty attendant shall report as required by the Facility immediately before his or her appointment with the resident and shall leave the premises immediately after the provision of services. In addition, each private duty attendant shall have

access only to areas of the Facility necessary to obtain access to the resident's room, to meet the resident's needs, or to use the public telephone or restrooms.

8. Requirements. Meals, breaks, entrance, name badges, parking, solicitation, telephone and any other policies and procedures that govern private duty attendants specific to the Facility will be addressed with the private duty attendant by the Facility Administrator or designated individual.

## **II. RULES OF CONDUCT FOR PRIVATE DUTY ATTENDANT**

The Facility permits private duty attendants to provide services to residents in their rooms, provided that such personnel comply with various policies and procedures developed by the Facility for the employment of private duty attendants, including Requirements for Private Duty Attendant; Acknowledgement and Indemnification; and these Rules of Conduct for Private Duty Attendant. Any of the following activities or conduct will result in a private duty attendant's immediate loss of privileges to enter the Facility to provide services to any resident.

1. Verbal or physical abuse;
2. Theft;
3. Use of any illegal drug on premises;
4. Alcohol use on premises;
5. Possession of dangerous weapons on premises;
6. Sleeping on duty, when inappropriate;
7. Failure to sign in or out at the required location;
8. Indecent or immoral conduct on the premises;
9. Willful damage of property;
10. Soliciting contributions, donations, tips, gifts, or employment;
11. Failure to follow rules, regulations, policies, or procedures governing private duty attendants;
12. Failure to honor Resident Rights (attached);
13. Failure to abide by parking restrictions;
14. Charging more than one resident for services during the time allotted for any resident's appointment;
15. Failure to follow smoking restrictions;
16. Failure to report any resident injury or change of condition immediately to the Facility Administrator during regular hours, after hours and on weekends and holidays;
17. Disruptive conduct;
18. Unauthorized distribution of literature;
19. Malicious gossip, spreading of rumors, harassment, or discriminatory remarks or accusations;

20. Use of building telephones other than the public pay telephones;
21. Failure to maintain basic personal hygiene, cleanliness and appropriate attire;
22. Unauthorized use of dining or break rooms;
23. Unauthorized entry into any room not necessary for provision of services to resident;
24. Unsanitary work practices or contribution to unsanitary work conditions; and
25. Other conduct deemed to constitute good cause for loss of privileges as determined by the Facility Administrator.

**III. PRIVATE DUTY ATTENDANT REGISTRATION  
AND INFORMATION FORM**

To be completed by each individual working as a private duty attendant for each Resident who is to receive care.

**PRIVATE DUTY ATTENDANT INFORMATION:**

- Name: \_\_\_\_\_
- Address: \_\_\_\_\_
- Telephone: \_\_\_\_\_
- Automobile Make & Model: \_\_\_\_\_ License No.: \_\_\_\_\_
- Person to Contact in Event of Emergency: \_\_\_\_\_

Name, Address and Telephone No. of Agency (if applicable):

\_\_\_\_\_

\_\_\_\_\_

**Identify All Residents Who Will Receive Your Services:**

1. Name: \_\_\_\_\_  
Room No.: \_\_\_\_\_ Telephone No.: \_\_\_\_\_
2. Name: \_\_\_\_\_  
Room No.: \_\_\_\_\_ Telephone No.: \_\_\_\_\_
3. Name: \_\_\_\_\_  
Room No.: \_\_\_\_\_ Telephone No.: \_\_\_\_\_

.....

To be completed by Facility Administrator or Designee:

I have reviewed this Registration and Information form and approve of having this person work on the premises of the Facility, subject to all rules, regulations, policies, and procedures governing private duty attendants.

---

Signature

---

Title

---

Date



#### **IV. ACKNOWLEDGMENT AND INDEMNIFICATION**

##### **Private Duty Attendant**

I, \_\_\_\_\_ (name of private duty attendant), wish to provide private duty services to one or more residents of the Facility. I understand and agree that my access to the Facility to provide such services is conditioned upon my compliance with all of the following terms:

1. I understand and agree that I am not an employee of the Facility, which exercises no control over my compensation or the agreement that I have entered into for providing private duty attendant services and that I am responsible for my own actions for the care I provide the resident.

2. I agree not to represent to any person at any time that I am an employee of the Facility. I further agree not to seek any employee benefits offered to the Facility's employees, including, but not limited to, workers' compensation insurance, unemployment insurance, disability insurance, vacation pay, and sick pay.

3. I understand and agree that my employer is/are the resident(s), or an outside agency which is unrelated to the Facility. The Resident or agency shall be responsible for paying for my services, providing workers' compensation and other employee benefits to me, and making appropriate payroll deductions on my behalf.

4. I agree to release, indemnify, and hold the Facility harmless from and against any and all claims, demands, liabilities, losses, and damages, in any way arising out of or related to my services as a private duty attendant, or my presence at the Facility, unless such damage results directly from the gross negligence of the Facility.

5. I understand and agree that my access to the Facility is limited to that access which is necessary to provide services to the resident, to meet the resident's needs, or to use the public telephone or restrooms. I understand that I shall have access to no other area without the prior express written consent of the Facility.

6. I agree to abide by Requirements for Private Duty Attendant, Rules of Conduct for Private Duty Attendant, and any other rules, regulations, policies, or procedures that the Facility develops, now or in the future, regarding the conduct of private duty attendants.

7. By signing below, I agree to the terms of this Acknowledgement and Indemnification and I acknowledge receipt of the Requirements for Private Duty Attendant, Rules of Conduct for Private Duty Attendant, and Private Duty Attendant Registration Form.

[Signature on Following Page]

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
Zip Code

**V. GUIDELINES FOR RESIDENTS FOR THE EMPLOYMENT  
OF PRIVATE DUTY ATTENDANTS PROVIDING SERVICES  
IN RESIDENTS' ROOMS**

The following guidelines are intended to assist you in your employment of private duty attendants in your room. The purpose of these guidelines is to protect you and the Facility.

1. Your private duty attendant is your employee. Accordingly, you are responsible for all wages, employee benefits, payroll withholdings, workers' compensation insurance, and other responsibilities of employers to employees.
2. As you would do when employing any person, you should provide for workers' compensation insurance coverage.
3. You should keep adequate records of your employment of your employee, including hours worked, wages paid, absences, and other pertinent facts. Business details such as the rate of pay, payment schedule, work schedule, payment of Social Security benefits, and provision of workers' compensation and liability insurance, must be arranged between you and your employee.
4. Confirm that your employee is a citizen of the United States of America, or that he or she has a valid work permit. You are advised to complete Form 1-9, a copy of which can be obtained from the offices of the Facility.
5. Confirm that your employee is 18 years of age or older. (State laws may require that direct care givers be at least 18 years of age.)
6. If your employee will have occasion to drive your car, confirm that he/she has a valid driver's license and that your automobile insurance policy covers additional drivers.
7. For your own protection, we suggest that you check your employee's references and training certifications.
8. Confirm that your employee is working only for you and not billing his or her time to another resident during your scheduled appointment.
9. Your employee must receive, become familiar with, and comply with Requirements for Private Duty Attendant, Rules of Conduct for Private Duty Attendant, and any other policies and procedures developed by the Facility regarding employment of Private Duty Attendants. In addition, your employee must sign a copy of Acknowledgment and Indemnification (attached) in which he or she acknowledges receipt of these documents, agrees that he or she is not an employee of the Facility, and releases the Facility from liability for claims or losses in any way related to his or her services.

10. Any injuries to your employee which occur at the Facility must be reported immediately to the Facility Administrator. Injury Report forms are available at the reception desk.

11. If any problems or conflicts involving your employee arise, we urge you to bring them to the attention of the Facility Administrator.

12. Whenever you employ or engage the services of a new or substitute private duty attendant, you must notify the Facility Administrator and furnish the documents described in Paragraph 9 above to the private duty attendant. You shall also follow the procedures described in Paragraphs 1 through 11 above with respect to every attendant you employ.

13. When private duty attendant services are the basis of the authorization for a resident to remain in his/her room, the resident is obligated to report immediately any absence of any private duty attendant services.

14. Many residents prefer to contact a home health agency to receive the services of private duty attendants. Such agency will be deemed the employer of the private duty attendant and will address many of the concerns described above.

15. The Facility reserves the right to exclude any private duty attendant from the Facility. Resident may not utilize the services of any private duty attendant who has been excluded from the Facility.

## **VI. OUTSIDE SERVICES WAIVER AND RELEASE FORM**

The resident specified below has elected to retain private duty attendants from individuals or agencies unaffiliated with the Facility. This decision has been made despite the resident being made aware of the potential problems and risks that can occur upon the hiring of such private duty attendants or contracting with home health agencies. The resident agrees that the Facility has no obligation to check or investigate the background of the private duty attendants retained. The resident further agrees that the Facility has had no role in any dealings between the resident and the private duty attendant retained.

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Signature of Resident/Authorized Legal Representative

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Date

---

Printed Name of Resident/Authorized Legal Representative

### **Privately Hired Companion/Private Duty Attendant Services**

We would like to take this opportunity to inform you about our policies and procedures for privately hired companion and private duty attendant services. Our goal is to ensure you have the highest quality of care and quality of life during your stay in BELLEVUE POST ACUTE (the "Facility"). In that effort, it is important to make certain that you or your loved one is receiving the services as required in a safe and appropriate manner.

It is important that anyone who is coming to the Facility to assist a resident has the needed training, background check, necessary health screening and liability insurance in place to meet regulatory requirements and to maximize safety and quality of care they provide. Therefore, Residents residing in the Facility may hire a private companion/ private duty attendant subject to the private duty attendant's agreement to follow our Private Duty Attendant Code of Conduct and sign the Private Duty Attendant Agreement.

Our team is happy to help you and your representative determine what services we provide and what additional services you need or want. Please speak to the Facility Administrator to start this discussion. It is important that our team is involved in this process in order to make sure that all of your needs/cares are being met by personnel that is appropriately trained and certified if necessary.

*(End)*

## **ADVANCE DIRECTIVES (Washington)**

### **POLICY:**

Advance directives will be respected in accordance with state law and facility policy. The facility will honor any advance directive that complies with Washington law and is consistent with the level of care the facility is licensed to provide. This does not mean that facility staff will assist residents in obtaining, administering, or consuming aid-in-dying medication as permitted under Washington's Death with Dignity Act. The facility does not participate in nor in any way assist with nor permit any health care providers to participate in physician-assisted suicide on the facility's premises.

### **DEFINITIONS:**

***“Advance Care Planning”*** is a process of communication between individuals and their healthcare agents to understand, reflect on, discuss, and plan for future healthcare decisions for a time when individuals are not able to make their own healthcare decisions.

***“Advance Directive”*** is written instruction, such as a living will or durable power of attorney for health care, recognized under State law (whether statutory or as recognized by the courts of the State), relating to the provision of health care when the individual is incapacitated.” See 42 CFR 489.100.

### **SPECIFIC PROCEDURES / GUIDANCE**

1. Upon admission, the resident will be provided with written information concerning the right to refuse or accept medical or surgical treatment and to formulate an advance directive if he or she chooses to do so. In addition, facility staff will verify the resident's wishes with regard to urgent or emergency care, including the use of cardiopulmonary resuscitation (CPR). Washington State requires the facility to use CPR with nursing home residents unless the resident's guidelines state “No CPR.”
2. Written information will include a description of the facility's policies to implement advance directives and applicable state law.
3. If the resident is incapacitated and unable to receive information about his or her right to formulate an advance directive, the information may be provided to the resident's legal representative.
4. If the resident becomes able to receive and understand this information later, he or she will be provided with the same written materials as described above, even if his or her legal representative has already been given the information.
5. Each resident will also be informed that the facility's policies do not condition the provision of care or discriminate against an individual based on whether or not the individual has executed an advance directive.
6. Prior to or upon admission of a resident, the Social Services Director or designee will inquire of the resident, his/her family members and/or his or her legal representative, about the existence of any written advance directives.
7. Information about whether or not the resident has executed an advance directive shall be displayed prominently in the medical record.

8. If the resident indicates that he or she has not established advance directives, the facility staff will offer assistance in establishing advance directives.
  - a. The resident will be given the option to accept or decline the assistance, and care will not be contingent on either decision.
  - b. Nursing staff will document in the medical record the offer to assist and the resident's decision to accept or decline assistance.
9. The Attending Physician / Practitioner may provide information to the resident and legal representative regarding the resident's health status, treatment options and expected outcomes during the development of the initial comprehensive assessment and care plan.
10. The plan of care for each resident will be consistent with his or her documented treatment preferences and/or advance directive.
  - a. The plan of care will be reviewed periodically to ensure consistency with the resident's choice regarding Advanced Directive decisions.
11. The resident has the right to refuse treatment, whether or not he or she has an advance directive. A resident will not be treated against his or her own wishes. Residents who refuse treatment will not be transferred to another facility unless all other criteria for transfer are met.
12. State regulations/guidance will be followed to ensure the legal representative's right to refuse or forego treatment is honored.
13. If the resident or representative refuses treatment, the facility and care providers will:
  - a. Document that that the resident and/or representative have been provided information on the recommended treatment and the associated risks/benefits of the recommended treatments.
  - b. Reassess the resident for significant change of condition related to the refusal;
  - c. Determine the decision-making capacity of the resident and invoke the decisions of the legal representative if appropriate to the situation;
  - d. Document specifically what the resident/representative is refusing;
  - e. Assess and document the stated reason for the refusal;
  - f. Offer pertinent alternative treatments; and
  - g. Modify the care plan as appropriate, providing all other appropriate services (i.e., those that will allow him or her to maintain the highest practicable physical, mental, and psychosocial well-being).
14. The resident's Attending Physician / Practitioner may clarify and present any relevant medical issues and decisions to the resident or legal representative as the resident's condition changes in an effort to clarify and adhere to the resident's wishes.
15. In accordance with current OBRA definitions and guidelines governing advance directives, our facility has defined advanced directives as preferences regarding treatment options and include, but are not limited to:
  - a. **Advance Directive** — a written instruction, such as a living will or durable power of attorney for health care, recognized by State law, relating to the provisions of health care when the individual is incapacitated.



- b. **Living Will** — a document that specifies a resident’s preferences about measures that are used to prolong life when there is a terminal prognosis.
  - c. **Durable Power of Attorney for Health Care** (i.e., Medical Power of Attorney) — a document delegating authority to a legal representative to make health care decisions in case the individual delegating that authority subsequently becomes incapacitated.
  - d. **Legal Representative** (i.e., Substitute Decision-Maker, Proxy, Agent) — a person designated and authorized by an advance directive or State law to make treatment decisions for another person in the event the other person becomes unable to make necessary health care decisions.
  - e. **Do Not Resuscitate** — indicates that, in case of respiratory or cardiac failure, the resident, legal guardian, health care proxy, or representative (sponsor) has directed that no cardiopulmonary resuscitation (CPR) or other life-sustaining treatments or methods are to be used.
  - f. **Do Not Hospitalize** — indicates that the resident is not to be hospitalized, even if he or she has a medical condition that would usually require hospitalization.
  - g. **Organ Donation** — indicates that the resident wishes his or her organs to be available for transplantation upon his or her death.
  - h. **Life-Sustaining Treatment** — treatment that, based on reasonable medical judgment, sustains an individual’s life and without it the individual will die. This includes medications and interventions that are considered life-sustaining, but not those that are considered palliative or comfort measures.
  - i. **Feeding Restrictions** — indicates that the resident, legal guardian, health care proxy, or representative (sponsor) does not wish for the resident to be fed by artificial means (e.g., tube; intravenous nutrition, etc.) if he or she is not able to be nourished by oral means.
  - j. **Medication Restrictions** — indicates that the resident, legal guardian, health care proxy, or representative (sponsor) does not wish for the resident to receive life-sustaining medications (e.g., antibiotics, chemotherapy, etc.).
  - k. **Other Treatment Restrictions** — indicates that the resident, legal guardian, health care proxy, or representative (sponsor) does not wish for the resident to receive certain medical treatments. Examples include, but are not restricted to, blood transfusions, tracheotomy, respiratory intubation, etc.
16. If advance directive documents were developed in another state, the resident must have such documents reviewed and revised (as necessary) by his/her legal counsel in this state before the facility may honor such directives.
  17. The Interdisciplinary Team will conduct an ongoing review of the resident’s decision-making capacity and communicate significant changes to the resident’s legal representative. Such changes will be documented in the care plan and medical record.
  18. The Interdisciplinary Team will periodically consult with the resident regarding his or her advance directives to ensure that such directives are still the wishes of the resident.
  19. Changes or revocations of a directive must be submitted in writing to the Administrator, Director of Nursing, Social Worker, or designee. The facility may require new documents if the changes are extensive. The Attending Physician/Practitioner and the Care Plan Team will be informed of such changes and/or revocations so that appropriate changes can be made in the resident assessment (MDS) and care plan.

20. A licensed nurse will notify the Attending Physician/Practitioner of advance directives so that appropriate orders can be documented in the resident's medical record and plan of care. The Attending Physician/Practitioner will not be required to write orders for which he or she has an ethical or conscientious objection.
21. The licensed nurse will inform emergency medical personnel of a resident's advance directive regarding treatment options and provide such personnel with a copy of such directive when transfer from the facility via ambulance or other means is made.
22. The Staff Development Coordinator/designee will be responsible for scheduling advance directive training classes for newly hired staff members as well as scheduling periodic Advance Directive In-Service Training Programs to ensure that our staff remains informed about the residents' rights to formulate advance directives and facility policy governing such rights.
23. Inquiries concerning advance directives should be referred to the Facility Administrator, Director of Nursing Services, and/or to the Social Services Director.
24. If the facility becomes aware that a resident's advance directive is in conflict with the facility's practices and policies, the facility will:
  - a. Inform the resident of the existence of any practice or policy which would preclude it from implementing an advance directive;
  - b. Provide the resident with written policies and procedures that explain under what circumstances a resident's advance directive will or will not be implemented at the facility;
  - c. Meet with the resident to discuss the conflict; and
  - d. Determine whether the resident chooses to remain at the facility given the conflicting policy or practice.
25. If a resident chooses to remain at the facility after the resident becomes aware that the facility's policies conflict with the resident's advance directive, the facility will work with resident to develop a plan in accordance with Washington law to implement the resident's wishes. This may include the facility moving the resident at the time of implementation to a care setting that will implement the resident's wishes or assist the resident in finding an alternative facility or physician who will comply with the resident's wishes. The plan shall be documented in the resident's clinical record.
26. If the resident is terminally ill and wishes to die at home, the facility will obtain the resident's informed consent using the process described in WAC 388-97-0260, and explain to the resident the risks associated with discharge, and will discharge the resident as soon as reasonably possible.
27. If an Advance Directive is not provided, or if a POLST/POST has not been issued, the facility will take all appropriate actions during an emergency in accordance with Washington law, including administering CPR, calling 911 and sending Resident to a hospital.

- ☐ **Provided a/an:**
- |   |  |
|---|--|
| <input type="checkbox"/> Advance Directive                | <input type="checkbox"/> Health Care Power of Attorney |
| <input type="checkbox"/> Other Directive: _____           | <input type="checkbox"/> Living Will                   |
| <input type="checkbox"/> POLST/POST (issued by physician) |  |

☐ **Not Provided** an Advance Directive, Living Will, Health Care Power of Attorney, other Directive, or POLST/POST issued by a physician to the Center.

☐ **Accept / Decline (CIRCLE ONE)** assistance with advance care planning.

☐ If the resident has not provided an Advance Directive, resident has been informed in writing of his/her right to make his/her own healthcare decisions including the right to accept or refuse medical treatments, to prepare an Advance Directive, and to complain about the facility's Advance Directive policy to the state survey agency. The facility has provided written information on how to initiate an Advance Directive.

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**REGULATORY REFERENCE:**

§483.10(c) Planning and Implementing Care

§483.10(g)(12) The facility must comply with the requirements specified in 42 CFR part 489, subpart I (Advance Directives)

42 CFR Part 489

WAC 388-97-0260

WAC 388-97-0280

RCW 70.122

**EXHIBIT C**  
**Consent to Photograph**

Photographs are taken and maintained of each resident for identification, emergency and health care purposes. In addition to those purposes, residents or their representatives may consent to allowing for the taking of photos and/or videos during recreational and to allowing for the sharing of those photos and/or videos with other designated parties.

Consent may be changed or revoked at any time by notifying the Administrator.

Photos and videos are never used for advertising or shared with outside entities except if specifically described below.

I authorize [FACILITY NAME] to videotape, photograph, and/or voice record as indicated for the purposes below:

- ☐ Take and maintain photos/videos of the resident engaged in activities and share these photographs with resident representatives and people designated here, if applicable:

\_\_\_\_\_

- ☐ Take photographs of the resident engaged in activities and post them in the Facility.

- ☐ Take photographs as described here for this specific purpose:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Resident's Name: \_\_\_\_\_

Date: \_\_\_\_\_

Resident / Representative's Name: \_\_\_\_\_

Resident / Representative's Signature: \_\_\_\_\_

## **MEDICAID RECIPIENT: COVERED AND NONCOVERED SERVICES**

The Washington Medicaid Program is designed to meet the cost of resident care, support, and maintenance. The facility will not charge the resident for the following:

Room and Board	Medically Related Social Services
Facility Activities Services	Routine Personal Hygiene Items and Services
Facility Nursing Services	Facility Dietary Services
Room & Bed Maintenance Services	Professionally Directed Program of Activities

Medicaid also covers charges for the following ancillary services when ordered by the physician:

Pharmacy	Radiology	Laboratory
Medical Supplies	Physical Therapy	

Note: This is only a guide – benefits, coverage and interpretation of benefits and coverage are subject to change. Also, the facility may impose a charge to you for items or services you request that are more expensive than the standard covered services.

The Local Department of Social Services will determine the amount of the participation rate you are **required** to pay towards your care monthly. You must remit this amount monthly to the facility to avoid being in violation of your contract and the laws related to Medicaid Assistance.

The following listing provides examples of some items and services not covered by the Medicaid program. For additional information, contact your Medicaid Social Worker or the facility Social Worker.

- Private room, unless medically needed;
- Personal telephone, television, internet or radio for personal use;
- Personal comfort items (novelties, confections);
- Beautician, barber, or cosmetic services;
- Personal clothing, personal reading materials, gifts, plants, personal room decorations;
- Social events and activities beyond the activity program;
- Special care services not included in the facility's Medicaid payment;
- Premiums on life insurance or burial policies.

## **NOTICE OF MEDICAID RESOURCE ASSESSMENT**

If you become institutionalized or receive Home and Community-Based Services for a continuous period, have a spouse in the community, and have not already become a Medicaid recipient, you may request a Resource Assessment from Your Local Department of Social Services. The Resource Assessment will compile your total resources and your spouse's total resources to determine how much would be counted as available to each of you, should you apply for Medicaid while you are at the facility. You understand that if you do not agree with the findings of the Resource Assessment you may file an appeal by writing to the Appeals Division, Department of Medicaid Eligibility Determination Services, PO Box 45531, Olympia, WA 98504. The phone number is 1-800-562-3022.

**NOTICE OF POLICY ON MEDICAID AS PAYMENT SOURCE**  
**RCW 70.129.180**

[FACILITY NAME] (the “Facility”) currently has a contract with the Washington Department of Social and Health Services to participate in the Medicaid program. The Facility is licensed to accept payments under the Medicaid program. This means that the Facility accepts Medicaid as a payment source for residents who are Medicaid beneficiaries or who become eligible to receive Medicaid benefits.

The Facility reserves the right to voluntarily withdraw from the Medicaid program. In the event the Facility withdraws from participating in the Medicaid program, it will provide appropriate notice of its withdrawal to all residents as required by law.

A Resident for whom Medicaid is a payment source is expected to pay the Facility his or her Payment Participation. Not all costs and services provided by the Facility to Medicaid beneficiaries are covered by Medicaid. The Resident is expected to pay for all costs and services not covered by Medicaid. An explanation of what is and is not covered by Medicaid has been provided to Resident.

By signing below, you acknowledge that a representative of the Facility has explained the policy to you, you have read the policy, and you understand the policy.

\_\_\_\_\_  
Resident Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Resident Representative Signature (if applicable)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Facility Representative Signature

\_\_\_\_\_  
Date

## **MEDICARE COVERED SERVICES AND CHARGES**

### **MEDICARE PART A**

These charges include the following services in an inpatient skilled nursing facility:

- Room and Board
- Routine Nursing Care
- Routine Supplies and Equipment

Medicare covers charges for the following ancillary services, subject to Medicare limitation, when approved:

Pharmacy	Physical Therapy	Enteral Supplies
Radiology	Speech Therapy	Urological Supplies
Laboratory	Occupational Therapy	Tracheal Supplies
Emergency Room	Orthotics/Prosthetics	Colostomy Supplies

Medicare reimbursement does not include charges for the following personal care needs, items, or services:

Wheelchair Transportation	Room Bed Holds
Recreational Transportation	Telephone / Cable Television Services
Massage Therapy	Equipment Rental
Private Duty Personnel	Beauty / Barber Shop Services
Personal items	Newspaper or Magazines

If the beneficiary meets the qualifying conditions, Medicare covers 100% of the first 20 days of approved covered services. Medicare ultimately will determine what services are approved, not the facility.

The beneficiary or responsible party is required to pay a portion of the charge for each day of approved coverage for the 21<sup>st</sup> through the 100<sup>th</sup> day. This portion is called coinsurance. The coinsurance amount is established by the Federal government and at present is \$209.50 per day (for 2025). Medicare updates these coinsurance rates normally annually. Medicare pays the remaining portion. Medicare pays for the daily room rate plus all approved ancillary charges; however, Medicare will not pay for personal items or custodial services. Some supplemental insurances will cover the coinsurance and is dependent upon your individual plan. You will be charged for personal need items, custodial services, and the difference between a private and semi-private room if such has been requested. Following the 100<sup>th</sup> day, the beneficiary will be responsible for the full cost of their stay at private pay rates.

## **MEDICARE PART C**

If you have a Medicare Part C plan, consult with your individual policy to determine eligibility, coverage, and coinsurances as it applies to a skilled nursing facility stay. These are determined by each individual Part C plan and coverage amounts may change over time. Medicare Part C plans are NOT all the same. Normally you can find a phone number on the back of your Medicare Part C card to call for this information or ask one of the facilities Admission Staff members for assistance.

Please be advised that your costs, care programs and/or covered services may differ based on the Medicare health plan or insurance program in which you are enrolled (e.g., Original Medicare (“Part A” and “Part B”), Medicare Advantage Plan (“Part C”), All-inclusive Care for the Elderly (PACE), employer or union coverage, etc.)



## **RELEASE OF MEDICAL RECORDS POLICY HIPAA NOTICE OF PRIVACY PRACTICES**

Effective [REDACTED], 2025

**THIS NOTICE DESCRIBES HOW MEDICAL INFORMATION ABOUT YOU MAY BE USED AND DISCLOSED AND HOW YOU CAN GET ACCESS TO THIS INFORMATION. PLEASE REVIEW IT CAREFULLY.**

### **Introduction**

As a covered entity, as defined under the Health Insurance Portability and Accountability Act (HIPAA) of 1996, as amended, [NAME OF COMMUNITY] (the “Community” or “we”) is required by law to maintain the privacy of your protected health information. This Notice of Privacy Practices (the “Notice”) sets forth our obligations and your rights regarding the use and disclosure of your protected health information. Protected health information is individually identifiable health information that the Community or its business associates (“Business Associates”) maintain or transmit in any form or medium, including verbal conversations and written or electronic information. Individually identifiable health information is information that identifies you, or could reasonably be used to identify you, and that relates to your past, present or future (a) physical or mental health, (b) provision of health care, or (c) payment for such health care.

### **The Community's Duties Regarding This Notice**

The Community must give you this Notice to explain the uses and disclosures of your protected health information, to advise you of your rights with respect to your protected health information, and to explain the Community's legal duties and privacy practices with respect to your protected health information under HIPAA and related regulations. The Community is required to abide by the terms of the Notice currently in effect. The Community reserves the right to change the terms of this Notice and make the new provisions applicable to all protected health information that it maintains. In the event the Community changes this Notice in a significant manner, the Community will distribute a revised notice within sixty (60) days of the effective date of the change. Remember – the Community does not maintain all of your medical information. Your health care plan (e.g., health insurance) also maintains some of your information. You should contact your health plan directly if you have any questions about medical information maintained by them.

### **How Your Protected Health Information May Be Used or Disclosed For Treatment, Payment and Health Care Operations**

The confidentiality of your protected health information is very important to us. The Community is able to use or disclose your protected health information for treatment, payment, and health care operations as explained below. Other uses and disclosures of your protected health information are explained in later sections of this Notice.

**Treatment**

Your information is used for treatment activities by healthcare professionals daily while in the Community. Healthcare professionals who will use this information include nurses, your physician, certified nursing assistance, dietitians, therapists, and other members of the healthcare team.

**Payment**

The Community may use and disclose protected health information so that we or others may bill and receive payment from you, an insurance company, Medicare, Medicaid or a third party for the treatment and services you received. For example, we may give your health plan information about you so that they will pay for your treatment.

**Health Care Operations**

We may use and disclose protected health information for health care operations purposes. Information is used by members of the medical staff, risk and quality improvement managers, and quality improvement teams to assess the care and outcomes of your case and others linked to certain review. This is done to improve services offered to you and other patients in the Community.

**Other Information**

The Community will take reasonable steps and apply safeguards to limit the permitted or required uses and disclosures of your protected health information to the minimum amount necessary to accomplish the task. The descriptions listed above do not include every possible use or disclosure that is permitted or required by law. The descriptions given are only intended to provide you with information about the various ways that the Community may use or disclose your protected health information and to give you some examples.

**Other Permitted or Required Uses and Disclosures**

Other than treatment, payment and health care operations, the Community is permitted or required by law to use or disclose your protected health information in other ways described below.

**Appointment Reminders, Treatment Alternatives and Health Related Benefits and Services**

The Community also may use your protected health information to contact you to provide appointment reminders or information about treatment alternatives or other health-related benefits and services that may be of interest to you.

**Research**

Under certain circumstances, we may use and disclose protected health information for research. For example, a research project may involve comparing the health of patients who received one treatment to those who received another for the same condition. Before we use or disclose protected health information for research, the project will go through a special approval process and there are limitations on how your protected health information may be used for research purposes. The Community may also seek your authorization for the use of protected health information for research.

### **To You or Certain Other Individuals**

Your own protected health information may be disclosed to you or to your personal representative who is an individual, under applicable law, authorized to make health care decisions on your behalf. This Community may disclose your protected health information to a family member, other relative, close personal friend or other person identified by you. The protected health information that is disclosed must be directly relevant to the family member or other person's involvement with your health care. The requirements are that you must be present or available prior to the use or disclosure and (a) agree, (b) have the opportunity to object or (c) the Community may determine, based on the circumstances and its professional judgment, to make the disclosure. If you are not present or are incapacitated, the Community may use its professional judgment to determine whether the disclosure of protected health information is in your best interests. If the Community makes this determination, it may disclose only your protected health information that is directly relevant to the individual's involvement with your health care.

The Community may, in certain situations, use or disclose your protected health information to notify, or assist in notifying, a family member, personal representative or other person involved in your care of your location or condition. If you do not want this information to be shared, you may request that these disclosures be restricted as outlined later in this Notice.

### **To Business Associates**

The Community works with different organizations that perform a variety of services on its behalf. The organizations, or Business Associates, perform specific functions and services for the Community. For example, we may use another company to perform billing services on our behalf. Services also include consulting, legal, financial, and management activities. The Community may disclose protected health information to its Business Associates for the permitted functions or services, but only if the Community receives assurances through a written contract or agreement that the Business Associate will properly safeguard the information.

### **In A Limited Data Set**

A limited data set contains protected health information from which direct identifiers such as name and social security number have been removed, but indirect identifiers such as date of service have been kept. Information in a limited data set may be used or disclosed for research, public health or health care operations. The information may be disclosed only if the Community has entered into an agreement with the recipient that establishes its permitted uses or disclosures.

### **As Required by Law and for Public Benefit**

Protected health information may be:

- Used or disclosed as required by law and in compliance with the requirements of the law, including disclosures to the Secretary of Health and Human Services for the purpose of determining compliance with the privacy standards;
- Disclosed to an authorized public health authority for specified reasons such as to prevent or control disease, injury, or disability; to report abuse or neglect; to report the safety or effectiveness of FDA-related products such as medication; and to notify a person at risk of contracting or spreading a communicable disease;

- Disclosed to an authorized government authority if the disclosure is about victims of abuse, neglect, or domestic violence;
- Disclosed to authorized health oversight agencies for activities such as audits, investigations, inspections, and licensure requirements necessary for oversight of the health care system and various government benefit programs;
- Disclosed for judicial and administrative proceedings such as responses to court orders and court-ordered warrants, to subpoenas issued, to discovery requests, or other lawful processes;
- Disclosed to a law enforcement official for a law enforcement purpose;
- Disclosed to federal officials for national security reasons;
- Disclosed to coroners or medical examiners for purposes of identifying a deceased individual and to funeral directors to carry out their duties;
- Used or disclosed to an organ and tissue procuring or transplant organization to facilitate donation transplantation;
- Used or disclosed for research purposes if certain requirements are met;
- Used or disclosed as necessary to prevent or lessen a serious or imminent threat to the health and safety of person or the public;
- Disclosed to comply with workers' compensation or other similar laws;
- Disclosed to comply with laws related to military service or veterans' affairs; and
- Disclosed to a public or private entity authorized by law or by its charter to assist in disaster relief efforts.

In most situations, reasonable measures will be taken to limit the use and disclosure of protected health information to the individuals who need it and to the amount necessary to perform a particular function.

### **Other Uses and Disclosures Only in Accordance with Your Authorization**

Other than the uses or disclosures of your protected health information that are permitted or required by law, the Community may not use or disclose your protected health information unless you authorize the Community to do so by completing a written authorization. As a result, uses and disclosures of protected health information for marketing purposes and disclosures that constitute a sale of protected health information will be made only with your express written authorization. Please note that the Community does not use your protected health information for marketing or fundraising purposes. You may revoke your authorization at any time to stop future uses or disclosures; however, the revocation will not apply to the extent that the Community has already made uses or disclosures in reliance on your authorization. Your revocation will also not be effective to the extent that the authorization was given as a condition of obtaining insurance coverage if another law gives the insurer the right to contest a claim under the policy or the right to contest the policy itself. Once your protected health information has been disclosed pursuant to your authorization, the privacy protections under HIPAA may no longer apply to the disclosed health information and that information may be re-disclosed by the recipient without your or the Community's knowledge or authorization.

### **Your Individual Rights Regarding Your Protected Health Information**

You have certain rights with respect to your protected health information, as described in detail below. You may exercise your rights by submitting a written request that specifies the right(s)

you wish to exercise. Requests should be sent to the Human Resources Department. Contact information is provided at the end of this Notice.

### **Right to Request Restrictions**

You have the right to request restrictions on certain uses or disclosures of your protected health information for the purposes of treatment, payment or health care operations. The Community is not required to agree to any restriction that you request. You will be notified if your request is accepted or denied. The Community may agree to appropriate restrictions if your protected health information pertains to health care items or services that you paid for entirely out-of-pocket and the disclosure of protected health information is for purposes of payment or health care operations.

### **Right to Receive Confidential Communications**

You have the right to request receipt of confidential communications of your protected health information from the Community by reasonable alternative means or at an alternative location. For example, you may not want messages left on voicemail or sent to a particular address. To request confidential communications by alternative means or at an alternative location, you must submit your request in writing with the reason(s) for the request. If appropriate, your request should state that the disclosure of all or part of your protected health information by non-confidential communications could endanger you. The Community will accommodate reasonable requests and will notify you appropriately.

### **Right to Inspect and Copy**

You have the right to inspect and copy your protected health information that is contained in a “designated record set” that is, enrollment, payment, claims determination, case or medical management records or records that are used to make decisions about you and that are maintained by the Community, in a form and format that you request, to the extent such form and format is readily producible by the Community. The Community may charge you a reasonable cost-based fee for the labor, supplies and postage associated with your request. There are some exceptions to your right to inspect and copy, such as:

- Psychotherapy notes (if any),
- Information compiled in anticipation of a civil, criminal, or administrative action or proceeding, and
- Situations in which a licensed health care professional determines that releasing the information may have a harmful effect on you or another individual.

In certain circumstances, if you are denied access to your protected health information, you may request a review of the denial. You may request that the Community send a copy of your protected health information directly to a designated person.

### **Right to Request an Amendment**

If you believe that protected health information about you that is contained in a “designated record set” is inaccurate or incomplete, you have the right to request that it be amended. Your request must be in writing and you must provide a reason to support your request.

The Community may deny your request for an amendment if your request is not in writing or if you do not provide a reason for your request. Your request will also be denied if the Community determines:

- The information was not created by the Community (unless you provide a reasonable basis to believe that the originator of the information is no longer available to act on your request),
- The information is not maintained by or for the Community or is not part of the information which you would be permitted to inspect and copy,
- Access to the information is restricted by law, or
- The information is accurate and complete.

If your request is denied, you will receive written notification of the denial explaining the basis for the denial and a description of your rights.

### **Right to an Accounting of Disclosures**

You have the right to receive a listing of, or an accounting of, disclosures of your protected health information made by the Community. Certain disclosures do not have to be included in this accounting, including the following:

- Those made for treatment, payment or health care operations,
- Those made pursuant to your written authorization,
- Those made to you,
- Those that are incidental to otherwise permitted or required disclosures,
- Those made as part of a limited data set,
- Disclosures to individuals involved in your care, and
- Disclosures for certain security or intelligence reasons and to certain law enforcement officials.

If you request an accounting of disclosures of your protected health information, you will need to specify the dates you want the accounting to cover. The accounting period cannot exceed six (6) years prior to the date of the request. You are entitled to one free accounting in any twelve (12) month period. The Community may charge for any additional accountings you request within the same twelve (12) month period. The Community will notify you in advance of any changes.

### **Right to Receive Notification of a Breach**

You have the right to receive a notification from the Community if there is a breach of your unsecured protected health information.

### **Right to Receive a Paper Copy**

Even if you have agreed to receive this Notice electronically, you have the right to request and receive a paper copy of this Notice from the Community.

## **Complaints and Contact Information**

### **Complaints**

If you are concerned that your privacy rights have been violated, you may submit a complaint to the Community by contacting [REDACTED]. The complaint must be in writing and provide a description of why you think your privacy rights were violated. No retaliatory actions will be taken against you for filing a complaint.

You may also file a complaint with the Secretary of Health and Human Services:

Web site: <https://www.hhs.gov/hipaa/filing-a-complaint/complaint-process/index.html>

E-mail: [OCRMail@hhs.gov](mailto:OCRMail@hhs.gov); [OCRComplaint@hhs.gov](mailto:OCRComplaint@hhs.gov)

Address: U.S. Department of Health and Human Services

Office for Civil Rights

Centralized Case Management Operations

200 Independence Ave., S.W.

Room 509F HHH Bldg.

Washington, D.C. 20201

Customer Response Center: (800) 368-1019 Fax: (202) 619-3818 TDD: (800) 537-7697

### **Contact Information**

Please contact the [REDACTED] in order to:

- Obtain a paper copy or another copy of this Notice,
- Ask questions about this Notice or the Community's practices regarding protected health information,
- File a complaint,
- Request that disclosure of eligibility status or claim status not be provided to a family member,
- Obtain an Authorization Form, or
- Make a request for individual rights as described above.

The phone number is: [REDACTED]

The address is: [REDACTED]

## HIPAA NOTICE OF PRIVACY PRACTICES

### ACKNOWLEDGMENT FORM

By signing below, I acknowledge that the Community has provided me with its Notice of Privacy Practices, which contains a detailed description of the uses and disclosures of my health information and I been given an opportunity to read the Notice.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

Signature of Authorized Representative (if signing for patient):

\_\_\_\_\_

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#### OFFICE USE ONLY

If unable to obtain the patient's signature in acknowledgment of receipt of the HIPAA Notice of Privacy Practices, document the reason below (emergency etc.)

Patient Name: \_\_\_\_\_ Date: \_\_\_\_\_

Reason: \_\_\_\_\_



## **Privacy Act Statement**

### **PRIVACY ACT STATEMENT – HEALTH CARE RECORDS**

**Long Term Care-Minimum Data Set (MDS) System of Records revised 04/28/2007**

**(Issued: 9-6-12, Implementation/Effective Date: 6-17-13)**

THIS FORM PROVIDES YOU THE ADVICE REQUIRED BY THE PRIVACY ACT OF 1974 (5 USC 552a). **THIS FORM IS NOT A CONSENT FORM TO RELEASE OR USE HEALTH CARE INFORMATION PERTAINING TO YOU.**

**1. AUTHORITY FOR COLLECTION OF INFORMATION, INCLUDING SOCIAL SECURITY NUMBER AND WHETHER DISCLOSURE IS MANDATORY OR VOLUNTARY.** Authority for maintenance of the system is given under Sections 1102(a), 1819(b)(3)(A), 1819(f), 1919(b)(3)(A), 1919(f) and 1864 of the Social Security Act. The system contains information on all residents of long-term care (LTC) facilities that are Medicare and/or Medicaid certified, including private pay individuals and not limited to Medicare enrollment and entitlement, and Medicare Secondary Payer data containing other party liability insurance information necessary for appropriate Medicare claim payment.

Medicare and Medicaid participating LTC facilities are required to conduct comprehensive, accurate, standardized and reproducible assessments of each resident's functional capacity and health status. To implement this requirement, the facility must obtain information from every resident. This information is also used by the Centers for Medicare & Medicaid Services (CMS) to ensure that the facility meets quality standards and provides appropriate care to all residents. 42 CFR §483.20, requires LTC facilities to establish a database, the Minimum Data Set (MDS), of resident assessment information. The MDS data are required to be electronically transmitted to the CMS National Repository.

Because the law requires disclosure of this information to Federal and State sources as discussed above, a resident does not have the right to refuse consent to these disclosures. These data are protected under the requirements of the Federal Privacy Act of 1974 and the MDS LTC System of Records.

**2. PRINCIPAL PURPOSES OF THE SYSTEM FOR WHICH INFORMATION IS INTENDED TO BE USED.** The primary purpose of the system is to aid in the administration of the survey and certification, and payment of Medicare/Medicaid LTC services which include skilled nursing facilities (SNFs), nursing facilities (NFs) and noncritical access hospitals with a swing bed agreement. Information in this system is also used to study and improve the effectiveness and quality of care given in these facilities. This system will only collect the minimum amount of personal data necessary to achieve the purposes of the MDS, reimbursement, policy and research functions.

**3. ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM.** The information collected will be entered into the LTC MDS System of Records, System No. 09-70-0528. This system will only disclose the minimum amount of personal data necessary to accomplish the

purposes of the disclosure. Information from this system may be disclosed to the following entities under specific circumstances (routine uses), which include:

- 1) To support Agency contractors, consultants, or grantees who have been contracted by the Agency to assist in accomplishment of a CMS function relating to the purposes for this system and who need to have access to the records in order to assist CMS;
- 2) To assist another Federal or state agency, agency of a state government, an agency established by state law, or its fiscal agent for purposes of contributing to the accuracy of CMS' proper payment of Medicare benefits and to enable such agencies to fulfill a requirement of a Federal statute or regulation that implements a health benefits program funded in whole or in part with Federal funds and for the purposes of determining, evaluating and/or assessing overall or aggregate cost, effectiveness, and/or quality of health care services provided in the State, and determine Medicare and/or Medicaid eligibility;
- 3) To assist Quality Improvement Organizations (QIOs) in connection with review of claims, or in connection with studies or other review activities, conducted pursuant to Title XI or Title XVIII of the Social Security Act and in performing affirmative outreach activities to individuals for the purpose of establishing and maintaining their entitlement to Medicare benefits or health insurance plans;
- 4) To assist insurers and other entities or organizations that process individual insurance claims or oversees administration of health care services for coordination of benefits with the Medicare program and for evaluating and monitoring Medicare claims information of beneficiaries including proper reimbursement for services provided;
- 5) To support an individual or organization to facilitate research, evaluation, or epidemiological projects related to effectiveness, quality of care, prevention of disease or disability, the restoration or maintenance of health, or payment related projects;
- 6) To support litigation involving the agency, this information may be disclosed to The Department of Justice, courts or adjudicatory bodies;
- 7) To support a national accrediting organization whose accredited facilities meet certain Medicare requirements for inpatient hospital (including swing beds) services;
- 8) To assist a CMS contractor (including but not limited to fiscal intermediaries and carriers) that assists in the administration of a CMS-administered health benefits program, or to a grantee of a CMS-administered grant program to combat fraud, waste and abuse in certain health benefit programs; and
- 9) To assist another Federal agency or to an instrumentality of any governmental jurisdiction within or under the control of the United States (including any state or local governmental agency), that administers, or that has the authority to investigate potential fraud, waste and abuse in a health benefits program funded in whole or in part by Federal funds.

**4. EFFECT ON INDIVIDUAL OF NOT PROVIDING INFORMATION.** The information contained in the LTC MDS System of Records is generally necessary for the facility to provide appropriate and effective care to each resident.

If a resident fails to provide such information, e.g. thorough medical history, inappropriate and potentially harmful care may result. Moreover, payment for services by Medicare, Medicaid and third parties, may not be available unless the facility has sufficient information to identify the individual and support a claim for payment.

**NOTE:** Residents or their representative must be supplied with a copy of the notice. This notice may be included in the admission packet for all new nursing home admissions, or distributed in other ways to residents or their representative(s). Although signature of receipt is NOT required, providers may request to have the Resident or his or her Representative sign a copy of this notice as a means to document that notice was provided and merely acknowledges that they have been provided with this information.

Your signature merely acknowledges that you have been advised of the foregoing. If requested, a copy of this form will be furnished to you.

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Signature of Resident or Responsible Party

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Date

**Exhibit 9**  
**Financing Letter**



Eagle Arc Partners

June 17, 2025

Eric Hernandez, Program Manager  
Certificate of Need Program  
Department of Health  
111 Israel Road Southeast  
*Email: eric.hernandez@doh.wa.gov*

RE: Evergreen Washington Healthcare Greenwood CN Application

Dear Mr. Hernandez:

This letter serves as confirmation that the defined capital expenditure (\$330,000) for the certificate of need application proposing unbank 60 beds at Mission Healthcare Bellevue will primarily be funded by 2424 156th Ave Northeast WA LLC. Included with this letter is a balance sheet from 2424 156th Ave Northeast WA LLC documenting that these funds are readily available.

Please do not hesitate to contact me if you have any questions or require any additional information.

Sincerely,

Mark Gertzfeld  
Controller

**Balance Sheet**

As of June 17, 2025

**ASSETS****Current Assets****Checking/Savings**

10070 · KeyBank - 2993 - Bellevue	348,610.59
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Total Checking/Savings	348,610.59
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**Other Current Assets**

14500 · Interest Reserve	131,425.35
--------------------------	------------

Total Other Current Assets	131,425.35
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Total Current Assets	480,035.94
----------------------	------------

**Fixed Assets****16000 · Property**

16100 · Closing Costs - Property	462,138.13
----------------------------------	------------

16000 · Property - Other	12,500,000.00
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Total 16000 · Property	12,962,138.13
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**16500 · 1031 Equity (Basis Adj)**

16560 · Bellevue	-7,074,745.64
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Total 16500 · 1031 Equity (Basis Adj)	-7,074,745.64
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Total Fixed Assets	5,887,392.49
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**Other Assets**

18100 · Loan Costs	30,500.00
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Total Other Assets	30,500.00
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<b>TOTAL ASSETS</b>	<b>6,397,928.43</b>
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**LIABILITIES & EQUITY****Liabilities****Long Term Liabilities**

28000 · Loan Payable - CTRE	6,100,000.00
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Total Long Term Liabilities	6,100,000.00
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Total Liabilities	6,100,000.00
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**Equity**

Contributions	260,000.00
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Net Income	37,928.43
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Total Equity	297,928.43
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<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>6,397,928.43</b>
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**Exhibit 10**  
**Pro Forma Financials**

	<u>Year 2025</u>	<u>Year 2026</u>	<u>Year 2027</u>	<u>Year 2028</u>
Revenue				
Medicare	5,139,800.00	9,964,072.73	10,220,000.00	10,248,000.00
Managed Care	1,323,885.00	2,529,450.00	2,529,450.00	2,536,380.00
Medicaid	1,010,122.80	5,758,214.89	8,614,365.00	8,637,966.00
Private	85,600.00	573,454.55	876,000.00	878,400.00
Ancillary (Part B)	172,440.00	329,401.82	335,800.00	336,720.00
Other Revenue	-	330,000.00	-	-
<b>TOTAL Revenue</b>	<b>7,731,847.80</b>	<b>19,484,593.98</b>	<b>22,575,615.00</b>	<b>22,637,466.00</b>
Expenses				
Labor				
Wages				
DON	99,166.67	170,000.00	170,000.00	170,000.00
MDS	58,333.33	100,000.00	100,000.00	100,000.00
Administrator	102,083.33	175,000.00	175,000.00	175,000.00
Nursing Wages	1,938,680.00	5,206,821.82	6,540,800.00	6,558,720.00
Non-Nursing Wages	627,220.00	1,789,845.00	2,248,400.00	2,254,560.00
<b>TOTAL Wages</b>	<b>2,825,483.33</b>	<b>7,441,666.82</b>	<b>9,234,200.00</b>	<b>9,258,280.00</b>
FICA	220,387.70	580,450.01	720,267.60	722,145.84
FUI	11,301.93	29,766.67	36,936.80	37,033.12
SUI	22,603.87	59,533.33	73,873.60	74,066.24
OASDI & Medicare	-	-	-	-
<b>Employment Taxes</b>	<b>254,293.50</b>	<b>669,750.01</b>	<b>831,078.00</b>	<b>833,245.20</b>
Vac, Holiday, Sick	197,783.83	520,916.68	646,394.00	648,079.60
Medical Insurance	141,274.17	372,083.34	461,710.00	462,914.00
Life Insurance	-	-	-	-
Pension & Retirement	4,890.67	12,880.89	15,983.61	16,025.29
Workers' Comp	70,637.08	186,041.67	230,855.00	231,457.00
Other Benefits	24,023.29	63,271.76	78,512.52	78,717.26
<b>Employment Benefits</b>	<b>438,609.04</b>	<b>1,155,194.34</b>	<b>1,433,455.14</b>	<b>1,437,193.15</b>
<b>TOTAL Labor</b>	<b>3,518,385.87</b>	<b>9,266,611.17</b>	<b>11,498,733.14</b>	<b>11,528,718.35</b>
<i>% of Revenue</i>	<i>45.5%</i>	<i>47.6%</i>	<i>50.9%</i>	<i>50.9%</i>
Operating Expenses				
Nursing Services	136,848.00	390,511.64	490,560.00	491,904.00
Plant Operations	79,828.00	227,798.45	286,160.00	286,944.00
Utilities	85,530.00	244,069.77	306,600.00	307,440.00
Housekeeping	136,848.00	390,511.64	490,560.00	491,904.00
Laundry & Linen	5,702.00	16,271.32	20,440.00	20,496.00
Dietary	262,292.00	748,480.64	940,240.00	942,816.00
Social Services	2,851.00	8,135.66	10,220.00	10,248.00
Activities	5,702.00	16,271.32	20,440.00	20,496.00
Orientation	-	-	-	-
Medical Records	1,140.40	3,254.26	4,088.00	4,099.20
Administration	342,120.00	976,279.09	1,226,400.00	1,229,760.00
Insurance	97,825.00	167,700.00	167,700.00	167,700.00
Property Tax	75,833.33	130,000.00	130,000.00	130,000.00
Bed Tax	106,489.50	431,882.23	604,257.50	605,913.00
Bad Debt	115,977.72	292,268.91	338,634.23	339,561.99
<b>TOTAL Operating Expenses</b>	<b>1,454,986.95</b>	<b>4,043,434.92</b>	<b>5,036,299.73</b>	<b>5,049,282.19</b>



	<u>Year 2025</u>	<u>Year 2026</u>	<u>Year 2027</u>	<u>Year 2028</u>
Ancillary Expenses				
Physical Therapy	319,014.00	609,393.36	621,230.00	622,932.00
Occupational Therapy	275,904.00	527,042.91	537,280.00	538,752.00
Speech Therapy	43,110.00	82,350.45	83,950.00	84,180.00
Other Therapy	8,622.00	16,470.09	16,790.00	16,836.00
Therapy Taxes & Benefits	43,110.00	82,350.45	83,950.00	84,180.00
<b>Therapy Labor</b>	<b>689,760.00</b>	<b>1,317,607.27</b>	<b>1,343,200.00</b>	<b>1,346,880.00</b>
Non-Therapy				
Enterals	2,155.50	4,117.52	4,197.50	4,209.00
Pharmacy	344,880.00	658,803.64	671,600.00	673,440.00
Laboratory	43,110.00	82,350.45	83,950.00	84,180.00
X-Ray	25,866.00	49,410.27	50,370.00	50,508.00
Supplies	17,244.00	32,940.18	33,580.00	33,672.00
Equipment Rental	8,622.00	16,470.09	16,790.00	16,836.00
Specialty Beds	-	-	-	-
Other	8,622.00	16,470.09	16,790.00	16,836.00
IV Therapy	25,866.00	49,410.27	50,370.00	50,508.00
<b>TOTAL Non-Therapy</b>	<b>476,365.50</b>	<b>909,972.52</b>	<b>927,647.50</b>	<b>930,189.00</b>
<b>TOTAL Ancillary Expenses</b>	<b>1,166,125.50</b>	<b>2,227,579.80</b>	<b>2,270,847.50</b>	<b>2,277,069.00</b>
<b>TOTAL Expenses</b>	<b>6,139,498.32</b>	<b>15,537,625.89</b>	<b>18,805,880.36</b>	<b>18,855,069.54</b>
Management Fees	386,592.39	974,229.70	1,128,780.75	1,131,873.30
<b>EBITDAR</b>	<b>1,205,757.09</b>	<b>2,972,738.40</b>	<b>2,640,953.89</b>	<b>2,650,523.16</b>
Rent-Lease Expense	729,166.67	1,850,000.00	1,850,000.00	1,850,000.00
<b>EBITDA</b>	<b>476,590.42</b>	<b>1,122,738.40</b>	<b>790,953.89</b>	<b>800,523.16</b>
Interest	40,052.26	94,853.16	92,991.90	72,175.04
Depreciation	-	47,142.86	-	-
Gross Receipts Tax	154,636.96	389,691.88	451,512.30	452,749.32
Provision for Income Tax	-	-	-	-
<b>NET INCOME</b>	<b>281,901.20</b>	<b>591,050.50</b>	<b>246,449.69</b>	<b>275,598.79</b>

<b>1 CURRENT ASSETS</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
2 Cash	922,395	1,576,368	1,574,811	1,573,199
3 Marketable Securities				
4 Patient Accounts Receivable	1,266,848	2,180,889	2,227,255	2,228,182
5 Other Receivables	0	0	0	0
6 Less: Allowance for Doubtful Accounts	(115,978)	(292,269)	(338,634)	(339,562)
7 Inventories	25,000	25,000	25,000	25,000
8 Prepaid Expenses	125,000	125,000	125,000	125,000
9 Due from Other Funds				
10 Home Office Current Assets				
11 Patient Trust Fund Assets				
12 Current Intercompany Receivables	0	0	0	0
13 Other Current Assets				
<b>14 TOTAL CURRENT ASSETS (Lines 2 through 13)</b>	<b>2,223,266</b>	<b>3,614,988</b>	<b>3,613,431</b>	<b>3,611,820</b>
<b>15 PROPERTY, PLANT, AND EQUIPMENT</b>				
16 Land				
17 Land Improvements				
18 Building				
19 Building Improvements				
20 Equipment - Fixed	0	330,000	330,000	330,000
21 Equipment - Moveable				
22 Equipment - Vehicles				
23 Equipment - Other				
24 Leasehold Improvements				
<b>25 TOTAL FACILITY PROPERTY, PLANT AND EQUIPMENT (Lines 16 through 24)</b>	<b>0</b>	<b>330,000</b>	<b>330,000</b>	<b>330,000</b>
26 Accum. Deprec. - Land Improv.				
27 Accum. Deprec. - Building				
28 Accum. Deprec. - Building Improv.				
29 Accum. Deprec. - Fixed Equipment	0	(47,143)	(47,143)	(47,143)
30 Accum. Deprec. - Move. Equipment				
31 Accum. Deprec. - Vehicles				
32 Accum. Deprec. - Other Equipment				
33 Accum. Deprec. - Leasehold Improv.				
<b>34 TOTAL ACCUMULATED DEPRECIATION(Lines 26 through 33)</b>	<b>0</b>	<b>(47,143)</b>	<b>(47,143)</b>	<b>(47,143)</b>
<b>35 NET BOOK VALUE - FACILITY ASSETS(Line 25 plus Line 34)</b>	<b>0</b>	<b>282,857</b>	<b>282,857</b>	<b>282,857</b>
36 Construction in Progress				
37 Home Office Depreciable Assets				
38 Accumulated Depreciation - Home Office Assets				
<b>39 NET PROPERTY, PLANT AND EQUIPMENT(Lines 35 through 38)</b>	<b>0</b>	<b>282,857</b>	<b>282,857</b>	<b>282,857</b>
<b>40 NON-CURRENT ASSETS</b>				
41 Long-Term Investments				
42 Intercompany Receivables				
43 Unamortized Start-Up Costs				
44 Goodwill				
45 Home Office Non-Current Assets				
46 Other Non-Current Assets				
47 TOTAL NON-CURRENT ASSETS(Lines 41 through 46)				
<b>48 TOTAL ASSETS (Lines 14 + 39 + 47) (NOTE: Line 48 must equal Line 81)</b>	<b>2,223,266</b>	<b>3,897,845</b>	<b>3,896,289</b>	<b>3,894,677</b>
<b>49 CURRENT LIABILITIES</b>				
50 Accounts Payable	399,551	555,471	555,471	555,471
51 Notes Payable				
52 Accrued Payroll and Related Liabilities	628,040	1,089,799	1,089,799	1,089,799
53 Current Portion of Long-Term Debt				
54 Due to Other Funds				
55 Home Office Current Liabilities				
56 Patient Trust Fund Liabilities				
57 Current Intercompany Payables				
58 Other Current Liabilities	52,083	77,083	77,083	77,083
<b>59 TOTAL CURRENT LIABILITIES(Lines 50 through 58)</b>	<b>1,079,675</b>	<b>1,722,353</b>	<b>1,722,353</b>	<b>1,722,353</b>
<b>60 LONG-TERM LIABILITIES</b>				
61 Mortgage Payable				
62 Notes Payable				
63 Capitalized Lease Obligations				
64 Intercompany Payables	861,690	861,690	861,690	716,627
65 Deferred Income Tax				
66 Home Office Long-Term Liabilities				
67 Other Long-Term Liabilities	0	440,851	192,844	60,696
<b>68 TOTAL LONG-TERM LIABILITIES(Lines 61 through 67)</b>	<b>861,690</b>	<b>1,302,540</b>	<b>1,054,534</b>	<b>777,323</b>
<b>69 EQUITY / FUND BALANCES</b>				
70 Stockholders' Equity				
71 Common Stock				
72 Preferred Stock				
73 Treasury Stock				

74 Additional Paid in Capital				
75 Proprietorship Equity				
76 Partnership Equity	59,857	20,554	26,314	28,211
77 Fund Balance				
78 Retained Earnings	222,044	852,397	1,093,087	1,366,790
79 Divisional Equity				
80 <b>TOTAL EQUITY / FUND BALANCES(Lines 71 through 79)</b>	<b>281,901</b>	<b>872,952</b>	<b>1,119,401</b>	<b>1,395,000</b>
81 <b>TOTAL LIABILITIES AND EQUITY(Lines 59 + 68 + 80) (NOTE: Line 81 must equal Line 48)</b>	<b>2,223,266</b>	<b>3,897,845</b>	<b>3,896,289</b>	<b>3,894,677</b>