

## LEASE / OPTION AGREEMENT

THIS LEASE/OPTION AGREEMENT ("**Agreement**") is made and entered into as of February 25, 2014 (the "**Effective Date**") by and between Kingsburg Hospital District ("**Landlord**" or "**Seller**") and George Lytal ("**Tenant**" or "**Buyer**").

### 1. PREMISES

1.1 Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, on the terms and conditions set forth herein, the real property commonly known as 1200 Smith Street, Kingsburg (Fresno County), California (the "**Premises**"), APN 396-162-03, including all improvements thereon, as more fully described in **Exhibit "A"**, attached hereto and incorporated herein by this reference. The Premises shall also include all furniture, fixtures and equipment at the Premises on the Commencement Date.

1.2 During the Initial Period (defined below), the Premises shall *not* include the Administration Building at 1250 Smith Street (the "**Admin Building**"). Landlord shall have the right to lease the Admin Building, with reasonable ingress and egress thereto, to any tenant selected by Landlord, for up to one (1) year following the Effective Date (the "**Initial Period**"). If the tenant of the Admin Building does not vacate by the end of the Initial Period, Landlord shall diligently to pursue eviction of the tenant. When the tenant has vacated the Admin Building (whether prior to or after expiration of the Initial Period), the term the Premises shall automatically refer to the entire property described in Exhibit A, including the Admin Building.

1.3 Tenant shall have no obligations or liability related to the Admin Building, other than allowing reasonable ingress and egress to the tenant thereof, until the tenant has vacated the Admin Building. Landlord shall assure that, when the tenant vacates the Admin Building, the Admin Building is in substantially comparable condition to the condition on the Effective Date.

### 2. TERM / OPTION TO RENEW

2.1 The initial term of this Agreement (the "**Initial Term**") shall commence on March 1, 2015 or such earlier date when this Lease has been fully executed (the "**Commencement Date**") and shall terminate at 11:59:59 P.M. on February 28, 2025, unless sooner terminated as provided herein.

2.2 Tenant shall have the option to extend the Term for two successive ten (10) year periods, as set forth below. Any such period is referred to as the "**Extended Term**". The Initial Term and any Extended Term are referred to herein as the "**Term**".

2.3 To exercise the option to extend the Term, Tenant must give written notice of exercise of the option ("**Exercise Notice**") to Landlord at least six (6) months prior to the expiration of the Initial Term (or the first Extended Term, as the case may be); provided, however, that Tenant shall have no right to extend the Term at any time that Tenant is in default hereunder.

### 3. PURPOSE

3.1 Tenant shall use and occupy the Premises as a mental health rehabilitation facility or similar facility and for any purpose reasonably related or incidental thereto, including offices. Tenant shall not use the Premises for any other purpose without the prior written consent of Landlord. The Tenant agrees not to use or allow the Premises to be used for any unlawful purpose. The Tenant further agrees not to cause, maintain or permit any public or private nuisance on the Premises.

3.2 After expiration of the Initial Period, Tenant may occupy and use the Admin Building or Tenant may sublet the Admin Building to a sub-tenant selected by Tenant. Tenant need not obtain Landlord's consent to the subletting so long as Tenant remains liable under the Agreement for the entire Premises and so long as the Admin Building is used for purposes consistent with paragraph 3.1, above.

### 4. RENT; SECURITY DEPOSIT.

4.1 Tenant shall pay base rent ("**Base Rent**") to Landlord at such place as Landlord designates in a written notice to Tenant, in advance on the first day of each month beginning on the Rent Commencement Date. The Base Rent for any partial month shall be prorated based on a 30-day month.

4.2 Monthly Base Rent shall be as follows:

- Years 1 and 2: Nine Thousand Dollars (\$9,000) per month.
- Years 3 through 5: Ten Thousand Dollars (\$10,000) per month.
- Each Lease Year thereafter during the Initial Term and any Extended Term: Base Rent shall increase by Two Percent (2.0%) annually.

Each "**Lease Year**" shall begin on March 1 and shall end on February 28 (or 29, if applicable) of the following year.

4.3 The "**Rent Commencement Date**" shall be the earlier of (a) the date that is six (6) months after the Commencement Date, or (b) the date on which Tenant is issued a certificate of occupancy for the Premises. No Base Rent or other charges shall be paid by Tenant for any period prior to the Rent Commencement Date.

4.4 Upon execution of this Agreement, Tenant shall deposit with Landlord the sum of Nine Thousand Dollars (\$9,000) as a security deposit for the performance by Tenant of the provisions of this Agreement. If Tenant is in default, Landlord can use the security deposit, or any portion of it, to cure the default or to compensate Landlord for damages sustained by Landlord resulting from Tenant's default. Tenant shall immediately on demand pay to Landlord a sum equal to the portion of the security deposit expended or applied by Landlord as provided in this paragraph so as to maintain the security deposit in the sum initially deposited with Landlord. If Tenant is not in default at the expiration or termination of this Agreement, Landlord shall return the security deposit to Tenant. Landlord shall not be required to pay Tenant interest on the security deposit.

4.5 TRIPLE NET LEASE. This Agreement is a "triple net lease". As such, in addition to the Base Rent, Tenant shall pay the real property taxes and assessments, utilities, insurance, maintenance and repairs and other charges as set forth herein. All such charges, collectively, are referred to herein as "Rent".

5. REAL PROPERTY TAXES.

5.1 In addition to the Base Rent provided in paragraph 4 above, commencing on the Rent Commencement Date and throughout the Term, Tenant shall pay before delinquency all taxes, assessments, bonds, license fees, municipal liens, and other charges, whether general or special, ordinary or extraordinary, of every nature or kind whatsoever, and all governmental charges of whatsoever nature or kind which may be levied, assessed, charged, or imposed on the property tax roll for and of the County of Fresno, and which may be, or become, a lien or charge upon the Premises, or upon the fixtures, equipment, and/or personal property located therein, or upon the leasehold interest of Tenant, or upon the estate hereby created or upon Landlord by reason of its ownership of the fee underlying this Agreement. So long as reflected and included on the county tax roll, all such charges, to the extent appropriate, shall be prorated between Landlord and Tenant as of the date of the termination of this Agreement.

5.2 If at any time during the term of this Agreement, under the laws of the State of California or any political subdivision thereof, a tax or excise on rent or any other tax, however described, is levied or assessed against Landlord or the rent payable hereunder as a substitute, in whole or in part, for real property taxes against the Premises, Tenant agrees to the extent that there has been any such substitution, to pay and discharge such taxes or excise before the last day upon which the same (or any installment thereof, if the same may be paid in installments) may be paid prior to delinquency; provided, however, nothing contained herein shall require Tenant to pay any franchise, income, estate, gift, inheritance, succession, or transfer tax or any other tax which may be properly assessed and chargeable against Landlord. Tenant shall furnish to Landlord, prior to delinquency, copies of paid tax bills for the Premises. If Landlord receives any tax bill directly from the taxing authority, Landlord shall immediately provide Tenant a copy of such bill.

5.3 Tenant at its cost shall have the right to contest or review by legal proceeding any tax, assessment, or charge required to be paid by Tenant hereunder; provided that Tenant shall give written notice of such contest to Landlord at least ten (10) days prior to delinquency. Any such contest shall be conducted solely at Tenant's expense and Tenant shall protect and indemnify and hold Landlord harmless against any liability, loss, or expense resulting from such contest. In the event of any adverse decision in such contest, Tenant shall fully pay and discharge the amount involved in or affected by such contest, together with all penalties, fines, interest, costs, and expense which may accrue, in a timely manner. At the request of Tenant, Landlord shall join in any contest or other proceeding which Tenant may desire to bring pursuant to this provision; provided that Tenant agrees in writing to protect and indemnify and hold harmless Landlord against all liability, loss, expense, or damage resulting therefrom. Tenant shall be entitled to any proceeds or refunds resulting from a successful protest or other action by

Tenant in contesting taxes previously paid as long as the proceeds or refund pertain to taxes paid by Tenant during the Term.

5.4 Landlord discloses that it is a public entity under the laws of the State of California and is exempt from property taxation. Accordingly, pursuant to Revenue and Taxation Code § 107.6, the Tenant's possessory interest in this Agreement may be subject to property taxation, and the Tenant may be subject to the payment of property taxes levied on such interest. Any and all real and personal, property or other taxes and assessments levied or assessed against the Premises by any governmental entity, including any special assessments imposed on or against the Premises for the construction or improvement of public works in, on, or above the Premises, shall be paid by Tenant before they become due. The Tenant must pay, prior to delinquency, such possessory interest tax, any personal property taxes related to Tenant's personal property, fixtures and equipment located on or within the Premises, and all other taxes, fees and assessments levied against the Premises for the Term of this Agreement.

## 6. INSURANCE.

6.1 Tenant at its cost shall maintain public liability and property damage insurance with liability limits of not less than \$1,000,000 per occurrence and \$6,000,000 aggregate, insuring against all liability of Tenant and its authorized representatives arising out of and in connection with Tenant's use or occupancy of the Premises. All such insurance shall insure performance by Tenant of the indemnity provisions of paragraph 12 below. Landlord shall be named as an additional insured under each such policy of insurance, and the policy or policies shall contain cross-liability endorsements as provided by Tenant's insurance carrier.

6.2 Tenant at its cost shall maintain on all its personal property, tenant improvements, and alterations, in, on, or about the Premises, a policy of standard fire and extended coverage insurance (special form coverage), with vandalism and malicious mischief endorsements, to the extent of their full replacement value. The proceeds from any such policy shall be used by Tenant for the replacement of personal property or the restoration of tenant improvements or alterations.

6.3 Tenant at its cost shall maintain on the buildings and other improvements that are part of the Premises a policy of standard fire and extended coverage insurance (special form coverage), with vandalism and malicious mischief endorsements, to the extent of their full replacement value. The insurance policy shall name Landlord as an additional insured. The insurance proceeds shall be paid pursuant to the provisions of paragraphs 8 and 9 below.

6.4 The "full replacement value" of the buildings and other improvements to be insured as set forth above shall be determined by the company issuing the insurance policy at the time the policy is first obtained. Once every five (5) years, either party shall have the right to notify the other party that it elects its own expense to have the replacement value redetermined by the insurance company. The redetermination shall be made promptly and in accordance with the rules and practices at the Board of Fire Underwriters or a similar board recognized and generally accepted by the insurance company, and each party shall be promptly notified by the

company of the adjusted full replacement value. The insurance policy shall be modified to reflect the redetermined or adjusted replacement value.

6.5 Tenant at its cost shall maintain business interruption insurance with sufficient coverage to provide for payment of the monthly rent under this Agreement for a period of up to one (1) year, or to the end of the Term, whichever occurs first, if the Premises are destroyed or rendered inaccessible by a risk insured against by a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements.

6.6 All insurance required by this paragraph 6 shall:

a) be issued by insurance companies authorized to do business in the State of California with a financial rating of at least an A+ status, as rated in the most recent edition of Best's Insurance Reports; and

b) be issued as primary policies.

6.7 If Tenant receive notice of any policy cancellation, or Tenant otherwise becomes aware of cancellation of any insurance policy, Tenant shall immediately notify Landlord of such cancellation. Tenant shall provide certificates of the insurance policies provided for herein to Landlord prior to the Rent Commencement Date, and on renewal of the policy not less than twenty (20) days before expiration of such policy.

6.8 Each Party expressly waives to the fullest extent allowable under the law, all rights of subrogation it may have against the other relating to the Premises on its behalf and on behalf of any and all of its insurers.

## **7. DESTRUCTION OF PREMISES.**

7.1 If, during the Term, the Premises are totally or partially destroyed from a risk covered by the insurance described above, rendering the Premises totally or partially inaccessible or unusable by Tenant, Tenant shall restore the Premises to substantially the same condition as they were in immediately before destruction, whether or not the insurance proceeds are sufficient to cover the actual or estimated cost of restoration. Such destruction shall not operate to terminate this Agreement. If the then-existing laws do not permit the restoration of the Premises, either party can terminate this Agreement by immediately giving notice to the other party.

7.2 If, during the Term, the Premises are totally or partially destroyed from a risk *not* covered by the insurance described above, rendering the Premises totally or partially inaccessible or unusable, Tenant shall restore the Premises to substantially the same condition as they were in immediately before such destruction. Such destruction shall not operate to terminate this Agreement. If the then-existing laws do not permit the restoration of the Premises, either party can terminate this Agreement by immediately giving notice to the other party.

7.3 Notwithstanding the provisions of paragraph 7.2 above, with respect to any destruction of the Premises not caused by Tenant or its use of the Premises and resulting from a

risk not covered by insurance, if the restoration cost exceeds ten percent (10%) of the then replacement value of the Premises destroyed, Tenant can elect to terminate this Agreement by giving notice to Landlord within the earlier of either ten (10) business days after the loss or ten (10) days after determining the restoration cost and replacement value. If Tenant elects to terminate this Agreement, Landlord, within twenty (20) business days after receiving Tenant's termination notice, may elect to pay to Tenant, at the time Landlord notifies Tenant of Landlord's election, the difference between ten percent (10%) of the replacement value of the Premises destroyed and the actual cost of restoration, in which case Tenant shall restore the Premises. On Landlord's making his election to contribute, each party shall deposit immediately the amount of his contribution with the insurance trustee provided for in paragraph 9 below.

#### **8. PAYMENT OF INSURANCE PROCEEDS.**

If, during the Term, the Premises are destroyed from a risk covered by the insurance described above, and the total amount of the loss does not exceed One Hundred Thousand Dollars (\$100,000), Tenant shall make the loss adjustment with the insurance company insuring the loss. The proceeds shall be paid directly to Tenant, in trust, for the sole purpose of making the restoration of the Premises in accordance with the provisions of paragraph 10 below.

#### **9. ADJUSTMENT OF MAJOR LOSS - INSURANCE TRUSTEE.**

9.1 If, during the Term, the Premises are destroyed from a risk covered by the insurance described above, and the total amount of loss exceeds One Hundred Thousand Dollars (\$100,000), Tenant shall make the loss adjustment with the insurance company insuring the loss and on receipt of the proceeds shall immediately pay them to Chicago Title Company or to any other institutional lender or title company doing business in Fresno County, as agreed upon by Landlord and Tenant ("**Insurance Trustee**").

9.2 If the Premises are destroyed from a risk not covered by the insurance described in paragraph 6, and Tenant has the obligation to restore the Premises as provided in paragraph 7, both parties shall deposit with the Insurance Trustee their respective contributions toward the cost of restoration. All sums deposited with the Insurance Trustee shall be held for the following purposes and the Insurance Trustee shall have the following powers and duties:

9.3 The sums shall be paid in installments by the Insurance Trustee to the contractor retained by Tenant as construction progresses, for payment of the cost of restoration. A ten percent (10%) retention fund shall be established that will be paid to the contractor on completion of restoration, payment of all costs, expiration or all applicable lien periods, and proof that the Premises are free of all mechanics' liens and lienable claims.

9.4 Payments shall be made on presentation of certificates or vouchers from the architect, engineer, or construction manager retained by Tenant showing the amount due. If the Insurance Trustee, in its reasonable discretion, determines that the certificates or vouchers are being improperly approved by the architect or engineer retained by Tenant, the Insurance Trustee shall have the right to appoint an architect or an engineer to supervise construction and to make payments on certificates or vouchers approved by the architect or engineer retained by the

Insurance Trustee. The reasonable expenses and charges of the architect, engineer or construction manager retained by the Insurance Trustee shall be paid by the Insurance Trustee out of the trust fund.

9.5 If the sums held by the Insurance Trustee are not sufficient to pay the actual cost of restoration, Tenant shall deposit the amount of the deficiency with the Insurance Trustee within ten (10) days after request by the Insurance Trustee indicating the amount of the deficiency.

9.6 Any undisbursed funds after compliance with the provisions of this paragraph shall be delivered to Landlord to the extent of Landlord's contribution to the fund, and the balance, if any, shall be paid to Tenant.

9.7 All actual costs and charges of the Insurance Trustee shall be paid by Tenant.

9.8 If the Insurance Trustee resigns or for any reason is unwilling to act or continue to act, Landlord shall substitute a new trustee in the place of the designated Insurance Trustee. The new trustee must be an institutional lender or title company doing business in Fresno County.

9.9 Both parties shall promptly execute all documents and perform all acts reasonably required by the Insurance Trustee to perform its obligations under this paragraph.

#### **10. PROCEDURE FOR RESTORING PREMISES.**

10.1 Within six (6) months after the occurrence of the event causing the need for restoration of the Premises, Tenant shall cause to be prepared final plans and specifications and working drawings complying with applicable laws that will be necessary for restoration of the Premises. The plans and specifications and working drawings must be approved by Landlord. Landlord shall have ten (10) business days after receipt of the plans and specifications and working drawings to either approve or disapprove the plans and specifications and working drawings and return them to Tenant. Landlord's approval of said items shall not be unreasonably withheld, conditioned or delayed. If Landlord disapproves the plans and specifications and working drawings, Landlord shall notify Tenant of its specific objections and Landlord's proposed solution to each objection. If Landlord fails to notify Tenant of its objections within said 10-day period, Landlord shall be deemed to have approved the plans, specifications and working drawings. Tenant acknowledges that the plans and specifications and working drawings shall be subject to approval of the appropriate government bodies and that they will be prepared in such a manner as to obtain that approval. The expenses reasonably incurred by Tenant in connection with the preparation of the plans, specifications and working drawings shall be paid from the proceeds deposited with the Insurance Trustee.

10.2 The restoration shall be accomplished as follows:

a) Tenant shall complete the restoration within one (1) year after final plans and specifications and working drawings have been approved by the appropriate government

bodies and all required permits have been obtained (subject to a reasonable extension for delays resulting from causes beyond Tenant's reasonable control).

b) Tenant shall retain a licensed contractor that is bondable. The contractor shall be required to carry public liability and property damage insurance, standard fire and extended coverage insurance (special form coverage), with vandalism and malicious mischief endorsements, during the period of construction in accordance with paragraph 6 above. Such insurance shall contain waiver of subrogation clauses in favor of Landlord and Tenant.

c) Tenant shall notify Landlord of the date of commencement of the restoration not later than five (5) business days before commencement of the restoration to enable Landlord to post and record notices of non-responsibility. The contractor retained by Tenant shall not commence construction until a completion bond and a labor and materials bond have been delivered to Landlord to insure completion of the construction.

d) On completion of the restoration Tenant shall immediately record a notice of completion in the County in which the Premises are located.

e) The restoration shall not be commenced until sums sufficient to cover the cost of restoration are placed with the Insurance Trustee as provided in paragraph 9.

#### **11. NO ABATEMENT OF RENT**

In case of destruction, there shall be no abatement or reduction of Rent except as may be expressly provided elsewhere herein.

#### **12. INDEMNIFICATION.**

12.1 Tenant shall defend, indemnify and hold Landlord harmless from any and all claims, actions, causes of action, liabilities, and expenses (including reasonable attorneys' fees), arising out of or in any way related to any damage to person or property occurring in, on, or about the Premises resulting from or arising out of Tenant's and its patients' or other invitees' use or occupancy of the Premises. The obligations of the Tenant under this subparagraph shall survive the termination of this Agreement, for conduct occurring during the Term of this Agreement.

12.2 Landlord shall defend, indemnify and hold Tenant harmless from any and all claims, actions, causes of action, liabilities, and expenses (including reasonable attorneys' fees), arising out of or in any way related to any damage to person or property occurring in, on, or about the Premises resulting from Landlord's own actions or the actions of Landlord's employees, agents or representatives occurring during the Term of this Agreement. In addition, Landlord shall defend, indemnify and hold Tenant harmless from any and all claims, actions, causes of action, liabilities, and expenses (including reasonable attorneys' fees), arising out of or in any way related to the Admin Buildings prior to the date the tenant thereof vacates the Admin Buildings. The obligations of the Landlord under this subparagraph shall survive the termination of this Agreement.



12.3 Whenever a party is entitled to indemnification under this paragraph 12, it shall not retain its own counsel without first obtaining the written consent of the other party, it being expressly understood that counsel provided by the other party shall, in most circumstances, be able to adequately represent, protect and defend the interests of both parties. Notwithstanding the foregoing, if a conflict of interest, actual or potential, exists which requires separate counsel for the indemnified party, that party may retain counsel of its own choosing subject to the consent of the other party (which consent shall not be unreasonably withheld, conditioned, or delayed). In either case, the reasonable cost of counsel for the indemnified party shall be paid by the other party.

### **13. MAINTENANCE AND REPAIRS.**

13.1 Tenant accepts the Premises in their current, "as-is" condition. Tenant warrants that Tenant is not relying on any representations or warranties of Landlord, express or implied, as to the condition of the Premises.

13.2 Tenant agrees, throughout the Term, to keep and maintain, at Tenant's sole cost and expense, the Premises in good condition and repair and in full compliance with all applicable codes, statutes, rules, regulations and other laws applicable thereto including land-use permits and requirements, as the same may be amended, making such replacements thereof as may be necessary or required. On any termination of this Agreement, Tenant shall return the Premises to Landlord in as good condition and repair as exist at the time the Tenant completes the initial tenant improvements contemplated herein, ordinary wear and tear excepted. Tenant agrees not to commit or allow to be committed any waste of the Premises.

13.3 a) By accepting occupancy of the Premises as of the first date of this Agreement, Tenant shall be deemed to have agreed that (i) the Premises are in an acceptable condition, and (ii) the Landlord has no obligation to fund or perform any work necessary for the Tenant to use the Premises for Tenant's intended use.

b) Tenant acknowledges that the Premises are of its selection and to its specifications (with Tenant's initial improvements) and that the Premises have been inspected by Tenant and are satisfactory to it. Tenant acknowledges that Landlord (whether acting as the Landlord hereunder or in any other capacity) has not made and will not make, nor shall Landlord be deemed to have made, any warranty or representation, express or implied, with respect to the Premises, including any warranty or representation as to (1) its fitness, design or condition for any particular use or purpose, (ii) the quality of the material or workmanship therein, (iii) the existence of any defect, latent or patent, (iv) value, (v) durability, (vi) the existence of any hazardous material, hazardous condition or hazardous activity, or (vii) compliance of the Premises with any law or legal requirement; and all risks incident thereto are to be borne by Tenant.

c) In the event of any defect or deficiency in any portion of the Premises of any nature, whether latent or patent, Landlord shall not have any responsibility or liability with respect thereto or for any incidental or consequential damages, including, but not limited to strict

liability in tort. The provisions of this subsection have been negotiated, and are intended to be a complete exclusion and negation of any warranties by Landlord, express or implied, with respect to any of the Premises, arising pursuant to any law now or hereafter in effect or arising otherwise.

d) Release of Landlord. The Tenant, on behalf of itself and anyone claiming by, through or under the Tenant hereby waives its right to recover from and fully and irrevocably releases the Landlord, its board members, employees, officers, directors, representatives, and agents (the "**Released Parties**") from any and all claims, responsibility and/or liability that the Tenant may have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to (i) the condition (including any construction defects, errors, omissions or other conditions, latent or otherwise), valuation, salability or utility of the Premises, or its suitability for any purpose whatsoever, and (ii) any presence of Hazardous Materials including, without limitation, asbestos. The release set forth in this subparagraph includes claims of which the Tenant is presently unaware or which the Tenant does not presently suspect to exist which, if known by the Tenant, would materially affect the Tenant's release of the Released Parties. Tenant specifically waives the provision of any statute or principle of law that provides otherwise. In this connection and to the extent permitted by law, the Tenant agrees, represents and warrants that the Tenant realizes and acknowledges that factual matters now unknown to the Tenant may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and the Tenant further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that the Tenant nevertheless hereby intends to release, discharge and acquit the Landlord from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses. Accordingly, the Tenant, on behalf of itself and anyone claiming by, through or under the Tenant, hereby assumes the above-mentioned risks and hereby expressly waives any right the Tenant and anyone claiming by, through or under the Tenant, may have under Section 1542 of the California Civil Code, which reads as follows:

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

#### 14. MAINTENANCE OF INSURABILITY

14.1 Tenant agrees that no use shall be made or permitted to be made of the Premises, nor acts done in any way in connection therewith, which will cause a cancellation of any insurance policy covering the Premises or any part thereof. Tenant shall, at its sole cost and expense, comply with any and all requirements pertaining to the use of the Premises, of any insurance company with a policy covering the Premises, necessary for the maintenance of fire and public liability insurance, as required above.

14.2 No Hazardous Materials. Tenant shall not cause or permit any hazardous material to be brought upon, kept or used in or about the Premises by Tenant, its agents, employees,

contractors or invitees, other than hazardous materials commonly used in the industry or specific purpose identified in paragraph 3.1 above. If Tenant breaches the obligations stated in the preceding sentence, or if the presence of hazardous material on the Premises caused or permitted by Tenant results in contamination of the Premises, or if contamination of the premises by hazardous material otherwise occurs for which Tenant is legally liable to Landlord for damage resulting therefrom, then Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines and costs (including, without limitation, diminution in value of the Premises, damages for the loss or restriction on use of rentable or usable space or of any part of the Premises, damages arising from any adverse impact on marketing of space, and sums paid in settlement of claims, attorneys' fees, consultant fees, and expert fees) which arise during or after the Term as a result of or relating to such contamination. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remediation, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of hazardous material present in the soil or groundwater on or under the Premises. Without limiting the foregoing, if the presence of any hazardous material on the Premises caused or permitted by Tenant results in any contamination of the Premises, Tenant shall promptly take all actions, at its sole expense, as are necessary to return the Premises to the condition existing prior to the introduction of any such hazardous material to the Premises; provided that Landlord's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Premises. The foregoing indemnity shall survive the expiration or early termination of this Agreement.

As used herein, the term "hazardous material" means any hazardous or toxic substance, material or waste, including, but not limited to, those substances, materials, and wastes listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) and amendments thereto, or such substances, materials, and wastes that are or become regulated under any applicable local, state or federal law, regulation or ordinance. Hazardous material shall not include medications approved by, or undergoing trials in connection with a present or anticipated application for approval by, the United States Food and Drug Administration.

At the commencement of this Agreement, and any renewal hereof, Tenant shall disclose to Landlord the names and amounts of all hazardous materials, if any, or any combination thereof which were or will be stored, used or disposed of on the Premises in violation of this Agreement.

#### **15. COMPLIANCE WITH LAWS**

Tenant shall not do nor allow to be done in or about the Premises anything which will violate or conflict with any statute, ordinance, rule, or regulation or other law which is now or may hereafter be enacted, adopted, or promulgated by any federal, state, county, or municipal authority, and Tenant shall do all things reasonably necessary or appropriate in order to comply with any such statute, ordinance, rule, regulation or other law which shall now or may hereafter be enacted or promulgated by any federal, state, county, or municipal authority applicable to the

Premises or Tenant's activities thereon or in connection therewith, including but not limited to the requirements of The Americans With Disabilities Act.

## **16. IMPROVEMENTS AND ALTERATIONS.**

16.1 Tenant shall, at its sole cost and expense, make such improvements or alterations to the Premises as Tenant deems necessary for Tenant's use of the Premises. Landlord acknowledges that Tenant intends to modify the Premises to allow for use as a locked facility. All improvements to the Premises by Tenant must be completed by one or more licensed contractors. Tenant must notify Landlord of all impending improvements, and their estimated cost, at least ten (10) days prior to commencement of the work so that Landlord can determine whether to post notices of non-responsibility.

16.2 After making the initial improvements described in paragraph 16.1, Tenant may make additional alterations or improvements to the Premises, to the extent needed or desired by Tenant, for Tenant's intended use and purpose, with Landlord's written consent (which will not be unreasonably withheld, conditioned or delayed); provided, however that Tenant may construct or make alterations or improvements to the Premises to the extent the cost thereof does not exceed Fifty Thousand Dollars (\$50,000) without Landlord's prior consent.

16.3 Any improvements or alterations to the Premises shall immediately become, be, and remain the property of Landlord; provided, however, that Tenant shall have the right to remove any trade fixtures (defined as any item installed by Tenant on the Premises specifically for Tenant's use in its trade or business), provided that the same may be removed without damage to the Premises.

16.4 a) Tenant agrees to keep the Premises free and clear of any mechanic's liens or related claims or liens, and shall indemnify defend and hold Landlord harmless from any and all liability, claim, damage, loss, cost, or expense in connection with any labor, material, or service supplied or furnished in or about the Premises at the request of Tenant. Landlord shall have the right to post and maintain notices of non-responsibility at the Premises. If any such lien shall at any time be filed against the Premises, the Tenant shall cause the same to be discharged of record by bond or otherwise within fifteen (15) business days after notice of the filing thereof. Nothing contained herein shall imply any consent or agreement on the part of the Landlord to subject the Landlord's estate to liability under any mechanics' or other lien law including property taxes and special assessments. If the Tenant shall fail to cause such lien to be so discharged or bonded after being notified of the filing thereof, then in addition to any other right or remedy of the Landlord, the Landlord may, after notice to the Tenant, discharge the same by paying the amount claimed to be due and the amount so paid by Landlord together with interest thereon at the maximum allowed by law and all costs and expenses, including reasonable attorneys' fees incurred by the Landlord in procuring the discharge of such lien, shall be due and payable by the Tenant to the Landlord as additional rent on demand.

b) If any such mechanic's liens or materialman's liens shall be recorded against the Premises, or any improvements thereof, Tenant shall cause the same to be removed immediately upon notice thereof. In the alternative, if Tenant in good faith desires to contest the

same, Tenant shall be privileged to do so upon the express prior written consent of Landlord and only after depositing with Landlord the amount necessary to release such lien; and in such case, Tenant hereby agrees to indemnify and save the Landlord harmless from all liability for damages occasioned by said contest by Tenant and shall, in the event of a judgment of foreclosure upon said mechanic's lien, Tenant must cause the same to be discharged and removed prior to the execution of such judgment and Landlord shall be authorized to discharge such judgment with any deposit of Tenant's funds held by Landlord.

c) The obligations of the Tenant under paragraph 16 shall survive the termination of this Agreement.

16.5 Tenant shall have the right to remove and dispose of the modular building at the Premises at any time after March 1, 2015. Tenant shall pay all costs associated with the removal and disposal of the modular building and may use any proceeds of the disposal to offset the cost thereof.

## 17. UTILITIES

Tenant shall arrange and pay for all water, sewer, heat, light, power, trash disposal, telephone, internet, and other utilities or services used on or in connection with the Premises commencing on the Rent Commencement Date.

## 18. ASSIGNMENT AND SUBLETTING.

a) Except as expressly provided elsewhere herein, Tenant shall not assign this Agreement, or any interest therein, nor sublet the Premises, or any interest therein or any part thereof, without the prior written consent of Landlord, which written consent shall not be unreasonably conditioned, withheld or delayed; **provided, however**, that Tenant may assign this Agreement to Kingsmith Investments, LLC ("Kingsmith") or to another entity established by Tenant, and **provided further** that Tenant or such assignee may sublet the Premises to Crestwood Behavioral Health, Inc. ("CBHI") in connection with the operation and management of the facility to be operated at the Premises. Any assignment by Tenant to anyone other than Kingsmith, or any subletting, shall not release Tenant from any of its obligations under this Agreement unless specifically indicated otherwise in a writing approved by Landlord's governing board of directors and signed by Landlord.

b) Tenant hereby warrants that it shall not waive, or transfer to anyone other than Landlord, any rent or claim for rent from any assignee of this Agreement or sublessee of the Premises and any such waiver or transfer which may be attempted shall be void from its inception. Any assignment of this Agreement or sublet of the Premises by Tenant, must be in writing and must include an assignment of all rents from the sublessee(s), up to the amount due hereunder, to Landlord and require said assigned rents to be timely paid directly to Landlord (or Landlord's designated payee for the benefit of Landlord). In connection with any assignment of this Agreement or sublet of the Premises, Tenant must timely provide a complete copy of this Agreement (including all exhibits and amendments) to the assignee(s) and/or sublessee(s).

c) Tenant hereby agrees that all rents past due hereunder to Landlord from Tenant or any of Tenant's assignors or other predecessors in interest shall and must be fully paid to Landlord prior to any further assignment of this Agreement or subletting of the Premises.

d) In connection with any assignment of this Agreement or sublet of the Premises, Tenant must provide to Landlord a fully signed copy of such writing within five (5) business days after the last signature thereon.

e) Notwithstanding any other provision within this Agreement, no assignment or subletting of the Premises by Tenant shall be valid unless and until all conditions and other requirements within this full paragraph (18) are fully satisfied.

## **19. RIGHT OF ENTRY**

Landlord and its employees, agents and representatives shall have the right to enter upon the Premises at all reasonable times during the Term to view the same and to see if the provisions of this Agreement are being observed by Tenant. Landlord shall use reasonable care not to disturb the employees and patients/customers of Tenant during such entry. During the last six (6) months of the Term, Landlord shall have the right to show the Premises to prospective tenants or purchasers and to affix any reasonable or usual type of "to let" or "for sale" sign to the Premises itself. Except in the case of an emergency, Landlord will provide Tenant with 48 hours' written notice before entry on the Premises, including entry to show the Premises to prospective tenants or purchasers.

## **20. EMINENT DOMAIN**

If all of the Premises shall be taken or condemned for a public or quasi-public use, this Agreement shall terminate as of the date possession shall be taken by the condemnor. If a part of the Premises shall be so taken or condemned and a part thereof remains which is susceptible of operation for the purpose intended, this Agreement shall, as to the part so taken, terminate as of the date possession shall be taken by the condemnor, and the rent payable hereunder shall be adjusted so that the Tenant shall be required to pay for the remainder of the term only such portion of the rent as the value of the use by Tenant of the part remaining after condemnation bears to the value of the use by Tenant of the entire premises at the date of condemnation; provided that if the partial taking results in such a substantial impairment of the Premises and facilities that use of the Premises for the purposes contemplated by this Agreement is rendered impractical, then Tenant, at its option, shall have the right to terminate this Agreement as of the date when possession is taken by the condemnor, with the rental being prorated as of that time. A sale by Landlord to a government or other body possessing the power of eminent domain after Landlord has received notice, direct or indirect, that such body intends to exercise its right of eminent domain shall be deemed a taking for a public or quasi-public use.

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## **21. INSOLVENCY OF TENANT**

The filing of a petition in bankruptcy, or a petition for reorganization or arrangement under any of the laws of the United States relating to bankruptcy, by or against Tenant shall be deemed a default under this Agreement if the petition has not been dismissed within ninety (90) days after such filing. Additionally, this Agreement shall be deemed repudiated and breached by Tenant if during the Agreement Term any of the following occur:

- a) The assets of Tenant or the business conducted by Tenant on the premises be assumed by any trustee or other person pursuant to any judicial proceedings;
- b) Tenant becomes insolvent or makes an assignment for the benefit of creditors;
- c) Tenant commits any act of bankruptcy; or
- d) Any corporate Tenant or assignee or successor in interest of Tenant commences proceedings to wind down the corporation.

In any such event, Landlord may elect to terminate this Agreement by giving written notice thereof to Tenant. Landlord shall be entitled to all rights and remedies for a default provided in paragraph 23 hereof.

## **22. PERFORMANCE BY LANDLORD**

If Tenant fails to perform any of the terms, provisions, conditions, or covenants herein contained, Landlord may, at Landlord's option, on ten (10) days' written notice to Tenant, cause said things to be done or performed at the cost and expense of Tenant, and Tenant shall pay to Landlord, on demand, all such costs and expenses, plus interest thereon at the maximum rate permitted by law, together with all damages which Landlord may sustain by reason of the failure of Tenant to perform its obligations; provided, however, Landlord shall not be required to give such notice or any notice to Tenant whenever the nature of the default is such that it would be unreasonable to require such notice on the part of Landlord. Any such sums payable by Tenant to Landlord shall, at the election of Landlord, be collectible as additional rent in the same manner and with the same remedies and effect as if originally reserved, and all such sums may, at the option of Landlord, be added to the installment of rent next becoming due, or to any subsequent installment of rent.

## **23. TENANT'S DEFAULT**

23.1. Should Tenant at any time be in default hereunder with respect to any Rent or other obligation hereunder and should such default continue for a period of ten (10) days after notice thereof, or if Tenant commits any breach of any other provision of this Agreement and Tenant does not, within thirty (30) days after written notice from Landlord to Tenant specifying the default, either cure or commence curing the default and thereafter proceed with all due commercial diligence fully to cure and remedy such default, then Landlord may declare breach

of this Agreement and, in addition to any or all other rights or remedies of Landlord hereunder or by the law provided, Landlord at its option shall have the right, without further notice or demand of any kind to Tenant or to any other person, to do any one or more of the following:

(i) To declare the term hereof ended and to enter the Premises and take possession thereof and to remove all persons therefrom, and Tenant shall have no further claim thereon or thereunder.

(ii) Without declaring this Agreement ended, to re-enter the Premises and to occupy the whole or any part thereof and collect rent therefrom.

(iii) To collect rents and any other sums, as they become due hereunder.

(iv) To re-enter the Premises pursuant to (ii) above and thereafter to elect to terminate this Agreement and all of the rights in and to the Premises.

23.2 a) Should Landlord re-enter the Premises under the provisions of subparagraph (ii) above, Landlord shall not be deemed to have terminated this Agreement, or the liability of Tenant to pay rent thereafter to accrue, or its liability for damages under any of the provisions of this Agreement, by any re-entry or by an action in unlawful detainer, or otherwise, to obtain possession of the Premises, unless Landlord shall have notified Tenant in writing that it has so elected to terminate this Agreement. Tenant covenants that service of any notice pursuant to the unlawful detainer statutes of the State of California and surrender of possession pursuant to such notice shall not (unless Landlord elects to the contrary at the time of or at any time subsequent to the serving of such notice and such election by evidenced by written notice from Landlord to Tenant) be deemed to be a termination of this Agreement. In the event of any re-entry or taking of possession by Landlord, Landlord shall have the right, but not the obligation, to remove therefrom all or any part of the personal property located therein and may place the same in storage in a public warehouse or elsewhere at the risk and at the expense of Tenant.

b) Landlord shall have the remedy described in California Civil Code § 1951.4, which provides that, when the Tenant has the right to sublet or assign (subject only to reasonable limitations), the Landlord may continue the Agreement in effect after the Tenant's breach and abandonment and recover projected Base Rent from Tenant as it becomes due. Accordingly, if Landlord does not elect to terminate this Agreement on account of any default by Tenant, Landlord may enforce all of Landlord's rights and remedies under this Agreement, including the right to recover all Base Rent, and projected Base Rent as described in this paragraph, as it becomes due.

23.3 Should Landlord elect to terminate this Agreement, Landlord may recover from Tenant:

(i) The worth at the time of award of the unpaid rent which had been earned at the time of termination; and



(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; and

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by the Tenant's failure to perform Tenant's obligations under the Agreement or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in subparagraphs (i) and (ii) shall be computed by allowing interest at the maximum rate permitted by law. The worth at the time of award of the amount referred to in subparagraph (iii) shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

23.4 Landlord may relet the Premises prior to the time of award and prove that in reletting the property Landlord acted reasonably and in good-faith effort to mitigate its damages. Efforts by Landlord to mitigate damages caused by Tenant's breach of the Agreement shall not waive Landlord's right to recover damages. Nothing contained in this paragraph 23 shall affect the right of Landlord to indemnification from Tenant for liability for personal injuries or property damage.

23.5 Unless Landlord elects in writing to terminate the tenancy, neither of the following shall constitute a termination of the tenancy:

(i) Acts of maintenance or preservation or efforts to relet the property.

(ii) The appointment of a receiver on the initiative of the Landlord to protect Landlord's interest under this Agreement.

23.6 In the event of default, all of Tenant's fixtures, furniture, equipment, improvements, additions, alterations, and any other personal property shall remain on the Premises and in that event, and continuing during the length of Tenant's default, Landlord shall have the right to take exclusive possession of same and to use the same, rent and charge free, until all defaults are cured, or at Landlord's option, at any time during the term of this Agreement, to require Tenant to forthwith remove the same, or, at Landlord's option, place the same in storage in a public warehouse or elsewhere at the risk and expense of Tenant.

## **24. LANDLORD'S DEFAULT**

24.1 Landlord shall be in default of this Agreement if it fails or refuses to perform any provision of this Agreement that it is obligated to perform if the failure to perform is not cured within thirty (30) days after written notice of the default has been given by Tenant to Landlord.

If the default cannot reasonably be cured within thirty (30) days, Landlord shall not be in default of this Agreement if Landlord commences to cure the default within the 30-day period and diligently and in good faith continues to cure the default.

24.2 Tenant, at any time after Landlord commits a default, can cure the default at Landlord's cost but only if the default continues after the expiration of the 30-day cure period or such longer period as provided for above and provides written notice of each cure it intends to undertake at least ten (10) days earlier. If Tenant, by reason of Landlord's default, pays any sum or does any act that requires the payment of any sum, the sum paid by Tenant shall be due immediately from Landlord to Tenant at the time the sum is paid, and if paid at a later date shall bear interest at the rate of ten percent (10%) per annum from the date the sum is paid by Tenant until Tenant is reimbursed by Landlord.

## **25. SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT.**

This Lease is subject and subordinate to any deed of trust against the Premises that is in place prior to the Effective Date; *provided however*, that Tenant's right to quiet possession of the Premises and Tenant's other rights under this Lease shall not be disturbed in any circumstances so long as (a) Tenant is not in default under this Lease and (b) in the event of foreclosure, Tenant recognizes the subsequent purchaser as the lessor under this Lease.

## **26. LATE CHARGE.**

If Tenant fails to pay Rent within ten (10) days after the date the same becomes due and payable, a late charge of Five Percent (5%) of the unpaid Rent shall become immediately due and payable.

## **27. REMEDIES CUMULATIVE.**

The various rights, remedies, powers, and elections given to Landlord in this Agreement or under the law are distinct, separate, and cumulative remedies, and no one of them, whether or not exercised by Landlord, shall be deemed to be in exclusion of any of the others or of such other rights, remedies, powers, or elections as are now or may hereafter be conferred upon Landlord by law or by any other provisions of this Agreement, unless and until any judgment granted in respect of any remedy hereunder, inconsistent with any other remedy allowed hereunder, or by law, shall have been fully satisfied and discharged.

## **28. WAIVER.**

No waiver by Landlord of any of the terms, provisions, conditions, or covenants of this Agreement shall be deemed as a waiver at any time thereafter of the same or any other term, provision, condition, or covenant herein contained, nor of the strict and prompt performance thereof by Tenant. No delay, failure, or omission of the Landlord to re-enter the Premises or to exercise any right, power, privilege, or option arising from any default, nor subsequent acceptance of rent then or thereafter accrued, shall impair any such right, power, privilege, or option, or be construed to be a waiver of any such default or relinquishment thereof, or

acquiescence therein, and no notice by the Landlord shall be required to restore or revive time as of the essence hereof after waiver by the Landlord of default in one or more instances. No option, right, power, remedy, or privilege of the Landlord shall be construed as being exhausted or discharged by the exercise thereof in one or more instances.

**29. HOLDING OVER.**

Should Tenant hold over after the expiration or termination of this Agreement, or any written renewal or extension thereof, such holding over shall be construed to be a month to month tenancy only, subject to all of the terms, provisions, conditions, and covenants of this Agreement, except that the monthly Base Rent for the Premises shall be 105% of the monthly Base Rent for the month immediately preceding the holding over, and such holding over shall vest no rights whatever in Tenant.

**30. ESTOPPEL CERTIFICATE.**

Tenant shall at any time and from time to time upon not less than ten (10) days' prior written request by Landlord, execute, acknowledge, and deliver to Landlord a statement in writing certifying that this Agreement is unmodified and in full force and effect if such be the fact (or if there has been any modification thereof that the same is in full force and effect as modified and stating the modifications) and the dates to which the rentals and other charges have been paid.

**31. OPTION TO TERMINATE LEASE.**

a) Tenant shall have the option to terminate this Lease effective at the end of the fifth (5<sup>th</sup>) year of the Term (i.e., effective February 29, 2020 – the “**Early Termination Date**”) by (a) giving written notice to Landlord of its decision to terminate this Agreement at least thirty (30) days prior to the Early Termination Date and (b) paying to Landlord a termination fee equal to six (6) months' Base Rent.

b) In addition, Tenant shall have the option to terminate this Lease during the first three months of its tenancy if Tenant and Landlord cannot agree upon the potential Purchase Price or if Tenant determines in its discretion that any of the other terms of the lease and potential purchase of the Property are not satisfactory to Tenant. Tenant shall exercise this early termination option by giving written notice to Landlord, prior to May 31, 2015, specifying the date of termination (which shall not be later than May 31, 2015). Tenant shall leave the Premises in the same condition as on the Commencement Date (or better condition, as determined by Landlord in its reasonable discretion). Tenant shall not be reimbursed for any improvements made to the Premises prior to such early termination. In the event of termination pursuant to this paragraph 31b, Landlord shall promptly return the security deposit to Tenant.

**32. OPTION TO PURCHASE.**

Landlord hereby grants to Tenant the exclusive right and option to purchase the Premises from Landlord (the “**Option**”) on the terms and conditions set forth in this paragraph 32. The

provisions of this paragraph 32 shall serve as the escrow instructions in the purchase and sale transaction.

32.1. NOTICE.

Tenant shall provide written notice to Landlord at any time during the Term of its exercise of the Option (the "**Option Notice**").

32.2. DEPOSIT.

Within three (3) business days after service of the Option Notice, Tenant shall open escrow (the "**Escrow**") and deposit One Hundred Thousand Dollars (\$100,000 – the "**Deposit**") with Chicago Title Company ("**Escrow Holder**" or "**Title Company**") at its Lodi office or any other office selected by Tenant that is in closer proximity to the Premises. The Deposit shall be credited to the Purchase Price.

32.3. BALLOT INITIATIVE.

a) Tenant understands that voter approval is currently required (the "**Ballot Measure**") for Landlord to sell the Premises to Tenant. If Tenant exercises the Option Notice and if a Ballot Measure is still required at that time, Tenant will pay Fifteen Thousand Dollars (\$15,000 – the "**Ballot Measure Funds**") to Landlord (or as directed by Landlord) within five (5) business days after service of the Option Notice to help offset the cost of the Ballot Measure. The Ballot Measure Funds shall be used by Landlord, in Landlord's discretion, for costs related to the Ballot Measure. The Ballot Measure Funds shall not be credited to the Purchase Price and shall not be refunded to Tenant if the Ballot Measure does not pass. Tenant's contribution to the cost of the initial Ballot Measure shall not exceed \$15,000.

b) Subsequent Ballot Measures. If the initial Ballot Measure does not pass, the purchase shall be cancelled, the Deposit (after subtracting escrow costs) shall be refunded to Tenant, and this Agreement shall continue in full force and effect. So long as the Agreement continues in effect, Tenant may subsequently exercise the Option anew by providing a new Option Notice, making a new Deposit and posting an additional \$15,000 towards the subsequent Ballot Measure; *provided however*, that Tenant shall be required to pay all out of pocket costs incurred by Landlord in connection with the subsequent Ballot Measure, whether or not the Ballot Measure passes.

32.4. PURCHASE AND SALE.

a) Provided that the Option has been properly exercised and provided further that the Ballot Measure passes, Landlord agrees to sell the Premises to Tenant and Tenant agrees to purchase the Premises from Landlord on the terms and conditions set forth herein. Escrow shall close as provided for herein. Close of the Escrow (the "**Close**", the "**Closing**" or the "**Closing Date**") means the day and time that Landlord's grant deed is filed for record by Escrow Holder.

b) If Escrow fails to Close as provided herein, any party which has fully complied with the provisions of this agreement may at any time thereafter give written notice to Escrow Holder to cancel the escrow. Escrow Holder shall comply with such notice without further consent from any other party to the escrow and shall deliver any deposits and/or other documents to the party who is entitled to them under the terms hereof. Except as otherwise provided herein, cancellation of Escrow as provided herein shall be without prejudice to whatever legal rights Tenant and Landlord may have against each other. Whoever gives notice of cancellation to Escrow Holder shall agree by such notice to hold Escrow Holder harmless and to indemnify Escrow Holder for any loss or liability that it may incur by complying with the notice.

### 32.5. PURCHASE PRICE.

a) The purchase price ("**Purchase Price**") for the Premises shall be the Appraised Value, established as set forth below, which will be paid all cash at the Close.

b) The Appraised Value shall be established by an MAI appraiser who is mutually agreed to by the parties. The appraisal must occur either within six (6) months of the date on which Tenant serves it Option Notice or at such different time, if any, required by applicable law. If the parties have not already selected an appraiser when the Option Notice is served, they shall do so promptly after service of the Option Notice. Tenant shall pay the cost of the appraisal.

c) The appraiser shall consider the Premises unoccupied and shall ignore any maintenance, repairs and improvements performed by Tenant (i.e., in performing the appraisal, the appraiser shall consider the Premises to be unoccupied and in the physical condition it was in on the Commencement Date).

d) Tenant shall deposit into Escrow in time to permit the Close, the total Purchase Price, together with all sums necessary to pay Tenant's costs, expenses and prorations in connection with this transaction, *minus* the balance remaining of Tenant's Nine Thousand Dollar (\$9,000) security deposit provided by Tenant pursuant to paragraph 4, above.

### 32.6. CONDITION OF TITLE.

Landlord has provided to Tenant a preliminary title report dated September 3, 2014 (the "**Title Report**"), as copy of which is attached hereto as **Exhibit "B"**. Other than the Memorandum of Lease/Option described herein, neither party shall allow changes to the condition of title prior to the Close. Tenant hereby approves exceptions 1 through 4 on the Title Report, provided that Exception 2 is modified to change "...occurring prior to the Date of Policy" to "...occurring on or after the Date of Policy." Landlord shall assure that Exceptions 5 through 9 on the Title Report are removed prior to the Close and Landlord may authorize Escrow Holder to use the proceeds of the sale to satisfy any judgment, provided a full satisfaction of judgment is recorded prior to or at the time of Close of escrow.

### 32.7 TITLE INSURANCE.

a) Tenant's title to the Premises shall be insured by an ALTA (standard coverage) owner's policy of title insurance, containing only such exceptions as Tenant shall have approved (as provided above), issued by the Title Company, in the full amount of the Purchase Price, insuring Tenant as owner of good, marketable and indefeasible fee title to the Premises, and shall be subject only to current taxes and assessments, printed exceptions, and other matters, if any, agreed to by Tenant over which the Title Company is willing to insure that such exceptions will result in no loss to the Premises or to Tenant (the "**Permitted Exceptions**"), and provided, further, that any endorsements or other assurances from the Title Company are in a form that is satisfactory to Tenant in Tenant's reasonable discretion (the "**Title Policy**").

b) Tenant shall have the right to require an extended coverage owner's policy of title insurance provided Tenant: (i) pays the additional premium for such extended coverage owner's policy of title insurance; (ii) obtains at Tenant's expense any ALTA survey required for extended coverage; and (iii) the Close is not delayed in order to obtain such extended coverage owner's policy of title insurance or any ALTA survey.

### 32.8 NATURAL HAZARD REPORT.

Landlord shall deliver or cause to be delivered to Tenant, within ten (10) business days after service of the Option Notice, a natural hazards disclosure report prepared by an independent reporting company approved by Tenant complying with the provisions of Section 2621.9 of the California Public Resource Code and various other provisions of California law as referenced below (the "**Natural Hazard Report**").

### 32.9. ESCROW AND OTHER CHARGES.

The premium for the issuance of the Title Policy and all other Escrow and title fees and costs shall be paid as follows:

- a) Escrow fees shall be paid one-half by Landlord and one-half by Tenant.
- b) Landlord shall be responsible for the cost of a CLTA standard coverage owner's policy of title insurance, and Tenant shall be responsible for any additional premiums associated with the issuance of an ALTA owner's policy or any special endorsements.
- c) The documentary transfer tax shall be paid by Landlord.
- d) Other Escrow/Closing costs will be shared by the parties equally.
- e) Each party shall pay the cost of its own attorneys, accountants and other advisors.

32.10. POSSESSION; PRORATIONS.

a) Tenant shall be entitled to possession of the Premises as the owner thereof at the Close. Tenant shall have possession of the Premises prior to the Close as the Tenant under the Agreement.

b) There shall be no proration of real property taxes and special assessments, utilities or the like, as Tenant is responsible for the payment of said items under the Agreement.

c) If Tenant has paid Base Rent covering any period after the Close the Base Rent shall be pro-rated as of the Close, based on a 30-day month.

32.11. CLOSE OF ESCROW.

a) Unless the parties agree otherwise, the Close shall take place no later than thirty (30) days after voter approval of the Ballot Measure.

b) At the Closing, unless otherwise waived in writing by Tenant, Landlord shall deliver to Tenant or to the Title Company, as appropriate, the following documents executed by Landlord:

i. A grant deed conveying title to the Premises to Tenant free and clear of all liens and encumbrances;

ii. A Lease Termination Agreement (the "**Lease Termination**") in the form attached hereto as **Exhibit C**;

iii. An affidavit, under penalty of perjury, which shall include Landlord's United States taxpayer identification number, stating that Landlord is not a foreign person under Section 1445 of the Internal Revenue Code and the Regulations;

iv. A California Form 593-C; and

v. A signed settlement statement.

c) At the Closing, unless otherwise waived in writing by Landlord, Tenant shall deliver to Landlord or to the Title Company, as appropriate, the following:

i. The funds necessary to Close, in immediately available funds;

ii. Any transfer forms required to be signed by Tenant under the laws of the State of California or Fresno County, California;

iii. A signed certificate listing Tenant's Tax ID number;

iv. The Lease Termination Agreement; and

- v. A signed settlement statement.

32.12. PURCHASE "AS-IS".

Tenant acknowledges that Tenant is purchasing the Premises solely in reliance on Tenant's own investigations and that, except as expressly provided in paragraph 32.13, below, no representations or warranties of any kind whatsoever, express or implied, have been made by Landlord.

32.13. LANDLORD'S REPRESENTATIONS AND WARRANTIES.

Landlord covenants with and warrants and represents to Tenant as follows, which representations and warranties shall be true as of the Close and shall survive the Close:

- a) Landlord is the record owner of the entire fee simple title to the Premises and has the right, power, and authority to enter into this Agreement and the right, power and authority to convey the Premises in accordance with the terms and conditions of this Agreement (subject to the Ballot Measure requirement). Landlord will not alienate, encumber, transfer or otherwise lease, assign, or convey any of its interest in the Premises or any portion thereof, nor enter into any agreement to do so prior to Close contemplated in the Option granted by this Agreement.
- b) There are no legal proceedings pending against Landlord which could affect Landlord's title to the Premises or the right, power, or ability of Landlord to convey the Premises in accordance with this Agreement.
- c) Landlord is not a "foreign person" as that term is defined in the Internal Revenue Code of 1954, as amended, and the Regulations promulgated pursuant thereto, and Tenant has no obligation under Internal Revenue Code section 1445 to withhold and pay over to the Internal Revenue Service of any part of the "amount realized" by Landlord in the transaction contemplated hereby (as such term is defined in the Regulations issued under said section 1445).
- d) Except as limited by the requirement for a Ballot Measure and related review, if any, by the California Attorney General's Office pursuant to Health and Safety Code sections 32121(p)(12), 32126(c) or other applicable law, Landlord has right, capacity, power and authority to enter into and carry out the terms of this Agreement; performance by Landlord of the transactions contemplated by this Agreement will not violate or breach any agreement, covenant or obligation binding on the Landlord.
- e) This Agreement has been duly executed by Landlord and upon delivery to and execution by Tenant shall be a valid and binding agreement of Landlord, subject to the requirement for a Ballot Measure and related review, if any, by the California Attorney General's Office pursuant to Health and Safety Code sections 32121(p)(12), 32126(c) or other applicable law.



### 32.14. TERMINATION.

a) In the event the Close fails to occur as a result of a default by Landlord in its obligations hereunder, Tenant's lease of the Premises shall remain in full force and effect and Tenant shall have the right either to seek specific performance of the obligations of Landlord hereunder or to demand the return of the Deposit. The parties acknowledge and agree that any failure of the Ballot Measure shall not constitute a default under this Agreement.

b) IF ESCROW DOES NOT CLOSE DUE TO TENANT'S DEFAULT HEREUNDER, LANDLORD SHALL RETAIN, AS LANDLORD'S SOLE AND EXCLUSIVE REMEDY, THE DEPOSIT, TOGETHER WITH INTEREST EARNED THEREON, AS LIQUIDATED DAMAGES. SUCH AMOUNT IS THE BEST ESTIMATE BY THE PARTIES OF THE DAMAGES LANDLORD WOULD SUFFER FROM SUCH BREACH, IT BEING AGREED THAT IT IS EXTREMELY DIFFICULT, IF NOT IMPOSSIBLE AND IMPRACTICABLE, TO FIX THE EXACT AMOUNT OF DAMAGE WHICH WOULD BE INCURRED BY LANDLORD AS A RESULT OF SUCH DEFAULT BY TENANT. THEREUPON ESCROW SHALL BE CANCELED AS PROVIDED ABOVE, ALL INSTRUMENTS SHALL BE RETURNED TO THE RESPECTIVE PARTIES WHO DEPOSITED SAME, AND TENANT SHALL PAY ALL TITLE AND ESCROW CANCELLATION CHARGES. LANDLORD HEREBY WAIVES ALL OTHER CLAIMS FOR DAMAGES OR RELIEF AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, ANY RIGHTS TO SPECIFIC PERFORMANCE THAT LANDLORD MAY HAVE AND LANDLORD SPECIFICALLY WAIVES THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTIONS 1680 AND 3389 WITH RESPECT TO LANDLORD'S REMEDIES AGAINST TENANT ARISING FROM A FAILURE OF THE SALE TO CLOSE DUE TO TENANT'S DEFAULT.

  
\_\_\_\_\_  
Tenant's Initials

  
\_\_\_\_\_  
Landlord's Initials

### 32.15. COMMISSIONS.

Each party warrants and represents to the other that no broker or agent has been engaged or used in connection with this transaction. Each party agrees to indemnify the other party against any and all loss, claims, liability and expense, including but not limited to reasonable attorney's fees, arising out of any claim for a commission or fee allegedly incurred by the indemnifying party.

### 32.16 EMINENT DOMAIN PROCEEDINGS.

If, after Tenant has given the Option Notice and before the Close, all or a substantial portion (defined below) of the Premises is threatened with condemnation, or legal proceedings are commenced under the power of eminent domain, then notwithstanding anything to the contrary contained herein, Tenant may terminate this Agreement and cancel Escrow by giving written notice to Landlord and the Title Company. Thereupon, Tenant and Landlord shall each

pay one-half (1/2) of all title and Escrow cancellation charges, the Deposit and any other funds then in Escrow shall be disbursed to Tenant, and thereafter neither party shall have any liability to the other hereunder, *except that* the Lease shall remain in full force and effect, subject to the provisions of paragraph 31, above. As used herein, the term "substantial portion," means a condemnation or taking by eminent domain occurring on the Premises and/or the facility operated at the Premises ("**Facility**") that results in the elimination of more than Ten Percent (10%) of the Premises and/or the Facility in the aggregate.

### 33. GENERAL PROVISIONS

#### 33.1. ADDRESSES FOR NOTICES.

Any notice served pursuant to this Agreement may be given personally, by registered or certified United States mail, first-class postage prepaid, or by overnight delivery addressed to the respective parties at the following address:

Landlord: Board Chairperson  
**KINGSBURG HOSPITAL DISTRICT**  
1475 Draper Street  
Kingsburg, California 93631

With a copy to:  
District General Counsel  
**FARLEY LAW FIRM**  
108 West Center Avenue  
Visalia, California 93291  
559-738-5975  
559-732-2305 – fax

Tenant:  
George Lytal  
520 Capital Mall, #800  
Sacramento, CA 95814

With a copy to:  
Gary Christopherson and Laurie Schrum  
Kroloff, Belcher, Smart, Perry & Christopherson  
7540 Shoreline Drive  
Stockton, CA 95219

Any party may at any time designate a new or different address to which notices are to be sent, which notice of a new or different address shall be given as hereinabove immediately provided. Any notice shall be effective as of the time that the same is personally delivered, as of a date three (3) business days later than the time that the same is properly deposited in the United States mail, if such notice deposited in the United States mail is given as herein provided, or upon receipt if sent by overnight courier.

### 33.2 SUCCESSORS.

The terms, provisions, conditions, and covenants of this Agreement shall be binding on and shall inure to the benefit of the heirs, administrators, executors, legal representatives, successors, and permitted assigns of Landlord and of Tenant, respectively.

### 33.3 ENTIRE AGREEMENT.

This Agreement contains the entire agreement of the parties relating to the matters set forth herein. It supersedes all prior agreements, negotiations and understandings between the parties related thereto. This Agreement cannot be modified except by an instrument in writing signed by the parties hereto.

### 33.4 INTERPRETATION / CONSTRUCTION.

a) This Agreement shall be governed by and construed in accordance with the laws of the State of California. Should any one or more of the provisions of this Agreement be determined to be invalid, unlawful or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

b) Each party acknowledges and agrees that it has participated in the drafting and the negotiation of this agreement and has been represented by counsel during the course thereof. Accordingly, in the event of a dispute with respect to the interpretation or enforcement of the terms hereof, no provision shall be construed so as to favor or disfavor either party hereto.

### 33.5 RECORDATION.

The parties agree to execute and record in the Fresno County Recorder's Office a Memorandum of Lease/Option in the form attached hereto as **EXHIBIT "D"** and incorporated herein. Upon the expiration or termination of this Lease for any reason other than Landlord's default, Tenant agrees to execute and deliver to Landlord a quitclaim deed in recordable form to terminate of record the Lease/Option.

### 33.6 ATTORNEYS' FEES.

The prevailing party in any action arising out of or related to this Agreement or to recover possession of the Premises, shall recover its reasonable attorneys' fees from the other, non-prevailing party.

### 33.7 EXCLUSIVITY.

So long as the Option remains exercisable by Tenant, Landlord will not (and no one acting on Landlord's behalf will) negotiate with or deliver any information to any party other than Tenant or its agents and representatives with respect to the leasing or direct or indirect

acquisition of the Premises, except that nothing in this Agreement shall prohibit Landlord from disclosing information and documents pursuant to the California Public Records Act (Government Code §§ 6250 *et seq.*), Ralph M. Brown Act (Government Code §§ 54950 *et seq.*) or any other applicable law which authorizes members of the public to obtain public records and information.

### 33.8 PARAGRAPH HEADINGS.

Paragraph headings are not a part of this Agreement, are contained herein for convenience only, and shall not be considered in connection with the construction of this Agreement.

### 33.9 COUNTERPARTS.

Signatures to this agreement may be transmitted by facsimile or electronic means. This agreement may be executed in any number of counterparts, the whole of which shall constitute one and the same instrument.

### 33.10 SEVERABILITY.

This Agreement is subject to all applicable laws and regulations. If any provision of this Agreement is found by any court or other legal authority, or is agreed by the parties to be, in conflict with any code or regulation governing its subject matter, only the conflicting provision shall be considered null and void. If the effect of nullifying any conflicting provision is such that a material benefit of the Agreement to either party is lost, the Agreement may be terminated at the option of the affected party. In all other cases the remainder of the Agreement shall continue in full force and effect.

### 33.11 NO THIRD-PARTY BENEFICIARIES.

Unless specifically set forth herein, the parties to this Agreement do not intend to provide any person not a party to this Agreement with any benefit or enforceable legal or equitable right or remedy.

*[Remainder of Page Intentionally Blank]*

IN WITNESS WHEREOF, Landlord and Tenant have executed this Agreement as of the Effective Date.

LANDLORD/OWNER:

KINGSBURG HOSPITAL DISTRICT

By: Art A. Rogers Jr.  
Name: Art A. Rogers Jr.  
Its: Board Chairman

TENANT/BUYER:

George Lytal  
GEORGE LYTAL

g:\gc\crestwood.kingsmith investments llc (kingsburg)\lease option.final.docx

**EXHIBIT "A"**

**DESCRIPTION OF THE PREMISES**

ALL OF BLOCK W OF THE CITY OF KINGSBURG, IN THE CITY OF KINGSBURG, COUNTY OF FRESNO, STATE OF CALIFORNIA, ACCORDING TO THE MAP THEREOF RECORDED IN BOOK 3, PAGE 51 OF PLATS, FRESNO COUNTY RECORDS.

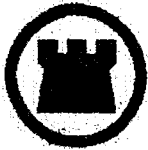
TOGETHER WITH THOSE PORTIONS OF GILROY STREET LYING BETWEEN SMITH STREET AND 18TH STREET AND THAT PUBLIC ALLEY LYING WITHIN BLOCK W THAT WAS ABANDONED BY RESOLUTION NO. 784 THAT WOULD PASS BY A CONVEYANCE OF SAID LAND UNDER OPERATION OF LAW.

APN: 396-152-03

**EXHIBIT "B"**

**TITLE REPORT DATED SEPTEMBER 3, 2014**

Exhibit "B"



CHICAGO TITLE COMPANY

## PRELIMINARY REPORT

*In response to the application for a policy of title insurance referenced herein, **Chicago Title Company** hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a policy or policies of title insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an exception herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions of said policy forms.*

*The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.*

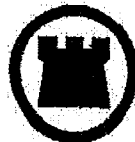
*This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.*

*The policy(s) of title insurance to be issued hereunder will be policy(s) of Chicago Title Insurance Company, a Nebraska corporation.*

*Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.*

*It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects and encumbrances affecting title to the land.*

*Andy Kern*  
Countersigned



Chicago Title Company

BY

*Robert M. [Signature]* President

ATTEST

*[Signature]* Secretary





# Chicago Title Company

**ISSUING OFFICE:** 2540 W. Shaw Lane, Suite 112 • Fresno, CA 93711

**FOR SETTLEMENT INQUIRIES, CONTACT:** Chicago Title Company - Lodi  
1949 W. Kettleman Lane, Suite 201 • Lodi, CA 95242  
209 368-2434 • FAX 209 368-2459

## PRELIMINARY REPORT

Title Officer: Laura Marquez  
Escrow Officer: Tana Fowler  
Escrow No.: 14-53107606-TF

Title No.: 14-44116052-LM  
Locate No.: CACTI7710-7739-4531-0044116052

TO: JBT Property Management Company Inc.  
1901 W. Kettleman Lane, Suite 102  
Lodi, CA 95242

ATTN: Tom Muth

**PROPERTY ADDRESS:** 1200 Smith Street, Kingsburg, California

**EFFECTIVE DATE:** September 3, 2014, 07:30 A.M.

The form of policy or policies of title insurance contemplated by this report is:

CLTA Standard Coverage Policy - 1990

1. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:  
  
A Fee
2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:  
  
**Kingsburg Hospital District, A Political Subdivision**
3. THE LAND REFERRED TO IN THIS REPORT IS DESCRIBED AS FOLLOWS:  
  
SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

KG\KG 09/08/2014

**LEGAL DESCRIPTION**

**EXHIBIT "A"**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF KINGSBURG, COUNTY OF FRESNO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

ALL OF BLOCK W OF THE CITY OF KINGSBURG, IN THE CITY OF KINGSBURG, COUNTY OF FRESNO, STATE OF CALIFORNIA, ACCORDING TO THE MAP THEREOF RECORDED IN BOOK 3, PAGE 51 OF PLATS, FRESNO COUNTY RECORDS.

TOGETHER WITH THOSE PORTIONS OF GILROY STREET LYING BETWEEN SMITH STREET AND 18TH STREET AND THAT PUBLIC ALLEY LYING WITHIN BLOCK W THAT WAS ABANDONED BY RESOLUTION NO. 784 THAT WOULD PASS BY A CONVEYANCE OF SAID LAND UNDER OPERATION OF LAW.

APN: 396-152-03T

**AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:**

1. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2014-2015.
2. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy.
3. **Easement(s)** for the purpose(s) shown below and rights incidental thereto as reserved in a document;  
  
Reserved by: As set forth in said document  
Purpose: Existing sewer line and water line  
Recorded: March 10, 1960, Instrument No. 18505, Book 4357, Page 97, of Official Records  
Affects: That portion of Gilroy Street that was abandoned herein
4. **The fact** that said land is included within a project area of the Redevelopment Agency shown below, and that proceedings for the redevelopment of said project have been instituted under the Redevelopment Law (such redevelopment to proceed only after the adoption of the redevelopment plan) as disclosed by a document.  
  
Redevelopment Agency: Kingsburg Community Redevelopment Project  
Recorded: October 21, 1983, Instrument No. 83097889, of Official Records
5. **Any right** of the United States to recover funds from the owner or from any transferee of said land, or of any portion thereon, by reason of the advance of Federal funds including, but not limited to those authorized under Hill-Burton Act.
6. **The terms** and provisions contained in that certain Resolution No. 95-1 of The Kingsburg Hospital District (and modification thereto dated October 11, 1995) entitled, "Resolution Authorizing the Issuance of \$1,875,000.00 Limited Tax Hospital Notes, Series 1995", as disclosed by reference thereto in the Deed of Trust insured herein.

7. **A deed of trust** to secure an indebtedness in the amount shown below, and any other obligations secured thereby

Amount: None shown  
 Dated: October 18, 1995  
 Trustor: Kingsburg Hospital District, a political subdivision  
 Trustee: Chicago Title Company, a California Corporation  
 Beneficiary: United Valley Bank, as Agent for the holders of the Limited Tax Hospital Notes, Series 1995 pursuant to Kingsburg Hospital District Resolution No. 95-1 and amendment thereto dated October 11, 1995  
 Loan No.: None shown  
 Recorded: October 23, 1995, Instrument No. 95135284, of Official Records

8. **A deed of trust** to secure an indebtedness in the amount shown below, and any other obligations secured thereby

Amount: \$125,000.00  
 Dated: February 27, 1996  
 Trustor: Kingsburg District Hospital  
 Trustee: Chicago Title Company, a California Corporation  
 Beneficiary: Tatanka Capital Corporation  
 Loan No.: None Shown  
 Recorded: August 27, 1996, Instrument No. 96114040, of Official Records

9. **An abstract of judgment** for the amount shown below and any other amounts due:

Amount: \$20,017.28  
 Debtor: Kingsburg District Hospital, a business organization  
 Creditor: California Cryosurgery Equipment Associates, LLC, a limited liability company  
 c/o Law Offices of Michael A. Mooney  
 Date Entered: May 6, 2010  
 County: Contra Costa  
 Court: Superior Court of California  
 Case No.: L0901900  
 Recorded: July 26, 2010, Instrument No. 2010-0094543, of Official Records

#### END OF ITEMS

**Note 1.** Note: The current owner does NOT qualify for the \$20.00 discount pursuant to the coordinated stipulated judgments entered in actions filed by both the Attorney General and private class action plaintiffs, for the herein described Land.

**Note 2.** The names(s) of the proposed insured(s) furnished with this application for title insurance is/are:

No names were furnished with the application. Please provide the name(s) of the buyers as soon as possible.

**Note 3.** The charge for a policy of title insurance, when issued through this title order, will be based on the Basic Title Insurance Rate.

**Note 4.** Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	396-152-03T
Fiscal Year:	2013-2014
1st Installment:	\$147.18
2nd Installment:	\$147.18
Exemption:	\$0.00
Land:	\$0.00
Improvements:	\$0.00
Personal Property:	\$0.00
Code Area:	006-000

Prior to close of escrow, please contact the Tax Collector's Office to confirm all amounts owing, including current fiscal year taxes, supplemental taxes, escaped assessments and any delinquencies.

**Note 5.** There are NO conveyances affecting said Land recorded within 24 months of the date of this report.

**Note 6.** Your application for title insurance was placed by reference to only a street address or tax identification number. Based on our records, we believe that the legal description in this report covers the parcel(s) of Land that you requested. If the legal description is incorrect, the seller/borrower must notify the Company and/or the settlement company in order to prevent errors and to be certain that the correct parcel(s) of Land will appear on any documents to be recorded in connection with this transaction and on the policy of title insurance.

**Note 7.** Note: If a county recorder, title insurance company, escrow company, real estate broker, real estate agent or association provides a copy of a declaration, governing document or deed to any person, California law requires that the document provided shall include a statement regarding any unlawful restrictions. Said statement is to be in at least 14-point bold face type and may be stamped on the first page of any document provided or included as a cover page attached to the requested document. Should a party to this transaction request a copy of any document reported herein that fits this category, the statement is to be included in the manner described.

**Note 8.** Any documents being executed in conjunction with this transaction must be signed in the presence of an authorized Company employee, an authorized employee of an agent, an authorized employee of the insured lender, or by using Bancserv or other approved third-party service. If the above requirement cannot be met, please call the Company at the number provided in this report.

**END OF NOTES**

SUBDIVIDED LAND IN POR. SEC. 26, T.16S., R.22E., M.D.B.&M.

The maps for Assessment purposes only  
 as well as the maps for planning  
 purposes or for the purpose of  
 the maps for Assessment purposes only.

6-114  
 2-200  
 Tol. Area

PIQ

Assessor's Map Bk. 395-Pg. 13  
County of Fresno, Calif.

NOTE - Applicant's Black Numbers Shown in Ellipses  
Applicant's Partial Numbers Shown in Circles

Kingsburg, Attended - Fict. Bk 3, Pg. 39  
Kingsburg, Official - R.S. Bk 5, Pg. 12

175

IMPORTANT THIS PLAT IS NOT A SURVEY, IT IS MERELY FURNISHED AS A CONVENIENCE TO LOCATE THE LAND IN RELATION TO ADJOINING STREETS AND OTHER LANDS, AND NOT TO GUARANTEE DIMENSIONS, DISTANCES, BEARINGS OR ACREAGE.

## ATTACHMENT ONE (Revised 06-03-11)

### CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990 EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.  
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:

(a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;

(b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;

(c) resulting in no loss or damage to the insured claimant;

(d) attaching or created subsequent to Date of Policy; or

(e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.

4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

### SCHEDULE B, PART I EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.

4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

6. Any lien or right to a lien for services, labor or material not shown by the public records.

# **ATTACHMENT ONE (CONTINUED)**

## **CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10) ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE EXCLUSIONS**

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
  - a. building;
  - b. zoning;
  - c. land use;
  - d. improvements on the Land;
  - e. land division; and
  - f. environmental protection.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks;
  - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
  - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
  - c. that result in no loss to You; or
  - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
  - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
  - b. in streets, alleys, or waterways that touch the Land.
 This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.

## **LIMITATIONS ON COVERED RISKS**

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16:	<u>1.00 % of Policy Amount Shown in Schedule A or \$ 2,500.00</u> (whichever is less)	<u>\$ 10,000.00</u>
Covered Risk 18:	<u>1.00 % of Policy Amount Shown in Schedule A or \$ 5,000.00</u> (whichever is less)	<u>\$ 25,000.00</u>
Covered Risk 19:	<u>1.00 % of Policy Amount Shown in Schedule A or \$ 5,000.00</u> (whichever is less)	<u>\$ 25,000.00</u>
Covered Risk 21:	<u>1.00 % of Policy Amount Shown in Schedule A or \$ 2,500.00</u> (whichever is less)	<u>\$ 5,000.00</u>



**ATTACHMENT ONE  
(CONTINUED)**

**AMERICAN LAND TITLE ASSOCIATION  
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)  
EXCLUSIONS**

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:

- land use
- improvements on the land
- land division
- environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.

This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:
  - a notice of exercising the right appears in the public records
  - on the Policy Date
  - the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking

3. Title Risks:

- that are created, allowed, or agreed to by you
- that are known to you, but not to us, on the Policy Date -- unless they appeared in the public records
- that result in no loss to you
- that first affect your title after the Policy Date -- this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks

4. Failure to pay value for your title.

5. Lack of a right:

- to any land outside the area specifically described and referred to in Item 3 of Schedule A
- OR

- in streets, alleys, or waterways that touch your land

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

**ATTACHMENT ONE  
(CONTINUED)**

**2006 AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (06-17-06)  
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters (a) created, suffered, assumed, or agreed to by the Insured Claimant;  
(b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

(c) resulting in no loss or damage to the Insured Claimant;  
(d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13 or 14); or

(e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.

4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage.

In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

**EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records;  
(b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

## ATTACHMENT ONE (CONTINUED)

### 2006 AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (06-17-06) EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters (a) created, suffered, assumed, or agreed to by the Insured Claimant;

(b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

- (c) resulting in no loss or damage to the Insured Claimant;
- (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
- (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
  - (a) a fraudulent conveyance or fraudulent transfer; or
  - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage.

In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

### EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and that are not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

**ATTACHMENT ONE  
(CONTINUED)**

**ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07-26-10)  
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
  - (e) resulting in loss or damage that would not have been

sustained if the Insured Claimant had paid value for the Insured Mortgage.

4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.

### **Notice**

You may be entitled to receive a \$20.00 discount on escrow services if you purchased, sold or refinanced residential property in California between May 19, 1995 and November 1, 2002. If you had more than one qualifying transaction, you may be entitled to multiple discounts.

If your previous transaction involved the same property that is the subject of your current transaction, you do not have to do anything; the Company will provide the discount, provided you are paying for escrow or title services in this transaction.

If your previous transaction involved property different from the property that is subject of your current transaction, you must - prior to the close of the current transaction - inform the Company of the earlier transaction, provide the address of the property involved in the previous transaction, and the date or approximate date that the escrow closed to be eligible for the discount.

Unless you inform the Company of the prior transaction on property that is not the subject of this transaction, the Company has no obligation to conduct an investigation to determine if you qualify for a discount. If you provide the Company information concerning a prior transaction, the Company is required to determine if you qualify for a discount which is subject to other terms and conditions.

Effective through November 1, 2014

## FIDELITY NATIONAL FINANCIAL PRIVACY NOTICE

Fidelity National Financial, Inc. and its majority-owned subsidiary companies providing real estate- and loan-related services (collectively, "FNF", "our" or "we") respect and are committed to protecting your privacy. This Privacy Notice lets you know how and for what purposes your Personal Information (as defined herein) is being collected, processed and used by FNF. We pledge that we will take reasonable steps to ensure that your Personal Information will only be used in ways that are in compliance with this Privacy Notice.

This Privacy Notice is only in effect for any generic information and Personal Information collected and/or owned by FNF, including collection through any FNF website and any online features, services and/or programs offered by FNF (collectively, the "Website"). This Privacy Notice is not applicable to any other web pages, mobile applications, social media sites, email lists, generic information or Personal Information collected and/or owned by any entity other than FNF.

### Collection and Use of Information

The types of personal information FNF collects may include, among other things (collectively, "Personal Information"): (1) contact information (e.g., name, address, phone number, email address); (2) demographic information (e.g., date of birth, gender marital status); (3) Internet protocol (or IP) address or device ID/UDID; (4) social security number (SSN), student ID (SIN), driver's license, passport, and other government ID numbers; (5) financial account information; and (6) information related to offenses or criminal convictions.

In the course of our business, we may collect Personal Information about you from the following sources:

- Applications or other forms we receive from you or your authorized representative;
- Information we receive from you through the Website;
- Information about your transactions with or services performed by us, our affiliates, or others; and
- From consumer or other reporting agencies and public records maintained by governmental entities that we either obtain directly from those entities, or from our affiliates or others.

Information collected by FNF is used for three main purposes:

- To provide products and services to you or one or more third party service providers (collectively, "Third Parties") who are obtaining services on your behalf or in connection with a transaction involving you.
- To improve our products and services that we perform for you or for Third Parties.
- To communicate with you and to inform you about FNF's, FNF's affiliates and third parties' products and services.

### Additional Ways Information is Collected Through the Website

**Browser Log Files.** Our servers automatically log each visitor to the Website and collect and record certain information about

each visitor. This information may include IP address, browser language, browser type, operating system, domain names, browsing history (including time spent at a domain, time and date of your visit), referring/exit web pages and URLs, and number of clicks. The domain name and IP address reveal nothing personal about the user other than the IP address from which the user has accessed the Website.

**Cookies.** From time to time, FNF or other third parties may send a "cookie" to your computer. A cookie is a small piece of data that is sent to your Internet browser from a web server and stored on your computer's hard drive and that can be re-sent to the serving website on subsequent visits. A cookie, by itself, cannot read other data from your hard disk or read other cookie files already on your computer. A cookie, by itself, does not damage your system. We, our advertisers and other third parties may use cookies to identify and keep track of, among other things, those areas of the Website and third party websites that you have visited in the past in order to enhance your next visit to the Website. You can choose whether or not to accept cookies by changing the settings of your Internet browser, but some functionality of the Website may be impaired or not function as intended. See the Third Party Opt Out section below.

**Web Beacons.** Some of our web pages and electronic communications may contain images, which may or may not be visible to you, known as Web Beacons (sometimes referred to as "clear gifs"). Web Beacons collect only limited information that includes a cookie number; time and date of a page view; and a description of the page on which the Web Beacon resides. We may also carry Web Beacons placed by third party advertisers. These Web Beacons do not carry any Personal Information and are only used to track usage of the Website and activities associated with the Website. See the Third Party Opt Out section below.

**Unique Identifier.** We may assign you a unique internal identifier to help keep track of your future visits. We may use this information to gather aggregate demographic information about our visitors, and we may use it to personalize the information you see on the Website and some of the electronic communications you receive from us. We keep this information for our internal use, and this information is not shared with others.

**Third Party Opt Out.** Although we do not presently, in the future we may allow third-party companies to serve advertisements and/or collect certain anonymous information when you visit the Website. These companies may use non-personally identifiable information (e.g., click stream information, browser type, time and date, subject of advertisements clicked or scrolled over) during your visits to the Website in order to provide advertisements about products and services likely to be of greater interest to you. These companies typically use a cookie or third party Web Beacon to collect this information, as further described above. Through these technologies, the third party may have access to and use non-personalized information about your online usage activity.

You can opt-out of online behavioral services through any one of the ways described below. After you opt-out, you may continue to receive advertisements, but those advertisements will no longer be as relevant to you.

- You can opt-out via the Network Advertising Initiative industry opt-out at <http://www.networkadvertising.org/>.
- You can opt-out via the Consumer Choice Page at [www.aboutads.info](http://www.aboutads.info).
- For those in the U.K., you can opt-out via the IAB UK's industry opt-out at [www.youronlinechoices.com](http://www.youronlinechoices.com).
- You can configure your web browser (Chrome, Firefox, Internet Explorer, Safari, etc.) to delete and/or control the use of cookies.

More information can be found in the Help system of your browser.

Note: If you opt-out as described above, you should not delete your cookies. If you delete your cookies, you will need to opt-out again.

#### **When Information Is Disclosed By FNF**

We may provide your Personal Information (excluding information we receive from consumer or other credit reporting agencies) to various individuals and companies, as permitted by law, without obtaining your prior authorization. Such laws do not allow consumers to restrict these disclosures. Disclosures may include, without limitation, the following:

- To agents, brokers, representatives, or others to provide you with services you have requested, and to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure in connection with an insurance transaction;
- To third-party contractors or service providers who provide services or perform marketing services or other functions on our behalf;
- To law enforcement or other governmental authority in connection with an investigation, or civil or criminal subpoenas or court orders; and/or
- To lenders, lien holders, judgment creditors, or other parties claiming an encumbrance or an interest in title whose claim or interest must be determined, settled, paid or released prior to a title or escrow closing.

In addition to the other times when we might disclose information about you, we might also disclose information when required by law or in the good-faith belief that such disclosure is necessary to: (1) comply with a legal process or applicable laws; (2) enforce this Privacy Notice; (3) respond to claims that any materials, documents, images, graphics, logos, designs, audio, video and any other information provided by you violates the rights of third parties; or (4) protect the rights, property or personal safety of FNF, its users or the public.

We maintain reasonable safeguards to keep the Personal Information that is disclosed to us secure. We provide Personal Information and non-Personal Information to our subsidiaries, affiliated companies, and other businesses or persons for the purposes of processing such information on our behalf and promoting the services of our trusted business partners, some or all of which may store your information on servers outside of the United States. We require that these parties agree to process such

information in compliance with our Privacy Notice or in a similar, industry-standard manner, and we use reasonable efforts to limit their use of such information and to use other appropriate confidentiality and security measures. The use of your information by one of our trusted business partners may be subject to that party's own Privacy Notice. We do not, however, disclose information we collect from consumer or credit reporting agencies with our affiliates or others without your consent, in conformity with applicable law, unless such disclosure is otherwise permitted by law.

We also reserve the right to disclose Personal Information and/or non-Personal Information to take precautions against liability, investigate and defend against any third-party claims or allegations, assist government enforcement agencies, protect the security or integrity of the Website, and protect the rights, property, or personal safety of FNF, our users or others.

We reserve the right to transfer your Personal Information, as well as any other information, in connection with the sale or other disposition of all or part of the FNF business and/or assets. We also cannot make any representations regarding the use or transfer of your Personal Information or other information that we may have in the event of our bankruptcy, reorganization, insolvency, receivership or an assignment for the benefit of creditors, and you expressly agree and consent to the use and/or transfer of your Personal Information or other information in connection with a sale or transfer of some or all of our assets in any of the above described proceedings. Furthermore, we cannot and will not be responsible for any breach of security by any third parties or for any actions of any third parties that receive any of the information that is disclosed to us.

#### **Information from Children**

We do not collect Personal Information from any person that we know to be under the age of thirteen (13). Specifically, the Website is not intended or designed to attract children under the age of thirteen (13). You affirm that you are either more than 18 years of age, or an emancipated minor, or possess legal parental or guardian consent, and are fully able and competent to enter into the terms, conditions, obligations, affirmations, representations, and warranties set forth in this Privacy Notice, and to abide by and comply with this Privacy Notice. In any case, you affirm that you are over the age of 13, as **THE WEBSITE IS NOT INTENDED FOR CHILDREN UNDER 13 THAT ARE UNACCOMPANIED BY HIS OR HER PARENT OR LEGAL GUARDIAN.**

Parents should be aware that FNF's Privacy Notice will govern our use of Personal Information, but also that information that is voluntarily given by children – or others – in email exchanges, bulletin boards or the like may be used by other parties to generate unsolicited communications. FNF encourages all parents to instruct their children in the safe and responsible use of their Personal Information while using the Internet.

#### **Privacy Outside the Website**

The Website may contain various links to other websites, including links to various third party service providers. FNF is not and cannot be responsible for the privacy practices or the content of any of those other websites. Other than under agreements with certain

reputable organizations and companies, and except for third party service providers whose services either we use or you voluntarily elect to utilize, we do not share any of the Personal Information that you provide to us with any of the websites to which the Website links, although we may share aggregate, non-Personal Information with those other third parties. Please check with those websites in order to determine their privacy policies and your rights under them.

#### **European Union Users**

If you are a citizen of the European Union, please note that we may transfer your Personal Information outside the European Union for use for any of the purposes described in this Privacy Notice. By providing FNF with your Personal Information, you consent to both our collection and such transfer of your Personal Information in accordance with this Privacy Notice.

#### **Choices with Your Personal Information**

Whether you submit Personal Information to FNF is entirely up to you. You may decide not to submit Personal Information, in which case FNF may not be able to provide certain services or products to you.

You may choose to prevent FNF from disclosing or using your Personal Information under certain circumstances ("opt out"). You may opt out of any disclosure or use of your Personal Information for purposes that are incompatible with the purpose(s) for which it was originally collected or for which you subsequently gave authorization by notifying us by one of the methods at the end of this Privacy Notice. Furthermore, even where your Personal Information is to be disclosed and used in accordance with the stated purposes in this Privacy Notice, you may elect to opt out of such disclosure to and use by a third party that is not acting as an agent of FNF. As described above, there are some uses from which you cannot opt-out.

Please note that opting out of the disclosure and use of your Personal Information as a prospective employee may prevent you from being hired as an employee by FNF to the extent that provision of your Personal Information is required to apply for an open position.

If FNF collects Personal Information from you, such information will not be disclosed or used by FNF for purposes that are incompatible with the purpose(s) for which it was originally collected or for which you subsequently gave authorization unless you affirmatively consent to such disclosure and use.

You may opt out of online behavioral advertising by following the instructions set forth above under the above section "Additional Ways That Information Is Collected Through the Website," subsection "Third Party Opt Out."

#### **Access and Correction**

To access your Personal Information in the possession of FNF and correct inaccuracies of that information in our records, please contact us in the manner specified at the end of this Privacy Notice. We ask individuals to identify themselves and the information requested to be accessed and amended before processing such requests, and we may decline to process requests in limited circumstances as permitted by applicable privacy legislation.

#### **Your California Privacy Rights**

Under California's "Shine the Light" law, California residents who provide certain personally identifiable information in connection with obtaining products or services for personal, family or household use are entitled to request and obtain from us once a calendar year information about the customer information we shared, if any, with other businesses for their own direct marketing uses. If applicable, this information would include the categories of customer information and the names and addresses of those businesses with which we shared customer information for the immediately prior calendar year (e.g., requests made in 2013 will receive information regarding 2012 sharing activities).

To obtain this information on behalf of FNF, please send an email message to [privacy@fnf.com](mailto:privacy@fnf.com) with "Request for California Privacy Information" in the subject line and in the body of your message. We will provide the requested information to you at your email address in response.

Please be aware that not all information sharing is covered by the "Shine the Light" requirements and only information on covered sharing will be included in our response.

Additionally, because we may collect your Personal Information from time to time, California's Online Privacy Protection Act requires us to disclose how we respond to "do not track" requests and other similar mechanisms. Currently, our policy is that we do not recognize "do not track" requests from Internet browsers and similar devices.

#### **Your Consent to This Privacy Notice**

By submitting Personal Information to FNF, you consent to the collection and use of information by us as specified above or as we otherwise see fit, in compliance with this Privacy Notice, unless you inform us otherwise by means of the procedure identified below. If we decide to change this Privacy Notice, we will make an effort to post those changes on the Website. Each time we collect information from you following any amendment of this Privacy Notice will signify your assent to and acceptance of its revised terms for all previously collected information and information collected from you in the future. We may use comments, information or feedback that you may submit in any manner that we may choose without notice or compensation to you.

If you have additional questions or comments, please let us know by sending your comments or requests to:

Fidelity National Financial, Inc.  
601 Riverside Avenue  
Jacksonville, Florida 32204  
Attn: Chief Privacy Officer  
(888) 934-3354  
[privacy@fnf.com](mailto:privacy@fnf.com)

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EFFECTIVE AS OF: JANUARY 24, 2014

LAST UPDATED: JANUARY 24, 2014



### **Notice of Available Discounts**

Pursuant to Section 2355.3 in Title 10 of the California Code of Regulations Fidelity National Financial, Inc. and its subsidiaries ("FNF") must deliver a notice of each discount available under our current rate filing along with the delivery of escrow instructions, a preliminary report or commitment. Please be aware that the provision of this notice does not constitute a waiver of the consumer's right to be charged the filed rate. As such, your transaction may not qualify for the below discounts.

You are encouraged to discuss the applicability of one or more of the below discounts with a Company representative. These discounts are generally described below; consult the rate manual for a full description of the terms, conditions and requirements for such discount. These discounts only apply to transactions involving services rendered by the FNF Family of Companies. This notice only applies to transactions involving property improved with a one-to-four family residential dwelling.

**FNF Underwritten Title Company**  
CTC – Chicago Title Company

**FNF Underwriter**  
CTIC – Chicago Title Insurance Company

#### **Available Discounts**

##### **CREDIT FOR PRELIMINARY REPORTS AND/OR COMMITMENTS ON SUBSEQUENT POLICIES (CTIC)**

Where no major change in the title has occurred since the issuance of the original report or commitment, the order may be reopened within 12 or 36 months and all or a portion of the charge previously paid for the report or commitment may be credited on a subsequent policy charge.

##### **FEE REDUCTION SETTLEMENT PROGRAM (CTC and CTIC)**

Eligible customers shall receive a \$20.00 reduction in their title and/or escrow fees charged by the Company for each eligible transaction in accordance with the terms of the Final Judgments entered in *The People of the State of California et al. v. Fidelity National Title Insurance Company et al.*, Sacramento Superior Court Case No. 99AS02793, and related cases.

##### **DISASTER LOANS (CTIC)**

The charge for a Lender's Policy (Standard or Extended coverage) covering the financing or refinancing by an owner of record, within 24 months of the date of a declaration of a disaster area by the government of the United States or the State of California on any land located in said area, which was partially or totally destroyed in the disaster, will be 50% of the appropriate title insurance rate.

##### **CHURCHES OR CHARITABLE NON-PROFIT ORGANIZATIONS (CTIC)**

On properties used as a church or for charitable purposes within the scope of the normal activities of such entities, provided said charge is normally the church's obligation the charge for an owner's policy shall be 50% or 70% of the appropriate title insurance rate, depending on the type of coverage selected. The charge for a lender's policy shall be 32% or 50% of the appropriate title insurance rate, depending on the type of coverage selected.

**EXHIBIT "C"**

**LEASE TERMINATION AGREEMENT**

Exhibit "C"

## LEASE TERMINATION AGREEMENT

This LEASE TERMINATION AGREEMENT ("Agreement") is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and among Kingsburg Hospital District ("Landlord/Seller") and George Lytal ("Tenant/Buyer"). This Agreement shall be effective as of the Effective Date (defined below).

### RECITALS

A. Landlord/Seller is the owner of the real property commonly known as 1200 Smith Street, Kingsburg, Fresno County, California (the "Premises"), APN 396-162-03, as more fully described in Exhibit "A", attached hereto and incorporated herein by this reference. Landlord/Seller leases the Premises to Tenant/Buyer pursuant to that certain Lease/Option Agreement (the "Lease/Option Agreement") dated \_\_\_\_\_, 2015.

B. Pursuant to the Lease/Option Agreement, Tenant/Buyer has the option to purchase the Premises. Tenant/Buyer has exercised its option to purchase the Premises and the parties have agreed to terminate the Lease/Option Agreement concurrently with the closing of the purchase and sale transaction (the "Closing").

WHEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

### AGREEMENT

1. The Lease/Option Agreement shall terminate as of the Effective Date. All of Landlord/Seller's right, title and interest in and to the Lease/Option Agreement, and all of Tenant/Buyer's right, title and interest in and to the Lease/Option Agreement shall be and hereby are terminated as of the Effective Date, *subject to* the following limitations:

a) This Agreement is expressly conditioned upon, and *shall only be effective* as of the date of Closing (the "Effective Date"). In the event the Closing does not occur, this Agreement shall be null and void *ab initio* and the rights and obligations of the parties under the Lease/Option Agreement shall remain unaffected;

b) Nothing herein shall be construed as a release by Landlord/Seller of Tenant/Buyer with respect to any of Tenant/Buyer's obligations under the Lease which relate to the period prior to the Effective Date, such as the obligation to pay rent prior to the Effective Date; and

c) Nothing herein shall be construed as a release by either party of rights and/or obligations which the Lease/Option Agreement specifically state survive the execution of this Agreement.

2. This Agreement shall be governed by and construed in accordance with the laws of the State of California. It may not be amended or modified except by a written instrument signed by the parties hereto.

3. This Agreement, the Lease/Option Agreement, and any documents executed in conjunction herewith represent the entire agreement of the parties with respect to the subject matter hereof.

4. The prevailing party in any dispute arising out of or related to this Agreement shall be entitled to its attorneys' fees and costs from the non-prevailing party.

5. Should any provision hereof be deemed to be invalid or unenforceable said determination shall not affect the validity or enforceability of the remaining terms hereof.

6. This Agreement may be executed in counterparts, the whole of which shall constitute one and the same instrument.

*[SIGNATURES FOLLOW]*

IN WITNESS WHEREOF, the undersigned execute this Lease Termination Agreement  
as of the date first set forth above.

LANDLORD/SELLER:

KINGSBURG HOSPITAL DISTRICT

By: \_\_\_\_\_

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

Its: \_\_\_\_\_

TENANT/BUYER:

\_\_\_\_\_  
GEORGE LYTAL

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**EXHIBIT "D"**

**MEMORANDUM OF LEASE/OPTION**

**RECORDING REQUESTED BY  
AND  
WHEN RECORDED MAIL TO:**

Laurie Bell Schrum  
Kroloff, Belcher, et al  
7540 Shoreline Drive  
Stockton, CA 95219

(Space Above For Recorder's Use)

**MEMORANDUM OF LEASE/OPTION**

THIS MEMORANDUM OF LEASE/OPTION is made and entered into on February \_\_, 2015, by and between Kingsburg Hospital District ("**Landlord**") and George Lytal ("**Tenant**").

Landlord hereby leases to Tenant for a term of ten (10) years, with an option to extend for two (2) additional terms of ten (10) years each, on the terms and conditions set forth in the Lease between the parties hereto dated February \_\_, 2015 ("**Lease**"), all the terms and conditions of which are made a part of this Memorandum of Lease/Option as though fully set forth herein, certain real property in the County of Fresno, State of California, described as follows:

**SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF**

The Lease includes an option to purchase the above-described property on the terms and conditions set forth in the Lease. It also includes an assignment of rents.

EXECUTED on February \_\_, 2015.

LANDLORD:

KINGSBURG HOSPITAL DISTRICT

By: \_\_\_\_\_

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

Its: \_\_\_\_\_

TENANT:

\_\_\_\_\_  
GEORGE LYTAL

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )

COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 2015, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity(ies) upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature



STATE OF CALIFORNIA )  
 )  
COUNTY OF \_\_\_\_\_ )

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

**Signature**