

VIA ELECTRONIC MAIL DELIVERY

BBVA Compass Bank / Compass Mortgage Corporation
1490 Stone Point Drive, Suite 250
Roseville, CA 95661

April 22, 2016

Cain Brothers
601 California Street, Suite 1505
San Francisco, CA 94108
Main (415) 982 6536
Fax (415) 398 3365
cainbrothers.com

Pacific Retirement Services/
The Odd Fellows Home of California
Attn: Mary Schoegg
1800 Atrium Parkway
Napa, CA 94559

Ms. Amy Hayman, Mr. Bill Pomeranz and Ms. Mary Schoegg:

Compass Bank, an Alabama corporation, and its affiliate Compass Mortgage Corporation (collectively, the “Bank” or “BBVA Compass” or “Lender”), have reviewed the information provided by you in connection with the requested financing for The Odd Fellows Home of California (the “Borrower” or “The Odd Fellows”) for the purpose of funding a portion of the construction and related costs associated with the construction of a new three-story building with 92 independent living units and other campus improvements at the Borrower’s The Meadows at Napa Valley campus. Based on the review to-date and subject to the timely receipt of a signed copy of this letter as indicated below, and satisfying the conditions outlined herein, the Bank is pleased to conditionally commit to provide up to \$71,492,000 for tax-exempt term financing as outlined in the attached Memorandum of Terms and Conditions (the “Term Sheet”) incorporated herein by reference (the “Credit Facility”, “Financing” or “Obligation”), subject to the terms and conditions of this letter and the Term Sheet (together, this “Conditional Commitment Letter”).

The Odd Fellows hereby represents and covenants (and it is a condition to the Bank’s commitment hereunder) that (a) all financial information and projections, and all other information and general economic or specific industry information (the “Information”) that has been or will be made

available to the Bank by The Odd Fellows or any of The Odd Fellows' representatives is or will be, when furnished, complete and correct in all material respects and does not or will not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made. The Odd Fellows agrees that if, at any time prior to the closing of the Financing any of the representations in the preceding sentences would be incorrect if the Information were being furnished, and such representations were being made, at such time, then The Odd Fellows will promptly supplement the Information, as the case may be, so that such representations will be correct at such time. The Odd Fellows understands and acknowledges that in arranging the Financing the Bank may use and rely on the Information without independent verification thereof. Notwithstanding anything herein to the contrary, Bank's obligation to provide the Financing and The Odd Fellows obligation to consummate the Financing shall be subject to the condition precedent that from the date hereof to the date of delivery of the Financing, there shall not have occurred any: (i) material adverse change in the financial condition or general affairs of the Borrower; (ii) event, court decision, proposed law or rule which may have the effect of changing the federal income tax incidents of the Borrower (or the Borrower's The Meadows at Napa Valley or Saratoga Retirement Community campuses) or of Financing or the interest thereon or the transactions contemplated herein or thereby; or (iii) international or national crisis, suspension of stock exchange trading or banking moratorium materially affecting, in the Bank's opinion, the market value of the Financing (items i, ii, and iii each constituting a "Termination Event").

By signing below, The Odd Fellows acknowledges and agrees to the terms and conditions of this Conditional Commitment Letter. By signing this Conditional Commitment Letter, The Odd Fellows acknowledges if The Odd Fellows elects to not go through with the Financing or a Termination Event occurs, The Odd Fellows agrees to pay upon demand to the Bank all fees and expenses (including, but not limited to, all costs and fees of external legal counsel and, if applicable, any break funding fees) in connection with this Conditional Commitment Letter and the Financing (and the negotiation, documentation and closing thereof). To accept this Conditional Commitment Letter, please execute it in the space provided below and return this Conditional Commitment Letter to us by no later than 4 p.m., Pacific Daylight Time, on April 29, 2016; if this Commitment Letter is not accepted in the manner aforesaid, it shall expire and be of no further force and effect as of that date and time. If this Conditional Commitment Letter is accepted in the manner aforesaid, the closing and funding of the Financing must occur by no later than 5:00 p.m., Pacific Daylight Time, on June 30, 2016.

We would appreciate the opportunity to discuss this Conditional Commitment Letter with you at your earliest convenience. Please do not hesitate to contact me should you have any questions or if I may be of further assistance.

Sincerely,



Ted Singh

Date 4/22/2016

Senior Vice President, Relationship Manager

BBVA Compass Bank

**MEMORANDUM OF TERMS AND CONDITIONS FOR
Tax Exempt Direct Purchase and Draw Down Credit Facility
Odd Fellows Home of California Obligated Group**

April 22, 2016

Borrower: **Odd Fellows Home of California (the “Borrower”)**

Purpose: Proceeds of the credit facility represented by the issuance of a tax-exempt obligation for the benefit of the Borrower (the “Financing”, “Credit Facilities” or “Facilities”) will be used to finance the expansion of the Meadows of Napa Valley continuing care retirement community. The financing will be on a Parity basis with existing Cal-Mortgage insured debt. The Financing will be provided on a Bank Direct Purchase Draw Down Uninsured loan/Bond: (1) funding the expansion includes the planning, entitlement, design and construction of a three story building containing approximately 92 independent living units with underground parking, new pool, kitchen and dining expansion and remodel, utility relocation with general site improvements, atrium building renovation, fitness facility and physical therapy pavilion, 2) fund capitalized interest for approximately 23 months during construction and initial fill-up, and (3) pay costs of issuance.

Lender/Bank: BBVA Compass or Compass Mortgage Corporation.

Lender Representative: Ted M. Singh
Senior Vice President
Northern California Commercial Banking
BBVA Compass
1490 Stone Point Drive, Suite 250
Roseville, CA 95661
Office Phone: 916.945.3840 Mobile Phone: 916.233.8643
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Douglas A. Kimes
Senior Vice President
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BBVA Compass
999 18th St. Suite 2800
Denver, CO 80202
Office Phone: 303.672.6476 Mobile Phone: 303.883.1523
douglas.kimes@bbva.com

Structure and Intercreditor Agreement: The Financing - “Bonds” to be issued as parity debt with existing Cal-Mortgage insured bonds; Bonds are uninsured with an underlying rating based upon Fitch rating opinion of “BBB-“. Parity terms to be set forth in an Intercreditor Agreement

or Master Indenture between Bank and Cal Mortgage or the Office of Statewide Health Planning and Development to be agreed upon.

**Financing,
Credit Facility/
Loan Amount:**

Total Credit Facility of up to \$71,429,000

Facility 1: A Draw Down-Term Loan of up to \$63,000,000 in the form of a tax-exempt loan issued for the benefit of the Borrower. Borrower will provide no less than \$9,000,000 of equity towards the project as detailed in the RFP.

Facility 2. A Draw Down- Term Loan of up to \$9,000,000 in the form of a tax-exempt loan issued for the benefit of the Borrower.

Term:

Facility 1: 5 years from closing
Facility 2: 15 years from closing

Amortization:

Facility 1: Interest payments on the credit facility will be made monthly and principal payments will be made upon collection of first generation entrance fees. All principal and interest due by maturity.

Facility 2: Interest payments will be made monthly and principal payments will begin 3 years after loan closing based upon a 12 year amortization.

Closing Date:

June 30, 2016 or TBD.

Closing Fee:

Closing fee of \$50,000.00 is payable at closing.

Interest Rate:

Facility 1 Uninsured: Variable interest rate of (65% x one month LIBOR) + 1.15%.

Facility 2: Variable interest rate of (65% x one month LIBOR) + 1.35%.

Borrower may enter into an interest rate hedge derivative (cap/swap) transaction to effectively fix the rate of interest on Facility 2, the terms of which shall be governed by the standard ISDA Master Agreement and related schedules between Borrower and Lender. Any derivative (cap/swap) transaction executed with the Bank will be cross-collateralized and cross-defaulted with Facility 1 and Facility 2. All derivative transactions are subject to: credit and risk approvals; product suitability; and verification that Borrower is (or will be) an eligible contract participant. A cap or swap quote will be provided upon request. The actual rate will be determined on the date the transaction closes. Any Counter Party to any hedge agreement or swap agreement must be approved by the Bank.

***Disclaimer: The information in this letter has been provided at your request and is not (and does not constitute) (1) a solicitation for you to enter into a swap transaction with BBVA Compass (or any of its affiliates),**

or (2) a recommendation that you enter into the above described swap transaction (or any other swap transaction). The information in this letter is only for indicative purposes and is subject to, among other things, market changes. This letter is not an offer to provide the swap transaction described above. All swap transactions are subject to credit and risk approvals, suitability and verification that you are (or will be) an eligible contract participant.

- Tax Exempt:** These financing structures are proposed as tax-exempt obligations by the Lender.
- Tax Exempt Status:** The tax exempt interest on the Credit Facilities will be subject to “gross-up” requirements upon the occurrence of an event of taxability or any decrease in the maximum federal corporate tax rate. The Lender will require receipt of an unqualified written opinion of counsel acceptable to the Lender in all respects, which shall include, without limitation, an opinion that the interest of the Credit Facilities is excludable from gross income for federal income tax purposes.
- “Blue Sky” Laws:** This Obligation is being purchased by BBVA Compass under the following conditions: (i) not being registered or otherwise qualified for sale under the “Blue Sky” laws; (ii) the Lender will hold each bond as separate single debt instruments; (iii) no CUSIP numbers will be obtained for the Obligations; (iv) no official Statement or similar offering document has been prepared in connection with the private placement of this Obligation; (v) the Obligation will not close through the DTC or any similar repository and will not be in book entry form. Obligation must be able to be classified as a loan or held-to-maturity security in order to be acceptable to the Lender.
- Capital Adequacy:** The interest rate on the Credit Facility will be subject to increase in the event of the adoption or taking effect or change (including without limitation changes with respect to interpretation or application) of, any laws, regulations, rules, guidelines, directives or treaties (including without limitation any promulgated under the Dodd Frank Wall Street Reform and Consumer Protection Act of 2010 or by the Basel Committee on Banking Supervision), whether or not having the force of law, adversely affecting the Lender’s after-tax yield regardless of the date adopted, enacted or issued.
- Collateral:** **Parity Basis** - Gross pledge of revenue and first lien Deed of Trust on all real property and related improvements comprising The Meadows at Napa Valley, located at 1800 Atrium Way, Napa CA, and the Saratoga Retirement Community, located at 14500 Fruitvale Avenue, Saratoga CA. First priority lien and perfected security interest on and in all of Borrower’s right, title and interest in and to all personal property assets, whether now owned or existing or hereafter acquired

or arising, including all fixed assets (property, plant, and equipment) and all accounts, and all proceeds thereof.

Reporting:

1. Quarterly unaudited financial statements within 45 days of the end of each fiscal quarter. Includes occupancy and payor mix by campus.
2. Annually audited financial statements within 150 days after the end of each fiscal year. Includes occupancy and payor mix by campus.
3. Quarterly certificates signed by an authorized officer to accompany quarterly company prepared and annual audited financial statements.
4. Annual budget to be delivered within 30 days of FYE. (or TBD)
5. Management discussion and analysis of financial performance and additional information as reasonably requested by BBVA Compass.

Financial Covenants:

1. Debt Service Coverage Ratio of 1.25 to 1.0 to be tested annually.
2. Minimum Liquidity. 250 DCOH tested semi-annually beginning 3/31/2017.
3. Minimum pre-sales of 50% of independent living units pre-sold as evidenced by 10% deposits at closing.
4. Minimum current ratio of at least 1.5 to 1.0, beginning the first full fiscal year after the issuance of the bonds.
5. Maintaining a minimum investment rating (BBB-) throughout the tenor of the Bonds.

Non-Financial Covenants:

Usual and customary for transactions of this nature to include but not limited to limitations on additional indebtedness, limitations on mergers, sale or conveyance of assets; restrictions on the sale, lease or disposition of property, including accounts receivable.

OSHPD Conditional Commitment:

The Bank will have the rights and remedies equal to and on Parity with Cal Mortgage or OSHPD as detailed in the OSHPD conditional Commitment dated 3/28/2016.

Representations and Warranties:

Usual representations and warranties in connection with a credit facility of this type, including, without limitation, absence of material adverse change, absence of material litigation, absence of default or potential default and continued accuracy of representations. Limitations will include those on incurrence of additional debt, liens, transactions with affiliates, restricted payments, sales of assets, and changes in control. The Borrower represents and covenants that the Borrower is, and while the Credit Facilities are outstanding will maintain itself as, an organization that qualifies for tax exempt obligations.

Due Diligence: Satisfactory completion of the Lender's due diligence, including, without limitation the Lender's review of loan documentation, financial statements, and structure. The Lender shall receive environmental reports, evidence of property and liability insurance, title insurance naming the Lender or the master trustee under the indenture under which the Credit Facility is issued as first mortgagee and showing no liens, encumbrances or exceptions unacceptable to the Lender, flood zone certifications, surveys, zoning letters and other usual and customary deliverables as the Lender may require. All property and liability insurance shall name the Lender as loss payee and, where applicable, the Lender as additional insured.

Covenants and Events of Default: Customary for transaction of this nature. Any event of default on any other debt, obligation, or Parity debt insured or otherwise is an event of default on this debt or obligation.

Indemnity: The Borrower shall indemnify, pay and hold harmless the Lender against any loss, liability, cost or expense incurred in respect to the financing contemplated hereby, the use or the proposed use of the proceeds hereof or any loss incurred as a result of environmental issues.

Up-Front Plan & Cost Review: Lender shall obtain a satisfactory Plan & Cost Review for the Project prior to closing, the cost of which shall be reimbursed by the Borrower. Said review shall be based on Final Plans & Specifications and a fully executed Guaranteed Maximum Price Construction Contract. Includes \$3.7MM Owners Construction Contingency and payment and performance bonding. Liquidated damages and terms TBD.

Construction Start & Completion: The Borrower will comply with any and all requests by Bank to effectuate a clear lien position to the Bank. Completion of construction will occur no later than 24 months from the loan funding date. Construction Draws will be monitored by the Bank and a third party construction monitoring firm at the Bank's sole discretion. All construction related documentation to be required.

Waterfall initial Entrance Fees All initial entrance fees will be deposited into a lock box account pledged to payment of Facility 1 (Series B Bonds); not subject to Borrower control. Compass Bank will be the Lock box bank and will transfer entrance fees to the trustee-held Entrance Fee Fund. The bond trustee will use transferred entrance fee funds to redeem bonds on a monthly basis when free of State law restrictions and as available, until

all of Facility 1 (Series B Bonds) are fully repaid. Once all Series B Bonds are fully repaid, initial entrance fees may go to unrestricted uses. If feasible, A Deposit Account Control Agreement held with Compass Bank may be used as an alternative to the Lock box arrangement. (This will be at the Banks discretion).

Environmental Reports:

Review and acceptance of a Phase 1 Environmental Assessment (or any other reports as required by Lender).

Title Insurance:

Borrower shall provide acceptable Lender's Title Insurance Policy in favor of Lender.

Survey:

Borrower shall provide an ALTA survey in form and substance acceptable to Lender.

Insurance:

Borrower shall maintain insurance policies approved by Lender for public liability, flood (if required), earthquake (if required), builder's risk, and fire and casualty in favor of the Lender.

Fees and Expenses:

The Borrower shall be obligated to reimburse Lender for fees and expenses it incurs in connection with the issuance, closing and administration of the loan. Such amounts shall include the services of Lender's counsel, Title Company, Appraiser, seismic risk assessment, Property Inspector, up-front Plan & Cost Review, continuing draw inspection and review, and Environmental Assessments as needed as required.

Miscellaneous:

All matters relating to the Credit Facilities, including all instruments and documents required in connection therewith, are subject to the Lender's policies and procedures, applicable governmental regulations and/or statutes, and approval by the Lender and the Lender's counsel.

Continuing Relationship:

The structure and terms contained herein are conditioned upon Borrower maintaining primary cash management and depository accounts with Compass Bank. The Borrower is required to complete the transfer of their primary depository and Treasury Management relationships to Compass Bank within 90 days from closing.

Lender Counsel:

Sheppard Mullin Richter & Hampton LLP. Estimated legal fees are between \$55,000 and \$75,000.

Patriot Act Information:

The Lender hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act {Title III of Pub. L. 10756 (signed into law October 26, 2001)} (the "Act") the Lender is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other

information that will allow the Lender to identify the Borrower in accordance with the Act.

Confidentiality: This proposal is strictly confidential and may not be shared with anyone other than the Borrower and its advisors and by the Lender.

ACCEPTED and AGREED on behalf of The Odd Fellows Home of California:

Signature	Printed Name	Title	Date
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Signature	Printed Name	Title	Date
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